

**SB 754 by Bradley;** (Identical to H 7063) Certificates of Destruction

954976	D	S	RS	BI, Hays	Delete everything after	03/19 01:46 PM
493168	SD	S	RCS	BI, Hays	Delete everything after	03/19 01:46 PM

**SB 1344 by Braynon;** (Compare to CS/H 1035) Insurance Association Appointments

674386	A	S	RCS	BI, Clemens	Delete L.31 - 33:	03/19 01:46 PM
477234	A	S	RCS	BI, Clemens	Delete L.52 - 58:	03/19 01:46 PM

**SM 1538 by Bean;** (Similar to H 1101) Terrorism Risk Insurance Act

755590	D	S	RCS	BI, Hays	Delete everything after	03/25 05:06 PM
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**SB 308 by Brandes;** (Identical to H 0171) Public Assistance Fraud

**SB 1390 by Brandes;** (Identical to H 0939) Bail Bond Premiums

880184	D	S	RCS	BI, Lee	Delete everything after	03/19 01:46 PM
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**SB 1260 by Brandes (CO-INTRODUCERS) Soto;** (Similar to CS/H 0565) Insurance

460094	D	S	RCS	BI, Richter	Delete everything after	03/19 01:46 PM
695086	AA	S	RCS	BI, Richter	Delete L.115:	03/19 01:46 PM
736294	AA	S	RCS	BI, Richter	Delete L.886 - 892:	03/19 01:46 PM
727540	AA	S	UNFAV	BI, Margolis	Delete L.994 - 1011.	03/19 01:46 PM
322690	AA	S	RCS	BI, Richter	Delete L.1680 - 1695.	03/19 01:46 PM
833884	AA	S	RCS	BI, Richter	Delete L.1710 - 1720.	03/19 01:46 PM

**SB 1274 by Hays;** (Compare to CS/H 1089) Citizens Property Insurance Corporation

462194	D	S	RCS	BI, Hays	Delete everything after	03/25 05:06 PM
707654	AA	S	RCS	BI, Hays	Delete L.247 - 251:	03/25 05:06 PM
959002	A	S	WD	BI, Hays	Delete L.154 - 157:	03/25 05:06 PM

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**

**BANKING AND INSURANCE**  
**Senator Simmons, Chair**  
**Senator Clemens, Vice Chair**

**MEETING DATE:** Wednesday, March 19, 2014  
**TIME:** 11:00 a.m.—12:30 p.m.  
**PLACE:** *Toni Jennings Committee Room*, 110 Senate Office Building

**MEMBERS:** Senator Simmons, Chair; Senator Clemens, Vice Chair; Senators Benacquisto, Detert, Diaz de la Portilla, Hays, Lee, Margolis, Montford, Negron, Richter, and Ring

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>SB 754</b> Bradley (Identical H 7063)	Certificates of Destruction; Revising the requirements for an owner or insurance company to obtain a certificate of destruction for certain motor vehicles or mobile homes, etc.  BI      03/19/2014 Fav/CS TR	Fav/CS Yeas 11 Nays 0
2	<b>SB 1344</b> Braynon (Compare H 1035)	Insurance Association Appointments; Substituting the Property Casualty Insurers Association of America for other insurance associations that make recommendations to the Chief Financial Officer for appointment to the board of governors of the Joint Underwriting Association and the board of directors of the Florida Birth-Related Neurological Injury Compensation Association, etc.  BI      03/19/2014 Fav/CS EE RC	Fav/CS Yeas 11 Nays 0
3	<b>SM 1538</b> Bean (Similar HM 1101)	Terrorism Risk Insurance Act; Urging Congress to reauthorize the Terrorism Risk Insurance Act of 2002, etc.  BI      03/19/2014 Not Considered CJ RC	Not Considered
4	<b>SB 308</b> Brandes (Identical H 171)	Public Assistance Fraud; Authorizing the Department of Financial Services to administer oaths and affirmations and issue and serve subpoenas when conducting investigations into public assistance fraud; providing a penalty; providing for award of attorney fees and costs, etc.  CF      03/04/2014 Favorable BI      03/19/2014 Favorable	Favorable Yeas 11 Nays 0

**COMMITTEE MEETING EXPANDED AGENDA**

Banking and Insurance

Wednesday, March 19, 2014, 11:00 a.m.—12:30 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
5	<b>SB 1390</b> Brandes (Identical H 939)	Bail Bond Premiums; Specifying the amount of direct written premiums for bail bonds for the purpose of calculating specified taxes, etc.  BI 03/19/2014 Fav/CS AFT AP	Fav/CS Yeas 10 Nays 1
6	<b>SB 1260</b> Brandes (Similar CS/H 565, Compare H 291, CS/CS/H 321, H 471, H 581, CS/CS/H 633, CS/H 743, H 759, H 785, CS/H 879, H 1271, S 462, S 496, CS/CS/CS/S 542, CS/CS/S 570, CS/CS/S 708, S 952, CS/S 1210, CS/S 1308, S 1672)	Insurance; Authorizing specified insurers to contract with an authorized inspection agency for boiler inspections; repealing provisions relating to branch agencies, agents in charge, and the payment of additional county tax under certain circumstances; providing requirements for the recommendation to surrender an annuity or life insurance policy; revising criteria authorizing premiums of certain service warranty associations to exceed their specified net assets limitations, etc.  BI 03/19/2014 Fav/CS AGG AP	Fav/CS Yeas 10 Nays 1
7	<b>SB 1274</b> Hays (Similar H 1089, Compare S 1672)	Citizens Property Insurance Corporation; Providing exemptions from the restriction on obtaining coverage from Citizens Property Insurance Corporation for major structures under certain conditions; authorizing the corporation to create an addendum to the uniform mitigation verification form for use by counties under certain circumstances, etc.  BI 03/19/2014 Not Considered CA RC	Not Considered

Other Related Meeting Documents

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB 754

INTRODUCER: Banking and Insurance Committee and Senator Bradley

SUBJECT: Certificates of Destruction

DATE: March 21, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matiyow</u>	<u>Knudson</u>	<u>BI</u>	<u>Fav/CS</u>
2.	_____	_____	<u>TR</u>	_____

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 754 revises the process for applying for a salvage certificate of title (salvage title) or a certificate of destruction (COD) on a total loss motor vehicle. The bill defines a “late model vehicle” to mean an automobile 7 years or newer. The bill raises the 80 percent repair-to-value COD threshold to 90 percent, and limits its application to late model vehicles with a value of at least \$7,500 just prior to sustaining the damage resulting in total loss. The bill creates a new valuation standard where all other vehicles would be issued a COD if the value of the vehicle after the total loss:

- Is damaged, wrecked or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal; or
- Comes into this state under a title or other ownership that indicates that the vehicle is non-repairable, junked, or for parts or dismantling only.

**II. Present Situation:**

**Total Loss**

Florida law<sup>1</sup> defines a motor vehicle (vehicle or mobile home) as a “total loss” when:

- An insurance company pays the vehicle owner to replace the wrecked or damaged vehicle with one of like kind and quality or when an insurance company pays the vehicle owner upon the theft of the vehicle; or

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<sup>1</sup> s. 319.30(3)(a), F.S.

- An uninsured vehicle is wrecked or damaged and the cost, at the time of loss, of repairing or rebuilding the vehicle is 80 percent or more of the cost to the vehicle owner of replacing the wrecked or damaged vehicle with one of like kind and quality.

However, the vehicle owner and the owner's insurance company may reach an agreement to repair, rather than replace, the vehicle. In this case, the vehicle is not considered a "total loss," unless the actual cost to repair the vehicle to the insurance company exceeds 100 percent of the cost of replacing the vehicle with one of like kind and quality.<sup>2</sup> If the cost to repair does in fact exceed 100 percent of the replacement cost, the vehicle owner must request that the Department of Highway Safety and Motor Vehicles (DHSMV) brand the vehicle's certificate of title with the words "Total Loss Vehicle."

### Salvage Titles

The purpose of a salvage motor vehicle title is to indicate that a vehicle has been severely damaged or declared a total loss at some point in its history, and to provide a traceable record for such vehicles when their titles have been surrendered. Before disposing of or selling a total loss vehicle, the owner or insurance company is usually required to apply for some type of a salvage motor vehicle title. In such cases, the certificate of title is submitted to the respective state's titling agency. Depending on the state and level of damages, the vehicle may be designated rebuildable or unrebuildable and thereby receive the appropriate title designation. If the vehicle is deemed rebuildable, some states, including Florida, allow it to be repaired, inspected, and ultimately returned to the road. If the vehicle is deemed unrebuildable, the vehicle must be destroyed or dismantled.

Typically, the insurance company has its own procedure for the disposition of rebuildable or unrebuildable total loss vehicles. In Florida, many insurance companies have an agreement with a motor vehicle auction<sup>3</sup> company to acquire, apply for the title of, and sell, the vehicle. The auction company charges a fee to the insurance company, for their services. Buyers at an auto auction must be licensed motor vehicle dealers,<sup>4</sup> and may include salvage motor vehicle dealers who are defined in Florida law as, "any person who engages in the business of acquiring salvaged or wrecked motor vehicles for the purpose of reselling them and their parts."<sup>5</sup> In Florida, most buyers of rebuildable vehicles are auto dealers, or exporters. Buyers of unrebuildable vehicles are primarily automobile dismantlers and recyclers.

In Florida, a rebuildable designation is called a Salvage Title,<sup>6</sup> and an unrebuildable designation is called a COD.<sup>7</sup> Before a total loss vehicle may be acquired by a salvage motor vehicle dealer, the vehicle owner or insurance company must apply for a Salvage Title or a COD. Since 1989, Florida has utilized a percentage-based threshold to determine whether a total loss vehicle receives a Salvage Title or a COD.<sup>8</sup> When applying for a Salvage Title or COD, the insurance

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<sup>2</sup>s. 319.30(3)(a)2, F.S.

<sup>3</sup>s. 320.27(1)(c)4, F.S.

<sup>4</sup> s. 320.27(1)(c), F.S.

<sup>5</sup> s. 320.27(1)(c)5, F.S.

<sup>6</sup> s. 319.30(1)(s), F.S.

<sup>7</sup> s. 319.30(1)(a), F.S.

<sup>8</sup> s. 17, ch. 89-333, L.O.F.

company must provide the DHSMV with an estimate of the costs of repairing the physical and mechanical damage. If the estimated costs of repairing the vehicle are equal to 80 percent or more of the current retail value of the vehicle, as established in any official used car or used mobile home guide, DHSMV is required to declare the vehicle unrebuildable and print a COD.

According to the DHSMV, during the last 5 years Florida has issued 171,742 Salvage Titles, compared to 822,778 CODs.<sup>9</sup> An average of approximately 130,000 more CODs than Salvage Titles were issued annually. There is a \$2 fee for each Salvage Title, and a \$3 fee for each COD, both of which are deposited into the General Revenue Fund.<sup>10</sup>

### **Rebuilt Inspections**

Before a salvage motor vehicle dealer can resell a salvage motor vehicle, the salvage motor vehicle must go through a physical rebuilt inspection conducted by DHSMV. The purpose of the rebuilt inspection is to assure the identity of the vehicle and that all major component parts which have been repaired or replaced were legally obtained. The rebuilt inspection by DHSMV is not a road worthiness or safety inspection. After the rebuilt inspection, DHSMV affixes a decal to the vehicle that identifies the vehicle as a rebuilt vehicle.<sup>11</sup>

There is a \$40 fee for the initial rebuilt inspection, which is deposited into the General Revenue Fund. If a subsequent inspection is required, there is a \$20 fee, which is deposited into the Highway Safety Operating Trust Fund.<sup>12</sup>

### **Other States**

There is no federal law governing the salvage title process for all states. The result is considerable variation in state salvage title laws, processes, and nomenclature. The methods used to determine whether or not a vehicle is unrebuildable also vary, but similar to total loss methods, tend to be damage or theft driven. Such methods tend to be based on “non-repairable” criteria and include a narrative definition, or a value-based criteria which can include a specific damage-to-value threshold.

## **III. Effect of Proposed Changes:**

The bill defines a “late model vehicle” to mean an automobile 7 years or newer. The bill raises the 80 percent repair-to-value COD threshold to 90 percent, and limits its application to late model vehicles with a value of at least \$7,500 just prior to sustaining the damage resulting in total loss. The bill creates a new valuation standard where all other vehicles would be issued a COD if the value of the vehicle after the total loss:

- Is damaged, wrecked or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal; or
- Comes into this state under a title or other ownership that indicates that the vehicle is non-repairable, junked, or for parts or dismantling only.

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<sup>9</sup> Information on file with Banking & Insurance staff.

<sup>10</sup> s. 319.32, F.S.

<sup>11</sup> s. 319.14(b), F.S.

<sup>12</sup> s. 319.32, F.S.

The changes in the bill will result in more salvage motor vehicle titles being issued than under current law, thus allowing for the potential of those vehicles to be rebuilt, sold and permitted back on the roads.

**Effective Date:**

This act shall take effect July 1, 2014.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

**Automobile Insurers** – Under the changes in this bill, insurers could receive more money for some of the total loss cars they sell at auction. Receiving more money for such vehicles would have a positive impact on an insurers lost costs which is a component when formulating rates.

**Salvage Part Dealers** – Salvage dealers will be negatively impacted by the changes in the bill. Currently only licensed salvage dealers can purchase COD vehicles. Potentially, the bill would allow an indeterminate amount of vehicles given a COD under the current threshold to be given a salvage title instead. If auctioned or sold, more groups such as auto dealers would be able to bid on or purchase such vehicles. As a result of more competition on salvage titled vehicles, salvage dealers could potentially end up paying more for the vehicles they use to sell scrap metal and parts from. An increase in costs in acquiring vehicles could increase costs and prices on used auto parts that are sold to the general public.

**Automobile Auctions** – Automobile auction companies should benefit from the changes in the bill. Generally, the more money an automobile sells for at auction the more money the auction company makes.

**C. Government Sector Impact:**

The DHSMV may have to inspect tens of thousands more “rebuilt” vehicles each year than under the current COD process. According to the DHSMV agency, analysis of such costs would be nominal.<sup>13</sup>

The DHSMV collects \$40 for each “rebuilt” inspection they perform, however there will be a \$1 decrease to general revenue for every \$2 salvage certificate applied for instead of a \$3 COD.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

Insurers opposed to the changes in the bill have voiced concerns about public safety with regards to rebuilt vehicles and the lack of a safety inspection before being allowed back on the roads.

**VIII. Statutes Affected:**

This bill substantially amends section 319.30 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 19, 2014:**

- The CS defines “late model vehicle” to mean an automobile 7 years or newer.
- The CS raises the 80 percent repair-to-value COD threshold to 90 percent, and only applies to late model vehicles with a value of at least \$7,500 just prior to sustaining the damage resulting in total loss.
- The CS applies the new valuation for COD to all other vehicles when such a vehicle:
  - Is damaged, wrecked or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal; or
  - Comes into this state under a title or other ownership that indicates that the vehicle is non-repairable, junked, or for parts or dismantling only.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

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<sup>13</sup> DHSMV 2014 Agency Legislative Bill Analysis (On file with Banking & Insurance staff).





954976

LEGISLATIVE ACTION

Senate

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House

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The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Present paragraphs (o) through (w) of subsection  
(1) of section 319.30, Florida Statutes, are redesignated as  
paragraphs (p) through (x), respectively, and a new paragraph  
(o) is added to that subsection, and paragraph (b) of subsection  
(3) of that section is amended, to read:

319.30 Definitions; dismantling, destruction, change of



954976

11 identity of motor vehicle or mobile home; salvage.-

12 (1) As used in this section, the term:

13 (o) "New model vehicle" means a motor vehicle that has a  
14 manufacturer's model year designation of the year in which the  
15 vehicle was wrecked or damaged or any of the immediately  
16 preceding 5 years.

17 (3)

18 (b) The owner, including persons who are self-insured, of a  
19 ~~any~~ motor vehicle or mobile home that ~~which~~ is considered to be  
20 salvage shall, within 72 hours after the motor vehicle or mobile  
21 home becomes salvage, forward the title to the motor vehicle or  
22 mobile home to the department for processing. However, an  
23 insurance company that ~~which~~ pays money as compensation for the  
24 total loss of a motor vehicle or mobile home shall obtain the  
25 certificate of title for the motor vehicle or mobile home, make  
26 the required notification to the National Motor Vehicle Title  
27 Information System, and, within 72 hours after receiving such  
28 certificate of title, ~~shall~~ forward such title to the department  
29 for processing. The owner or insurance company, as applicable  
30 ~~the case may be~~, may not dispose of a vehicle or mobile home  
31 that is a total loss before it obtains ~~has obtained~~ a salvage  
32 certificate of title or certificate of destruction from the  
33 department. When applying for a salvage certificate of title or  
34 certificate of destruction, the owner or insurance company must  
35 provide the department with an estimate of the costs of  
36 repairing the physical and mechanical damage suffered by the  
37 vehicle for which a salvage certificate of title or certificate  
38 of destruction is sought. If the estimated costs of repairing  
39 the physical and mechanical damage to the mobile home ~~vehicle~~



954976

40 are equal to 80 percent or more of the current retail cost of  
41 the mobile home vehicle, as established in any official ~~used car~~  
42 ~~or~~ used mobile home guide, the department shall declare the  
43 mobile home vehicle unrebuildable and print a certificate of  
44 destruction, which authorizes the dismantling or destruction of  
45 the ~~motor vehicle or~~ mobile home ~~described therein~~. For a new  
46 model vehicle with a current retail cost of at least \$10,000  
47 just prior to sustaining the damage that resulted in the total  
48 loss, as established in any official used car guide, if the  
49 owner or insurance company determines that the estimated costs  
50 of repairing the physical and mechanical damage to the vehicle  
51 are equal to 100 percent or more of the current retail cost of  
52 the vehicle, as established in any official used motor vehicle  
53 guide, the department shall declare the vehicle unrebuildable  
54 and print a certificate of destruction, which authorizes the  
55 dismantling or destruction of the motor vehicle. However, if the  
56 damaged motor vehicle is equipped with custom-lowered floors for  
57 wheelchair access or a wheelchair lift, the insurance company  
58 may, upon determining that the vehicle is repairable to a  
59 condition that is safe for operation on public roads, submit the  
60 certificate of title to the department for reissuance as a  
61 salvage rebuildable title and the addition of a title brand of  
62 "insurance-declared total loss." The certificate of destruction  
63 shall be reassignable a maximum of two times before dismantling  
64 or destruction of the vehicle is ~~shall be~~ required, and shall  
65 accompany the motor vehicle or mobile home for which it is  
66 issued, when such motor vehicle or mobile home is sold for such  
67 purposes, in lieu of a certificate of title, ~~and, thereafter,~~  
68 The department may not issue a ~~shall refuse issuance of any~~



954976

69 certificate of title for that vehicle. ~~Nothing in This~~  
70 subsection is not shall be applicable if when a mobile home  
71 vehicle is worth less than \$1,500 retail just prior to  
72 sustaining the damage that resulted in the total loss in  
73 undamaged condition in any official used motor vehicle guide or  
74 used mobile home guide or when a stolen motor vehicle or mobile  
75 home is recovered in substantially intact condition and is  
76 readily resalable without extensive repairs to or replacement of  
77 the frame or engine. If a motor vehicle has a current retail  
78 cost of less than \$10,000 just prior to sustaining the damage  
79 that resulted in the total loss, as established in any official  
80 used motor vehicle guide, or if the vehicle is not a new model  
81 vehicle, the owner or insurance company that pays money as  
82 compensation for the total loss of the motor vehicle shall  
83 obtain a certificate of destruction, if the motor vehicle is  
84 damaged, wrecked, or burned to the extent that the only residual  
85 value of the motor vehicle is as a source of parts or scrap  
86 metal, or if the motor vehicle comes into this state under a  
87 title or other ownership document that indicates that the motor  
88 vehicle is not repairable, is junked, or is for parts or  
89 dismantling only. ~~Any~~ person who knowingly violates this  
90 paragraph or falsifies documentation ~~any document~~ to avoid the  
91 requirements of this paragraph commits a misdemeanor of the  
92 first degree, punishable as provided in s. 775.082 or s.  
93 775.083.

94 Section 2. This act shall take effect July 1, 2014.

95  
96 ===== T I T L E A M E N D M E N T =====

97 And the title is amended as follows:



954976

98           Delete everything before the enacting clause  
99 and insert:

100                           A bill to be entitled  
101           An act relating to certificates of destruction;  
102           amending s. 319.30, F.S.; defining a term; revising  
103           requirements for the Department of Highway Safety and  
104           Motor Vehicles to declare certain mobile homes and  
105           motor vehicles unrebuildable and to issue a  
106           certificate of destruction; authorizing the department  
107           to issue certificates of destruction for motor  
108           vehicles that are worth less than a specified amount  
109           and are above a certain age under certain  
110           circumstances; providing an effective date.



493168

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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The Committee on Banking and Insurance (Hays) recommended the following:

1           **Senate Substitute for Amendment (954976) (with title**  
2 **amendment)**

3  
4           Delete everything after the enacting clause  
5 and insert:

6           Section 1. Present paragraphs (o) through (w) of subsection  
7 (1) of section 319.30, Florida Statutes, are redesignated as  
8 paragraphs (p) through (x), respectively, a new paragraph (o) is  
9 added to that subsection, and paragraph (b) of subsection (3) of  
10 that section is amended, to read:



493168

11 319.30 Definitions; dismantling, destruction, change of  
12 identity of motor vehicle or mobile home; salvage.—

13 (1) As used in this section, the term:

14 (c) "Late model vehicle" means a motor vehicle that has a  
15 manufacturer's model year of 7 years or newer.

16 (3)

17 (b) The owner, including persons who are self-insured, of a  
18 ~~any~~ motor vehicle or mobile home that ~~which~~ is considered to be  
19 salvage shall, within 72 hours after the motor vehicle or mobile  
20 home becomes salvage, forward the title to the motor vehicle or  
21 mobile home to the department for processing. However, an  
22 insurance company that ~~which~~ pays money as compensation for the  
23 total loss of a motor vehicle or mobile home shall obtain the  
24 certificate of title for the motor vehicle or mobile home, make  
25 the required notification to the National Motor Vehicle Title  
26 Information System, and, within 72 hours after receiving such  
27 certificate of title, ~~shall~~ forward such title to the department  
28 for processing. The owner or insurance company, as applicable  
29 ~~the case may be~~, may not dispose of a vehicle or mobile home  
30 that is a total loss before it obtains ~~has obtained~~ a salvage  
31 certificate of title or certificate of destruction from the  
32 department. When applying for a salvage certificate of title or  
33 certificate of destruction, the owner or insurance company must  
34 provide the department with an estimate of the costs of  
35 repairing the physical and mechanical damage suffered by the  
36 vehicle for which a salvage certificate of title or certificate  
37 of destruction is sought. If the estimated costs of repairing  
38 the physical and mechanical damage to the mobile home ~~vehicle~~  
39 are equal to 80 percent or more of the current retail cost of



493168

40 the mobile home vehicle, as established in any official ~~used car~~  
41 ~~or~~ used mobile home guide, the department shall declare the  
42 mobile home vehicle unbuildable and print a certificate of  
43 destruction, which authorizes the dismantling or destruction of  
44 the ~~motor vehicle or~~ mobile home ~~described therein~~. For a late  
45 model vehicle with a current retail cost of at least \$7,500 just  
46 prior to sustaining the damage that resulted in the total loss,  
47 as established in any official used car guide, if the owner or  
48 insurance company determines that the estimated costs of  
49 repairing the physical and mechanical damage to the vehicle are  
50 equal to 90 percent or more of the current retail cost of the  
51 vehicle, as established in any official used motor vehicle  
52 guide, the department shall declare the vehicle unbuildable  
53 and print a certificate of destruction, which authorizes the  
54 dismantling or destruction of the motor vehicle. However, if the  
55 damaged motor vehicle is equipped with custom-lowered floors for  
56 wheelchair access or a wheelchair lift, the insurance company  
57 may, upon determining that the vehicle is repairable to a  
58 condition that is safe for operation on public roads, submit the  
59 certificate of title to the department for reissuance as a  
60 salvage buildable title and the addition of a title brand of  
61 "insurance-declared total loss." The certificate of destruction  
62 shall be reassignable a maximum of two times before dismantling  
63 or destruction of the vehicle is ~~shall be~~ required, and shall  
64 accompany the motor vehicle or mobile home for which it is  
65 issued, when such motor vehicle or mobile home is sold for such  
66 purposes, in lieu of a certificate of title, ~~and, thereafter,~~  
67 The department may not issue a ~~shall refuse issuance of any~~  
68 certificate of title for that vehicle. ~~Nothing in~~ This





493168

69 subsection is not shall be applicable if when a mobile home  
70 vehicle is worth less than \$1,500 retail just prior to  
71 sustaining the damage that resulted in the total loss in  
72 undamaged condition in any official used motor vehicle guide or  
73 used mobile home guide or when a stolen motor vehicle or mobile  
74 home is recovered in substantially intact condition and is  
75 readily resalable without extensive repairs to or replacement of  
76 the frame or engine. If a motor vehicle has a current retail  
77 cost of less than \$7,500 just prior to sustaining the damage  
78 that resulted in the total loss, as established in any official  
79 used motor vehicle guide, or if the vehicle is not a late model  
80 vehicle, the owner or insurance company that pays money as  
81 compensation for the total loss of the motor vehicle shall  
82 obtain a certificate of destruction, if the motor vehicle is  
83 damaged, wrecked, or burned to the extent that the only residual  
84 value of the motor vehicle is as a source of parts or scrap  
85 metal, or if the motor vehicle comes into this state under a  
86 title or other ownership document that indicates that the motor  
87 vehicle is not repairable, is junked, or is for parts or  
88 dismantling only. ~~A~~ Any person who knowingly violates this  
89 paragraph or falsifies documentation ~~any document~~ to avoid the  
90 requirements of this paragraph commits a misdemeanor of the  
91 first degree, punishable as provided in s. 775.082 or s.  
92 775.083.

93 Section 2. This act shall take effect July 1, 2014.

94  
95 ===== T I T L E A M E N D M E N T =====

96 And the title is amended as follows:

97 Delete everything before the enacting clause



493168

98 and insert:

99                                   A bill to be entitled  
100           An act relating to certificates of destruction;  
101           amending s. 319.30, F.S.; defining a term; revising  
102           requirements for the Department of Highway Safety and  
103           Motor Vehicles to declare certain mobile homes and  
104           motor vehicles unrebildable and to issue a  
105           certificate of destruction; requiring the department  
106           to issue certificates of destruction for motor  
107           vehicles that are worth less than a specified amount  
108           and are above a certain age under certain  
109           circumstances; providing an effective date.

By Senator Bradley

7-01028-14

2014754\_\_

1 A bill to be entitled  
 2 An act relating to certificates of destruction;  
 3 amending s. 319.30, F.S.; revising the requirements  
 4 for an owner or insurance company to obtain a  
 5 certificate of destruction for certain motor vehicles  
 6 or mobile homes; providing an effective date.  
 7  
 8 Be It Enacted by the Legislature of the State of Florida:  
 9  
 10 Section 1. Paragraph (b) of subsection (3) of section  
 11 319.30, Florida Statutes, is amended to read:  
 12 319.30 Definitions; dismantling, destruction, change of  
 13 identity of motor vehicle or mobile home; salvage.-  
 14 (3)  
 15 (b) The owner, including persons who are self-insured, of a  
 16 ~~any~~ motor vehicle or mobile home ~~that which~~ is considered to be  
 17 salvage shall, within 72 hours after the motor vehicle or mobile  
 18 home becomes salvage, forward the title to the motor vehicle or  
 19 mobile home to the department for processing. However, an  
 20 insurance company ~~that which~~ that pays money as compensation for the  
 21 total loss of a motor vehicle or mobile home shall obtain the  
 22 certificate of title for the motor vehicle or mobile home, make  
 23 the required notification to the National Motor Vehicle Title  
 24 Information System, and, within 72 hours after receiving such  
 25 certificate of title, ~~shall~~ forward such title to the department  
 26 for processing. The owner or insurance company, as applicable  
 27 ~~the case may be~~, may not dispose of a vehicle or mobile home  
 28 that is a total loss before it obtains ~~has obtained~~ a salvage  
 29 certificate of title or certificate of destruction from the

Page 1 of 3

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

7-01028-14

2014754\_\_

30 department. When applying for a salvage certificate of title or  
 31 certificate of destruction, the owner or insurance company must  
 32 provide the department with an estimate of the costs of  
 33 repairing the physical and mechanical damage suffered by the  
 34 vehicle for which a salvage certificate of title or certificate  
 35 of destruction is sought. If a motor vehicle or mobile home is  
 36 damaged, wrecked, or burned to the extent that the only residual  
 37 value of the motor vehicle or mobile home is as a source of  
 38 parts or scrap metal, or if the motor vehicle or mobile home  
 39 comes into this state under a title or other ownership document  
 40 that indicates that the motor vehicle or mobile home is not  
 41 repairable, is junked, or is for parts or dismantling only, the  
 42 owner or insurance company that pays money as compensation for  
 43 total loss of a motor vehicle or mobile home shall obtain the  
 44 estimated costs of repairing the physical and mechanical damage  
 45 to the vehicle are equal to 80 percent or more of the current  
 46 retail cost of the vehicle, as established in any official used  
 47 car or used mobile home guide, the department shall declare the  
 48 vehicle unrebuildable and print a certificate of destruction,  
 49 which authorizes the dismantling or destruction of the motor  
 50 vehicle or mobile home described therein. However, if the  
 51 damaged motor vehicle is equipped with custom-lowered floors for  
 52 wheelchair access or a wheelchair lift, the insurance company  
 53 may, upon determining that the vehicle is repairable to a  
 54 condition that is safe for operation on public roads, submit the  
 55 certificate of title to the department for reissuance as a  
 56 salvage rebuildable title and the addition of a title brand of  
 57 "insurance-declared total loss." The certificate of destruction  
 58 shall be reassignable a maximum of two times before dismantling

Page 2 of 3

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

7-01028-14

2014754\_\_

59 or destruction of the vehicle ~~is shall be~~ required, and shall  
60 accompany the motor vehicle or mobile home for which it is  
61 issued, when such motor vehicle or mobile home is sold for such  
62 purposes, in lieu of a certificate of title, ~~and, thereafter,~~  
63 The department ~~may not issue a shall refuse issuance of any~~  
64 certificate of title for that vehicle. ~~Nothing in~~ This  
65 subsection ~~is not shall be~~ applicable ~~if when~~ a vehicle is worth  
66 less than \$1,500 retail in undamaged condition in any official  
67 used motor vehicle guide or used mobile home guide or when a  
68 stolen motor vehicle or mobile home is recovered in  
69 substantially intact condition and is readily resalable without  
70 extensive repairs to or replacement of the frame or engine. A  
71 Any person who knowingly violates this paragraph or falsifies  
72 documentation any document to avoid the requirements of this  
73 paragraph commits a misdemeanor of the first degree, punishable  
74 as provided in s. 775.082 or s. 775.083.

75 Section 2. This act shall take effect July 1, 2014.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19-14  
Meeting Date

Topic COD 754

Bill Number 754  
(if applicable)

Name Jim Butler

Amendment Barcode  
(if applicable)

Job Title Business owner

Address 6301 N PAIA Fox St

Phone 850-474-9300

Street  
City Pensacola State Zip

E-mail jim@butlerinc.com

Speaking:  For  Against  Information

Representing Butler Auto Recycling Inc

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date \_\_\_\_\_

Topic COD Bill Number 754  
(if applicable)

Name Tim McMillon MERGED AUTO Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title President

Address 3100 W Spackman Ave Phone 386 775 2200  
Street

Orange City City                      State                      Zip

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Fadrea / MERGED AUTO Parts Inc

Appearing at request of Chair:  Yes  No      Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14  
Meeting Date

Topic COD

Bill Number 754  
*(if applicable)*

Name Bob Eubanks

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Auto Recycler

Address 1932 N. Lane Ave

Phone 904 571-8189

Street

Jacksonville FL

City

State

Zip

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Rusty Acres Automotive Inc.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14

Meeting Date

Topic Total Loss Amendment

Bill Number ~~7003~~ 754  
(if applicable)

Name Bobby Davis

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title \_\_\_\_\_

Address 2806 Sheriff Way

Phone 407-312-9965

Street  
Winter Park FL 32792  
City State Zip

E-mail bd23211@gmail.com

Speaking:  For  Against  Information

Representing FADRA

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)



THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

*Meeting Date*

Topic COD Bill Number SB 754  
Name Steve Holland Amendment Barcode \_\_\_\_\_  
Job Title Pres (if applicable)

Address 11215 BROWNING RD Phone \_\_\_\_\_  
*Street* Lithia FL 33547 E-mail \_\_\_\_\_  
*City* *State* *Zip*

Speaking:  For  Against  Information

Representing BRANDON AUTO SALVAGE

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14  
Meeting Date

Topic COD

Bill Number 754  
*(if applicable)*

Name JASON GRADY

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title MGR

Address 5145 LETOURNEAU CIR

Phone 813 621 4555

Street

TAMPA FL 33610

City

State

Zip

E-mail JASON.G@CORESUPPLY.COM

Speaking:  For  Against  Information

Representing FADRA

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date \_\_\_\_\_

Topic COD Bill Number SB 754  
(if applicable)

Name Kim Odell Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title FADRA Executive Director

Address 14015 Fairway Willow Lane Phone \_\_\_\_\_  
Street

Winter Garden, FL 34787 E-mail \_\_\_\_\_  
City State Zip

Speaking:  For  Against  Information

Representing FADRA

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

*Meeting Date* \_\_\_\_\_

Topic SB 754 COD Bill Number SB 754  
*(if applicable)*

Name BRAD RUTNER FORD Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Pres

Address 324 Rechen Hwy Phone 863-412-0093  
*Street*

Auburn FL 32409  
*City State Zip*

Speaking:  For  Against  Information

Representing Budget Airtel Parents

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic COD Bill Number 754  
(if applicable)

Name Shannon Lathem-McMillon Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title president

Address 810 S Industry Rd Phone 321 427 1251  
Street

Cocoa FL 32926 E-mail shanlathem@gmail.com  
City State Zip

Speaking:  For  Against  Information

Representing Cocoa Auto Salvage

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

03/19/2014  
Meeting/Date

HAYS STRIKE

Topic SB 754 - Cert. of Necess.

Bill Number SB 754 ALL  
(if applicable)

Name JORGE CONFORME

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title GOV'T AFFAIRS MGR.

Address \_\_\_\_\_

Phone 954-759-1989

Street

E-mail \_\_\_\_\_

City

State

Zip

Speaking:  For  Against  Information

Representing LKQ CORP.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

3-19-14  
Meeting Date

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Topic Certificate of Destruction Bill Number 754  
Name Mark Oliver Amendment Barcode 493168  
Job Title Fla Area Mgr (if applicable)  
Address 2700 Longwood Dr Phone 863-698-9227  
Lakeland FL 33811 E-mail moliver@iaai.com  
City State Zip

Speaking:  For  Against  Information

Representing Insurance Auto Auctions

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14

Meeting Date

Topic Salvage vehicles

Bill Number 754  
*(if applicable)*

Name Charles Holder

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Director

Address 7403 Capitano Cove

Phone 813-313-0698

Street

Riverview

FL

33578

City

State

Zip

E-mail jeff.holder@copart.com

Speaking:  For  Against  Information

Representing Copart

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)



THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19-14

Meeting Date

Topic Certificates of Destruction

Bill Number SB 754  
(if applicable)

Name Bonny Gordon

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title SR. COUNSEL

Address 1 GEICO PLZ

Phone 301-986-2653

Street

Washington DC 20076

City

State

Zip

E-mail bgordon@geico.com

Speaking:  For  Against  Information

SB 754 puts more unsafe cars on the road.

Representing GEICO

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: CS/SB 1344

INTRODUCER: Banking and Insurance Committee and Senator Braynon

SUBJECT: Insurance Association Appointments

DATE: March 20, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Billmeier	Knudson	BI	Fav/CS
2.			EE	
3.			RC	

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

---

**I. Summary:**

CS/SB 1344 provides that the Property Casualty Insurers Association of America and the Florida Insurance Council will make recommendations to the Chief Financial Officer (CFO) for an appointment to the board of governors of the Florida Medical Malpractice Joint Underwriting Association. Current law provides that the Alliance of American Insurers and the National Association of Independent Insurers each make recommendations and the CFO appoints insurer representatives to the board from those recommendations. Those entities have merged to form the Property Casualty Insurers Association of America.

This bill provides that the CFO may select the representative of casualty insurers on the Florida Birth-Related Neurological Injury Compensation Association (NICA) board of directors from a list of at least three names, one recommended by the Property Casualty Insurers Association of America, one recommended by the Florida Insurance Council, and one recommended by the American Insurance Association. Current law provides that those recommendations are made by the American Insurance Association, the Alliance of American Insurers, and the National Association of Independent Insurers. Finally, this bill provides that the American Congress of Obstetricians and Gynecologists, District XII will make recommendations to the CFO for an appointment to the NICA board of directors. The CFO is not required to make a selection from the trade association nominees.

This bill takes effect July 1, 2014.

## II. Present Situation:

### Florida Medical Malpractice Joint Underwriting Association

Section 627.351, F.S., creates the Florida Medical Malpractice Joint Underwriting Association (Association). The Association was created in 1975 to assure the availability of medical liability insurance to Florida health care providers.<sup>1</sup> The Association is a source of insurance for those medical providers who may be unable to obtain coverage from the competitive voluntary insurance market.<sup>2</sup>

Section 627.351(4)(c), F.S., provides that the Association operates under the supervision of a board of governors. The board of governors consists of:

- Representatives of five of the insurers participating in the Joint Underwriting Association;
- An attorney to be named by The Florida Bar;
- A physician to be named by the Florida Medical Association;
- A dentist to be named by the Florida Dental Association; and
- A hospital representative to be named by the Florida Hospital Association.<sup>3</sup>

The CFO selects the representatives of the five insurers. The insurer representatives are selected as follows:

- One insurer representative is selected from recommendations of the American Insurance Association.
- One insurer representative is selected from recommendations of the Alliance of American Insurers.
- One insurer representative is selected from recommendations of the National Association of Independent Insurers.
- Two insurer representatives shall be selected to represent insurers that are not affiliated with these associations.<sup>4</sup>

### Florida Birth-Related Neurological Injury Compensation Association

The Florida Birth-Related Neurological Injury Compensation Plan (Plan) was enacted by the Legislature in 1988.<sup>5</sup> The Plan was created to provide compensation, long-term medical care, and other services to persons with birth-related neurological injuries. Although the benefits paid under the Plan are limited, the Plan does not require the claimant to prove malpractice and provides a streamlined administrative hearing to resolve the claim.<sup>6</sup>

The entity charged with administering the Plan is the NICA. Under s. 766.315(4), F.S., NICA's duties include:

- Administering the plan, itself.

---

<sup>1</sup> See <https://www.fmmjua.com/fmmjua/Controller?page=faq> (accessed March 14, 2014).

<sup>2</sup> *Id.*

<sup>3</sup> See s. 627.351(4)(c), F.S.

<sup>4</sup> *Id.*

<sup>5</sup> Chapter 88-1, ss. 60-75, L.O.F., was enacted by the Legislature in an attempt to stabilize and reduce malpractice insurance premiums for physicians practicing obstetrics, according to the legislative findings and intent cited in s. 766.301(1)(c), F.S.

<sup>6</sup> See *Florida Birth-Related Neurological Injury Compensation Ass'n v. McKaughan*, 668 So.2d 974, 977 (Fla. 1996).

- Administering the funds collected.
- Reviewing and paying claims.
- Directing the investment and reinvestment of any surplus funds over losses and expenses.
- Reinsuring the risks of the plan in whole or in part.
- Suing and being sued, appearing and defending, in all actions and proceedings in its name.
- Taking such legal action as may be necessary to avoid payment of improper claims.<sup>7</sup>

The Plan is governed by a board of five directors.<sup>8</sup> The directors are appointed for staggered terms of 3 years or until their successors are appointed and have qualified.<sup>9</sup> The directors are appointed by the CFO as follows:

- One citizen representative.
- One representative of participating physicians.
- One representative of hospitals.
- One representative of casualty insurers.
- One representative of physicians other than participating physicians.<sup>10</sup>

Section 766.315(2)(a), F.S., provides that the CFO may select:

- The representative of the participating physicians from a list of at least three names to be recommended by the Florida Obstetric and Gynecologic Society.
- The representative of hospitals from a list of at least three names to be recommended by the Florida Hospital Association.
- The representative of casualty insurers from a list of at least three names, one of which is recommended by the American Insurance Association, one by the Alliance of American Insurers, and one by the National Association of Independent Insurers.
- The representative of physicians other than participating physicians from a list of three names to be recommended by the Florida Medical Association and a list of three names to be recommended by the Florida Osteopathic Medical Association.<sup>11</sup>

The CFO is not required to make any appointment from among the nominees of such respective associations.<sup>12</sup>

### **Property Casualty Insurers Association of America**

The Property Casualty Insurers Association of America is a trade association representing more than 1,000 companies. Its purpose is to advocate its members' public policy positions at the state and federal levels and to provide its members with targeted industry information. Its members write over \$190 billion in annual premium, 46 percent of the U.S. automobile insurance market, 32 percent of the homeowners market, 38 percent of the commercial property and liability market, and 41 percent of the private workers compensation market.<sup>13</sup>

---

<sup>7</sup> Section 766.315(4), F.S.

<sup>8</sup> See s. 766.315(1)(a), F.S.

<sup>9</sup> See s. 766.315(1)(b), F.S.

<sup>10</sup> See s. 766.315(1)(c), F.S.

<sup>11</sup> See s. 766.315(2)(a), F.S.

<sup>12</sup> See s. 766.315(2)(a), F.S.

<sup>13</sup> <http://www.pciaa.net/web/sitehome.nsf/lcpublic/8?opendocument> (last accessed March 20, 2014).

The Property Casualty Insurers Association of America was formed in a merger between the Alliance of American Insurers and the National Association of Independent Insurers.<sup>14</sup>

### **Florida Insurance Council**

The Florida Insurance Council is a trade association representing 236 companies. Its purpose is to represent the insurance sector in legislative, regulatory, judicial and executive branch forums. Its members write \$33 billion in premium and provide all lines of coverage. It was established in 1962.<sup>15</sup>

American Congress of Obstetricians and Gynecologists, District XIIThe American Congress of Obstetricians and Gynecologists has over 57,000 members. Its goals are to serve as an advocate for quality health care for women, to maintain high standards of clinical practice and continuing education, and to promote patient education and involvement in medical care. It was founded in 1951.<sup>16</sup> District XII of the College includes Florida.<sup>17</sup> The Florida Obstetrics and Gynecologic Society does not elect its board. Its board members are members of the board of the American Congress of Obstetricians and Gynecologists, District XII.<sup>18</sup>

### **III. Effect of Proposed Changes:**

This bill provides that the Property Casualty Insurers Association of America will recommend appointments to the board of governors of the Florida Medical Malpractice Joint Underwriting Association and to the board of directors of the NICA instead of the Alliance of American Insurers and the National Association of Independent Insurers. This bill provides that the Florida Insurance Council will also recommend appointments to those two boards.

This bill changes the entities that will make recommendations to the CFO for appointment as insurer representatives on the Florida Medical Malpractice Joint Underwriting Association Board of Governors. The CFO will make selections from recommendations as follows:

- One insurer representative is selected from recommendations of the American Insurance Association.
- One insurer representative is selected from recommendations of the Property Casualty Insurers Association of America..
- One insurer representative is selected from recommendations of the Florida Insurance Council.
- Two insurer representatives shall be selected to represent insurers that are not affiliated with these associations.

Selections will no longer have to be made from recommendations by the Alliance of American Insurers and the National Association of Independent Insurers.

<sup>14</sup> See News Release by the National Association of Independent Insurers and the Alliance of American Insurers, December 14, 2003, and New Release by the National Association of Independent Insurers, January 2, 2004.

<sup>15</sup> <http://www.flains.org/about-us.html> (last accessed March 20, 2014).

<sup>16</sup> [http://www.acog.org/About\\_ACOG/Leadership\\_and\\_Governance](http://www.acog.org/About_ACOG/Leadership_and_Governance) (last accessed March 20, 2014).

<sup>17</sup> [http://www.acog.org/About\\_ACOG/ACOG\\_Districts](http://www.acog.org/About_ACOG/ACOG_Districts) (last accessed March 20, 2014).

<sup>18</sup> <https://www.flobgyn.org/about/bylaws/> (last accessed March 20, 2014).

This bill provides that the CFO may select the representative of casualty insurers on the NICA board of directors from a list of at least three names, one recommended by the Property Casualty Insurers Association of America, one recommended by the Florida Insurance Council, and one recommended by the American Insurance Association. The CFO is not required to make a selection from the trade association nominees.

This bill provides that the CFO may select the representative of the participating physicians from a list of at least three names recommended by the American Congress of Obstetricians and Gynecologists, District XII instead of the Florida Obstetric and Gynecologic Society. This bill takes effect July 1, 2014.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 627.351, 766.315.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 19, 2014:**

The Banking and Insurance Committee adopted amendments to provide that the Florida Insurance Council will make recommendations for appointment to the board of governors of the Florida Medical Malpractice Joint Underwriting Association and the NICA board of directors and to provide that the American Congress of Obstetricians and Gynecologists, District XII will make recommendations for appointment to the NICA board of directors instead of the Florida Obstetric and Gynecologic Society.

- B. **Amendments:**

None.



674386

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
	.	
	.	
	.	

The Committee on Banking and Insurance (Clemens) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 31 - 33  
and insert:  
~~of American Insurers.~~ One insurer representative shall be  
selected from recommendations of the Florida Insurance Council  
~~National Association of Independent Insurers.~~ Two insurer  
representatives shall be

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:





674386

12           Delete lines 3 - 5  
13 and insert:  
14           amending ss. 627.351 and 766.315, F.S.; revising the  
15           entities that make



477234

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
	.	
	.	
	.	

---

The Committee on Banking and Insurance (Clemens) recommended the following:

**Senate Amendment**

Delete lines 52 - 58  
and insert:  
least three names ~~to be~~ recommended by the American Congress of Obstetricians and Gynecologists, District XII Florida Obstetric and Gynecologic Society; the representative of hospitals from a list of at least three names ~~to be~~ recommended by the Florida Hospital Association; the representative of casualty insurers from a list of at least three names, one of which is recommended



477234

11 by the American Insurance Association, one of which is  
12 recommended by the Florida Insurance Council Alliance of  
13 American Insurers, and one of which is recommended

By Senator Braynon

36-01159-14

20141344\_\_

1 A bill to be entitled  
 2 An act relating to insurance association appointments;  
 3 amending ss. 627.351 and 766.315, F.S.; substituting  
 4 the Property Casualty Insurers Association of America  
 5 for other insurance associations that make  
 6 recommendations to the Chief Financial Officer for  
 7 appointment to the board of governors of the Joint  
 8 Underwriting Association and the board of directors of  
 9 the Florida Birth-Related Neurological Injury  
 10 Compensation Association; providing an effective date.  
 11  
 12 Be It Enacted by the Legislature of the State of Florida:  
 13  
 14 Section 1. Paragraph (c) of subsection (4) of section  
 15 627.351, Florida Statutes, is amended to read:  
 16 627.351 Insurance risk apportionment plans.—  
 17 (4) MEDICAL MALPRACTICE RISK APPORTIONMENT.—  
 18 (c) The Joint Underwriting Association shall operate  
 19 subject to the supervision and approval of a board of governors  
 20 consisting of representatives of five of the insurers  
 21 participating in the Joint Underwriting Association, an attorney  
 22 ~~to be~~ named by The Florida Bar, a physician ~~to be~~ named by the  
 23 Florida Medical Association, a dentist ~~to be~~ named by the  
 24 Florida Dental Association, and a hospital representative ~~to be~~  
 25 named by the Florida Hospital Association. The Chief Financial  
 26 Officer shall select the representatives of the five insurers.  
 27 One insurer representative shall be selected from  
 28 recommendations of the American Insurance Association. One  
 29 insurer representative shall be selected from recommendations of

Page 1 of 3

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

36-01159-14

20141344\_\_

30 the Property Casualty Insurers Association of America Alliance  
 31 ~~of American Insurers. One insurer representative shall be~~  
 32 ~~selected from recommendations of the National Association of~~  
 33 ~~Independent Insurers. Three~~ Two insurer representatives shall be  
 34 selected to represent insurers that are not affiliated with  
 35 these associations. ~~The board of governors shall choose.~~ During  
 36 the first meeting of the board after June 30 of each year, the  
 37 board shall choose one of its members to serve as chair of the  
 38 board and another member to serve as vice chair of the board.  
 39 There is ~~shall be~~ no liability on the part of, and no cause of  
 40 action ~~of any nature~~ shall arise against, any member insurer,  
 41 self-insurer, or its agents or employees, the Joint Underwriting  
 42 Association or its agents or employees, members of the board of  
 43 governors, or the office or its representatives for any action  
 44 taken by them in the performance of their powers and duties  
 45 under this subsection.  
 46 Section 2. Paragraph (a) of subsection (2) of section  
 47 766.315, Florida Statutes, is amended to read:  
 48 766.315 Florida Birth-Related Neurological Injury  
 49 Compensation Association; board of directors.—  
 50 (2) (a) The Chief Financial Officer may select the  
 51 representative of the participating physicians from a list of at  
 52 least three names ~~to be~~ recommended by the Florida Obstetric and  
 53 Gynecologic Society; the representative of hospitals from a list  
 54 of at least three names ~~to be~~ recommended by the Florida  
 55 Hospital Association; the representative of casualty insurers  
 56 from a list of at least two three names, one of which is  
 57 recommended by the American Insurance Association, ~~one by the~~  
 58 Alliance of American Insurers, and one of which is recommended

Page 2 of 3

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

36-01159-14

20141344\_\_

59 by the Property Casualty Insurers Association of America  
60 ~~National Association of Independent Insurers~~; and the  
61 representative of physicians, other than participating  
62 physicians, from a list of three names ~~to be~~ recommended by the  
63 Florida Medical Association and a list of three names ~~to be~~  
64 recommended by the Florida Osteopathic Medical Association.  
65 ~~However, in no case shall~~ the Chief Financial Officer is not  
66 required be bound to make an any appointment from among the  
67 nominees of the such respective associations.

68 Section 3. This act shall take effect July 1, 2014.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14  
Meeting Date

Topic \_\_\_\_\_

Bill Number SB 1344  
*(if applicable)*

Name DONOVAN BROWN

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title \_\_\_\_\_

Address 215 S. Monroe St. , Suite 720  
*Street*  
Tallahassee FL 32301  
*City State Zip*

Phone 850.681.2615

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Property Casualty Insurers Association of America

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: CS/SM 1538

INTRODUCER: Committee on Banking and Insurance and Senator Bean

SUBJECT: Terrorism Risk Insurance Act

DATE: March 27, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Matiyow	Knudson	BI	Fav/CS
2.			CJ	
3.			RC	

---

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

---

**I. Summary:**

CS/SM 1538 urges Congress to reauthorize the Terrorism Risk Insurance Act of 2002 before December 31, 2014. The memorial urges Congress to keep the reforms adopted in 2007 when Congress last reauthorized the Act.

**II. Present Situation:**

On November 26, 2002, President George W. Bush signed into law the Terrorism Risk Insurance Act of 2002 (TRIA).<sup>1</sup> The law created a temporary, federally backed Terrorism Risk Insurance Program (TRIP) administered by the Treasury Department. TRIP provides reinsurance to insurers that are required to offer terrorism insurance for Property and Casualty lines. Subject to a deductible and program trigger, the government will reimburse insurers for up to 85 percent of losses from any terrorism events that have been verified by the Department of the Treasury, the State Department and the Attorney General. The original law was set to expire on December 31, 2005.

On December 22, 2005, President George W. Bush signed into law The Terrorism Risk Insurance Extension Act of 2005 (TRIEA).<sup>2</sup> The law extended the implementation of TRIP.

---

<sup>1</sup> Pub. L. 107-297, 116 Stat. 2322.

<sup>2</sup> Pub. L. 109-144, 119 Stat. 2660.

On December 26, 2007, President George W. Bush signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA).<sup>3</sup> The law extended the implementation of TRIP through December 31, 2014, however, several provisions of the initial 2002 Act were changed in the 2007 extension. Most notably the definition for an “act of terrorism” was changed to include domestic non-foreign sponsored acts of terrorism.

### **III. Effect of Proposed Changes:**

CS/SM 1538 urges Congress to reauthorize the Terrorism Risk Insurance Act of 2002 before December 31, 2014. The memorial urges Congress to keep the reforms adopted in 2007 when Congress last reauthorized the Act.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

#### **C. Government Sector Impact:**

None.

### **VI. Technical Deficiencies:**

None.

### **VII. Related Issues:**

None.

---

<sup>3</sup> Pub. L. 110-160, 121 Stat. 1839.



**VIII. Statutes Affected:**

None.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 25, 2014:**

The CS clarifies that the memorial urges Congress to keep the reforms adopted in 2007 when Congress last reauthorized the Act.

- B. **Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---



755590

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/25/2014	.	
	.	
	.	
	.	

---

The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the resolving clause  
and insert:

That the Congress of the United States is urged to  
reauthorize the Terrorism Risk Insurance Act of 2002 and its  
subsequent amendments before the current authorization of the  
law expires on December 31, 2014.

BE IT FURTHER RESOLVED that copies of this memorial be  
dispatched to the President of the United States, to the



755590

11 President of the United States Senate, to the Speaker of the  
12 United States House of Representatives, and to each member of  
13 the Florida delegation to the United States Congress.

14  
15 ===== T I T L E A M E N D M E N T =====

16 And the title is amended as follows:

17 Delete everything before the resolving clause  
18 and insert:

19 A bill to be entitled  
20 A memorial to the Congress of the United States,  
21 urging Congress to reauthorize the Terrorism Risk  
22 Insurance Act of 2002 as subsequently amended.

23  
24 WHEREAS, the United States of America continues to be  
25 engaged in a continuing war against terrorism, and the threat of  
26 future domestic terrorist attacks remains, and

27 WHEREAS, in future acts of terrorism, terrorists may employ  
28 the use of unconventional weapons, including nuclear,  
29 biological, chemical, or radiological weapons, which could  
30 result in a significant number of casualties, or a cybersecurity  
31 attack, which could significantly impair the nation's critical  
32 cyber and communications networks and infrastructure, and

33 WHEREAS, Congress enacted the Terrorism Risk Insurance Act  
34 of 2002 in order to provide a transparent system of shared  
35 public and private compensation for certain insured losses  
36 resulting from a certified act of terrorism through the  
37 Terrorism Risk Insurance Program, and

38 WHEREAS, Congress reauthorized the Terrorism Risk Insurance  
39 Act of 2002 in 2005 and 2007 to maintain the ability of insurers



755590

40 to offer widespread coverage for future catastrophes resulting  
41 from an act of terrorism, and

42 WHEREAS, the 2007 reauthorization contained several  
43 additional reforms, including revising the definition for the  
44 term "an act of terrorism" to include domestic, non-foreign  
45 sponsored acts of terrorism, and

46 WHEREAS, if the Terrorism Risk Insurance Act of 2002 and  
47 its subsequent amendments are not reauthorized before its  
48 scheduled expiration on December 31, 2014, the commercial real  
49 estate industry will be negatively impacted as building owners  
50 will encounter difficulty financing property sales or  
51 refinancing existing debt without access to adequate insurance  
52 policies, and

53 WHEREAS, the lack of private terrorism insurance coverage  
54 would inordinately shift the financial burden to taxpayers as  
55 the Federal Government may need to cover such losses in the  
56 event of an attack, and

57 WHEREAS, the Terrorism Risk Insurance Program is an  
58 essential component of adequately preparing for an effective  
59 economic recovery following a catastrophic terrorist attack in  
60 the United States of America, NOW, THEREFORE,

By Senator Bean

4-01154-14

20141538\_\_

Senate Memorial

A memorial to the Congress of the United States, urging Congress to reauthorize the Terrorism Risk Insurance Act of 2002.

WHEREAS, the United States of America continues to be engaged in a continuing war against terrorism, and the threat of future domestic terrorist attacks remains, and

WHEREAS, in future acts of terrorism, terrorists may employ the use of unconventional weapons, including nuclear, biological, chemical, or radiological weapons, which could result in a significant number of casualties, or a cybersecurity attack, which could significantly impair the nation's critical cyber and communications networks and infrastructure, and

WHEREAS, Congress enacted the Terrorism Risk Insurance Act of 2002 in order to provide a transparent system of shared public and private compensation for certain insured losses resulting from a certified act of terrorism through the Terrorism Risk Insurance Program, and

WHEREAS, Congress reauthorized the Terrorism Risk Insurance Act of 2002 in 2005 and 2007 to maintain the ability of insurers to offer widespread coverage for future catastrophes resulting from an act of terrorism, and

WHEREAS, if the Terrorism Risk Insurance Act of 2002 is not reauthorized before its scheduled expiration on December 31, 2014, the commercial real estate industry will be negatively impacted as building owners will encounter difficulty financing property sales or refinancing existing debt without access to adequate insurance policies, and

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

4-01154-14

20141538\_\_

WHEREAS, the lack of private terrorism insurance coverage would inordinately shift the financial burden to taxpayers as the Federal Government may need to cover such losses in the event of an attack, and

WHEREAS, the Terrorism Risk Insurance Program is an essential component of adequately preparing for an effective economic recovery following a catastrophic terrorist attack in the United States, NOW, THEREFORE,

Be It Resolved by the Legislature of the State of Florida:

That the Congress of the United States is urged to reauthorize the Terrorism Risk Insurance Act of 2002 before the current authorization of the law expires on December 31, 2014.

BE IT FURTHER RESOLVED that copies of this memorial be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: SB 308

INTRODUCER: Senator Brandes

SUBJECT: Public Assistance Fraud

DATE: March 19, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hendon</u>	<u>Hendon</u>	<u>CF</u>	<b>Favorable</b>
2.	<u>Billmeier</u>	<u>Knudson</u>	<u>BI</u>	<b>Favorable</b>

---

**I. Summary:**

SB 308 gives new authority to the Department of Financial Services (DFS) to investigate and prosecute public assistance fraud. The DFS combats fraud in the major public assistance programs, such as Medicaid, Supplemental Nutritional Assistance Program, and Temporary Assistance for Needy Families.

This bill grants fraud investigators the authority to administer oaths and affirmations. These are needed during investigations. Without this authority, investigators must become a Notary Public, which increases the costs of the program.

This bill also gives public assistance fraud investigators the power to issue subpoenas. Currently investigators cannot issue subpoenas for business and education records needed for investigations. Investigators must ask the local state attorneys to issue the subpoena on their behalf. This change could improve the timeliness and efficiency of the DFS efforts to combat fraud.

**II. Present Situation:**

The state and federal government require organized efforts by states to combat public assistance fraud by program recipients and service providers. In 2011, the Legislature moved the Division of Public Assistance Fraud (division) from the Department of Law Enforcement to the DFS. The division works to prevent, detect, and prosecute public assistance fraud. Other agencies combat public assistance fraud as well, such as the Agency for Health Care Administration that investigates fraud by Medicaid providers. The division investigates recipients, businesses and service providers for fraudulent activity in the major economic assistance programs. These

programs are dually funded by the state and federal governments. The division investigates fraud in the following programs:

- Temporary Assistance for Needy Families (TANF);
- Supplemental Nutritional Assistance Program (SNAP);
- Trafficking in SNAP benefits;
- Medicaid recipient fraud;
- Subsidized day care;
- School Readiness Program;
- Voluntary Pre-K Program;
- Emergency Financial Assistance for Housing;
- Low Income Energy Assistance;
- Disaster Assistance/Emergency SNAP benefits; and
- Cooperative Disability Investigations (Social Security Disability, SNAP, and Medicaid Eligibility).<sup>1</sup>

The division is staffed with 63 non-sworn law enforcement positions assigned to nine field offices.<sup>2</sup> Investigators must review records establishing a person's eligibility, obtain and analyze other personal and business records, take sworn testimony from witnesses and suspects, and determine if there is evidence of fraud. Public assistance fraud investigators do not have authority to administer oaths and affirmations. In order to do so, an investigator must be a Notary Public,<sup>3</sup> which costs the division approximately \$120 per investigator, and must be renewed every 4 years.<sup>4</sup>

Investigators in the division do not have statutory authority to issue subpoenas for business and education records that are frequently necessary for public assistance fraud investigations.<sup>5</sup> In order to obtain such records, the public assistance fraud investigators must request state attorneys to issue the subpoenas on their behalf.<sup>6</sup> This process is often time-consuming, particularly for the state attorneys and clerks of court.<sup>7</sup> Further, because not all investigations are criminal, the local state attorney cannot issue a subpoena for some public assistance fraud investigations.<sup>8</sup> This can lead to unsuccessful investigations and fraud cases.

---

<sup>1</sup> Division of Public Assistance Fraud website, available at <http://www.myfloridacfo.com/division/PAF/#.UtRFS6NOncs> (last visited on March 13, 2014).

<sup>2</sup> *Id.*

<sup>3</sup> Department of Financial Services, *Fiscal Analysis* (Jan.13, 2014) (on file with the Senate Committee on Children, Families, and Elder Affairs).

<sup>4</sup> *Id.* The division averages 10 renewals per year at a cost to the division of approximately \$1,200 per year.

<sup>5</sup> Section 414.411, F.S.

<sup>6</sup> Department of Financial Services, *Fiscal Analysis* (Jan.13, 2014) (on file with the Senate Committee on Children, Families, and Elder Affairs).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

The DFS has other investigative programs under its jurisdiction with such authority. Other units within the DFS with the authority to issue subpoenas include:

- The enforcement of employer workers' compensation coverage requirements (s. 440.107(3)(f), F.S.);
- Investigations under the Insurance Code (s. 624.321(1)(b), F.S.);
- State Fire Marshal investigations under ch. 633, F.S. (s. 633.112, F.S.); and
- Disposition of unclaimed property investigations (s. 717.1301, F.S.).

### **III. Effect of Proposed Changes:**

The bill amends s. 414.411, F.S., relating to public assistance fraud to allow the DFS to do the following when conducting public assistance fraud investigations:

- Administer oaths and affirmations; and
- Issue and serve subpoenas for the attendance of witnesses or the production of business records, books, papers, correspondence, memoranda, and other records.

The bill allows the subpoenas to be served by representatives designated by the DFS. If a person fails to obey the subpoena, the court may issue an order requiring compliance with the subpoena. Failure to obey the court order may be punished by the court as civil or criminal contempt. The person refusing the subpoena will be liable for costs incurred by the DFS and reasonable attorney fees.

The bill provides for an effective date of July 1, 2014.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.



**C. Government Sector Impact:**

The aim of the bill is to improve the investigation and prosecution of public assistance fraud. To the extent that these changes reduce public assistance fraud, Florida and the federal government would see a reduction in the cost of these shared programs.

The bill will also reduce the cost to DFS to administer this program.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 414.411 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator Brandes

22-00467A-14

2014308\_\_

1 A bill to be entitled  
 2 An act relating to public assistance fraud; amending  
 3 s. 414.411, F.S.; authorizing the Department of  
 4 Financial Services to administer oaths and  
 5 affirmations and issue and serve subpoenas when  
 6 conducting investigations into public assistance  
 7 fraud; providing a penalty; providing for award of  
 8 attorney fees and costs; providing an effective date.  
 9  
 10 Be It Enacted by the Legislature of the State of Florida:  
 11  
 12 Section 1. Subsection (2) of section 414.411, Florida  
 13 Statutes, is amended to read:  
 14 414.411 Public assistance fraud.—  
 15 (2) When conducting an ~~In the conduct of such~~ investigation  
 16 pursuant to this section, the Department of Financial Services  
 17 may:  
 18 (a) Employ persons who have ~~having such~~ qualifications that  
 19 ~~as~~ are useful in the performance of this duty.  
 20 (b) Administer oaths and affirmations.  
 21 (c) Issue and serve subpoenas for the attendance of  
 22 witnesses or the production of business records, books, papers,  
 23 correspondences, memoranda, and other records. Representatives  
 24 designated by the department may serve the subpoenas. If a  
 25 person refuses to obey a subpoena, the court that has  
 26 jurisdiction in the geographical area where the inquiry is  
 27 carried out or where the person who has refused the subpoena is  
 28 found, resides, or transacts business may issue an order  
 29 requiring compliance with the subpoena. Failure to obey the

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

22-00467A-14

2014308\_\_

30 court order may be punished, civilly or criminally, by the court  
 31 as contempt. The person refusing the subpoena is liable for  
 32 costs, including reasonable attorney fees, incurred by the  
 33 department to obtain an order granting, in whole or in part, a  
 34 petition to enforce the subpoena.  
 35 Section 2. This act shall take effect July 1, 2014.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

SB 308

Meeting Date

Topic SB 308

Bill Number SB 308  
*(if applicable)*

Name Logan McFaddin

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Director, legislative affairs

Address 400 N Monroe St

Phone 850-413-2863

*Street*

Tallahassee FL 32319

*City*

*State*

*Zip*

E-mail Logan.mcfaddin@myflorida  
cfb.com

Speaking:  For  Against  Information

Representing CFE's office

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Banking and Insurance

---

BILL: CS/SB 1390

INTRODUCER: Banking and Insurance Committee and Senator Brandes

SUBJECT: Bail Bond Premiums

DATE: March 20, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Knudson	Knudson	BI	Fav/CS
2.			AFT	
3.			AP	

---

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Technical Changes

---

**I. Summary:**

CS/SB 1390 exempts the portion of bail bond premium retained by bail bond agents from the premium tax in s. 624.509, F.S., the retaliatory premium tax in s. 624.5091, F.S., and the administration of the premium tax and retaliatory premium tax by the Department of Revenue under s. 624.5092, F.S.

**II. Present Situation:**

**Bail Bonds**

The state requires that a bond for which fees or premiums are charged must be executed by a licensed bail bond agent in connection with the pretrial or appellate release of a criminal defendant. An agent issuing such a bond is obligated to ensure that the defendant appears at all subsequent criminal proceedings.

**Bail Bond Premiums**

Significant portions of bail bond premiums are retained by licensed bail bond agents or licensed, managing general agents. Under s. 624.4094(1), F.S., the direct written premium retained by a bail bond insurer may not be less than 6.5 percent of the total payment for the bail bond. The reporting and payment of insurance premium taxes and related excise taxes under ss. 624.509, 624.5091, and 624.5092, F.S., however, is calculated using gross bail bond premiums.

**Premium Tax**

Section 624.509, F.S., requires insurers to pay a premium tax on premiums received during the preceding calendar year. The tax is 1.75 percent of the gross amount of premium.<sup>1</sup>

Sections 624.509(4)-(7), F.S., provide various credits and deductions to reduce the premium tax.

**III. Effect of Proposed Changes:**

The bill exempts the portion of bail bond premium retained by bail bond agents from the premium tax in s. 624.509, F.S., the retaliatory premium tax in s. 624.5091, F.S., and the administration of the premium tax and retaliatory premium tax by the Department of Revenue under s. 624.5092, F.S.

**Effective Date:**

This act shall take effect upon becoming law.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The Revenue Estimating Conference has analyzed a proposed amendment to the House companion bill that mirrors CS/SB 1390. The estimated fiscal impact is a recurring \$0.7 million reduction in General Revenue.

**B. Private Sector Impact:**

Bail bond insurers should see a substantial reduction in their premium tax payable to the state. Additionally, in Florida, many domiciled bail bond insurers will pay lower taxes under the retaliatory premium taxes levied by other states.

---

<sup>1</sup> See s. 624.509(1)(a), F.S.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The Department of Revenue analysis of the bill noted that because insurance premium tax is reported and paid on a calendar year basis, difficulties for taxpayers and the department may be created by the mid-tax-year change in the taxability of bail bond premiums.

**VIII. Statutes Affected:**

This bill substantially amends section 624.4094 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 19, 2014:**

CS/SB 1390 provides technical, clarifying changes.

B. Amendments:

None.



880184

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
	.	
	.	
	.	

---

The Committee on Banking and Insurance (Lee) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Subsection (5) of section 624.4094, Florida  
Statutes, is amended to read:

624.4094 Bail bond premiums.—

~~(5) This section does not affect the reporting or payment  
of insurance premium taxes under ss. 624.509, 624.5091, and  
624.5092, and the insurance premium tax and related excise taxes~~



880184

11 ~~shall continue to be calculated using gross bail bond premiums.~~

12 Section 2. Subsection (1) of section 624.509, Florida  
13 Statutes, is amended to read:

14 624.509 Premium tax; rate and computation.—

15 (1) In addition to the license taxes provided for in this  
16 chapter, each insurer shall also annually, and on or before  
17 March 1 in each year, except as to wet marine and transportation  
18 insurance taxed under s. 624.510, pay to the Department of  
19 Revenue a tax on insurance premiums, premiums for title  
20 insurance, or assessments, including membership fees and policy  
21 fees and gross deposits received from subscribers to reciprocal  
22 or interinsurance agreements, and on annuity premiums or  
23 considerations, received during the preceding calendar year, the  
24 amounts thereof to be determined as set forth in this section,  
25 to wit:

26 (a) An amount equal to 1.75 percent of the gross amount of  
27 such receipts on account of life and health insurance policies  
28 covering persons resident in this state and on account of all  
29 other types of policies and contracts, ~~except annuity policies~~  
30 ~~or contracts taxable under paragraph (b) and bail bond policies~~  
31 ~~or contracts taxable under paragraph (c),~~ covering property,  
32 subjects, or risks located, resident, or to be performed in this  
33 state, omitting premiums on reinsurance accepted, and less  
34 return premiums or assessments, but without deductions:

35 1. For reinsurance ceded to other insurers;

36 2. For moneys paid upon surrender of policies or  
37 certificates for cash surrender value;

38 3. For discounts or refunds for direct or prompt payment of  
39 premiums or assessments; and





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40           4. On account of dividends of any nature or amount paid and  
41 credited or allowed to holders of insurance policies;  
42 certificates; or surety, indemnity, reciprocal, or  
43 interinsurance contracts or agreements; ~~and~~

44           (b) An amount equal to 1 percent of the gross receipts on  
45 annuity policies or contracts paid by holders thereof in this  
46 state; ~~and.~~

47           (c) An amount equal to 1.75 percent of the direct written  
48 premiums for bail bonds, excluding any amounts retained by  
49 licensed bail bond agents or licensed managing general agents.

50           Section 3. This act shall take effect upon becoming a law.

51

52 ===== T I T L E   A M E N D M E N T =====

53 And the title is amended as follows:

54           Delete everything before the enacting clause  
55 and insert:

56                                   A bill to be entitled  
57           An act relating to bail bond premiums; amending s.  
58           624.4094, F.S.; deleting a provision relating to the  
59           reporting or payment of specified insurance premium  
60           taxes; amending s. 624.509, F.S.; requiring an insurer  
61           to pay to the Department of Revenue a specified amount  
62           of the direct written premiums for bail bonds;  
63           providing an effective date.

By Senator Brandes

22-00419A-14

20141390\_\_

1 A bill to be entitled  
2 An act relating to bail bond premiums; amending s.  
3 624.4094, F.S., and reenacting subsection (1);  
4 specifying the amount of direct written premiums for  
5 bail bonds for the purpose of calculating specified  
6 taxes; providing an effective date.  
7

8 Be It Enacted by the Legislature of the State of Florida:  
9

10 Section 1. Subsection (5) of section 624.4094, Florida  
11 Statutes, is amended, and subsection (1) of that section is  
12 reenacted, to read:

13 624.4094 Bail bond premiums.—

14 (1) The Legislature finds that a significant portion of  
15 bail bond premiums is retained by the licensed bail bond agents  
16 or licensed managing general agents. For purposes of reporting  
17 in financial statements required to be filed with the office  
18 pursuant to s. 624.424, direct written premiums for bail bonds  
19 by a domestic insurer in this state shall be reported net of any  
20 amounts retained by licensed bail bond agents or licensed  
21 managing general agents. However, in no case shall the direct  
22 written premiums for bail bonds be less than 6.5 percent of the  
23 total consideration received by the agent for all bail bonds  
24 written by the agent. This subsection also applies to any  
25 determination of compliance with s. 624.4095.

26 (5) This section applies to ~~does not affect~~ the reporting  
27 and ~~or~~ payment of insurance premium taxes under ss. 624.509,  
28 624.5091, and 624.5092, and the insurance premium tax and  
29 related excise taxes shall ~~continue to~~ be calculated using the

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

22-00419A-14

20141390\_\_

30 amount of direct written premiums for bail bonds as determined  
31 pursuant to subsection (1) ~~gross bail bond premiums~~.  
32 Section 2. This act shall take effect upon becoming a law.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19

Meeting Date

Topic BAIL PREMIUM TAX

Bill Number 1390  
*(if applicable)*

Name JASON UNGER

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title \_\_\_\_\_

Address 301 S. Bronagh St. #600

Phone 577-9090

Street

TLH

FL

E-mail junger@gray-robinson.com

City

State

Zip

Speaking:  For  Against  Information

Representing Accredited Surety

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB 1260

INTRODUCER: Banking and Insurance Committee and Senators Brandes and Soto

SUBJECT: Insurance

DATE: March 21, 2014

REVISED: 3/25/2014

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	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Knudson</u>	<u>Knudson</u>	<u>BI</u>	<u>Fav/CS</u>
2.	<u></u>	<u></u>	<u>AGG</u>	<u></u>
3.	<u></u>	<u></u>	<u>AP</u>	<u></u>

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1260 enacts the following changes related to insurance:

- Revises insurance agency licensure application requirements;
- Allows an insurance agency license to continue in force until cancelled, suspended, revoked or terminated;
- Creates a license for unaffiliated insurance agents;
- Expands the scope limited licenses to transact motor vehicle rental insurance issued to a business entity that offers motor vehicles for rent or lease;
- Provides the Department of Financial Services (DFS) with additional authority to regulate mediators, navigators, and sinkhole neutral evaluators;
- Revises the application for a certificate of authority to be an insurance administrator;
- Allows an insurer to use a qualified third party to conduct required reviews of an insurance administrator;
- Allows annual financial statements of insurance administrators to cover the prior fiscal year;
- Repeals the requirement that surplus lines agents file an affidavit with the Florida Surplus Lines Service Office (FSLSO);
- Includes using a straight average of hurricane model results or output ranges as factors the Office of Insurance Regulation (OIR) must consider in a rate filing;
- Increases from 60 days to 180 days the time an insurer is not required to use the newest version of an approved hurricane model;
- Allows motor vehicle insurance rating territories to encompass a single zip code.

- Allows workers' compensation insurance retrospective rating plans that provide for negotiation of rating factors between the insurer and employer in specified instances;
- Allows the Florida Workers' Compensation Joint Underwriting Association to retain dividends that are not paid to former insureds;
- Prohibits insurers from denying residential property insurance claims on the basis of credit information that is publicly available if the insurance policy has been effective for more than 90 days;
- Establishes a uniform 120 day advance written notice of nonrenewal, cancellation, or termination for personal and commercial lines residential property insurance policies;
- Authorizes a licensed company adjuster to provide the sworn statement of liability insurance coverage required by current law;
- Deletes the requirement that representatives of an insurer must provide at least 48 hours' notice to the insured before scheduling a meeting or conducting an onsite inspection of the insured property;
- Allows motor vehicle insurers to electronically transfer unearned premium to a policyholder who cancels a motor vehicle insurance policy;
- Allows a policyholder to elect electronic delivery of policy documents;
- Allows a Notice of Change in Policy Terms to be sent separately from the Notice of Renewal Premium;
- Requires an insurance agent recommending the surrender of an annuity or life insurance policy with a cash value, but is not recommending the proceeds be used to fund another life insurance or annuity product, to provide specified disclosures;
- Creates conflict of interest standards for appraisers in residential property insurance claims;
- Specifies instances when an insurer need not provide notice of the availability of sinkhole neutral evaluation;
- Clarifies that the annual update to the Personal Injury Protection medical fee schedule applies until the last day of February in the following year;
- Creates exemptions to the required preinsurance inspection of private passenger motor vehicles;
- Changes the date by which title insurers and title insurance agencies must annually submit financial data to the Office of Insurance Regulation (OIR);
- Expands the risks industrial insured captive insurance companies may insure;
- Revises requirements related to the acquisition of controlling stock in an insurer; and
- Provides exceptions to certain financial requirements applicable to service warranty associations.

## **II. Present Situation:**

### **Licensing of Insurance Agents Selling Motor Vehicle Rental Insurance**

In general, insurance agents transact insurance on behalf of an insurer or insurers. Agents must be licensed by DFS to act as an agent for an insurer, and be appointed (i.e., given the authority by an insurance company to transact business on its behalf) by at least one insurer to act as the agent for that particular appointing insurer or insurers.<sup>1</sup>

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<sup>1</sup> s. 626.112, F.S.

Limited lines insurance agents are individuals, or in some cases entities, licensed as insurance agents but limited to selling one or more of the following forms of insurance (each requiring a separate license):

- Motor vehicle physical damage and mechanical breakdown insurance;
- Industrial fire or burglary;
- Travel insurance;
- Motor vehicle rental insurance;
- Credit insurance;
- Crop hail and multiple-peril crop insurance;
- In-transit and storage personal property insurance; and
- Portable electronics insurance.<sup>2</sup>

A limited lines insurance agent license generally has fewer requirements for licensing than other insurance agents. These licensees must, however, file an application with DFS and be appointed by an insurance company.

### **The Department of Financial Services**

The DFS licenses insurance agencies and agents. The DFS Division of Agent and Agency Services receives licensing applications, issues licenses, and investigates violations of the Insurance Code.<sup>3</sup> In order to transact insurance, a person must be licensed by the DFS and appointed by an insurer to transact insurance on its behalf.<sup>4</sup> If an agent fails to maintain an appointment during a 4-year period, the agent's license expires and the agent must qualify as a first time applicant before transacting insurance.<sup>5</sup>

Section 624.310, F.S., gives the DFS the authority to initiate administrative proceedings to seek cease and desist orders, to seek the removal of affiliated parties, to impose administrative fines, and to suspend or revoke licenses. Any service of documents authorized or required by s. 624.310, F.S., must be made by certified mail, personal delivery, or by service of process in accordance with ch. 48, F.S. Section 624.310, F.S., does not allow for service by electronic mail.

### **Insurance Agency Licensure and Registration**

The DFS is responsible for licensing insurance agencies in accordance with s. 626.172, F.S. An application for licensure must be signed by the owner of the agency.<sup>6</sup> Insurance agents who are sole proprietors and do not employ other insurance agents must be licensed as both an insurance agent and an insurance agency.<sup>7</sup>

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<sup>2</sup> s. 626.321, F.S.

<sup>3</sup> The Division of Agent and Agency Services website is found at <http://www.myfloridacfo.com/Division/Agents/#.UxnmwPldUeG> (last accessed March 7, 2013).

<sup>4</sup> See ss. 626.015(3) and 626.112 F.S.

<sup>5</sup> See s. 626.431, F.S.

<sup>6</sup> See s. 626.172(2), F.S.

<sup>7</sup> See s. 626.112(7), F.S.

Each place of business where an agent transacts insurance must have an agency license.<sup>8</sup> Section 626.747, F.S., requires a licensed insurance agent to be at each branch location where activities requiring licensure as an insurance agent occur. Such an agent is commonly referred to as the “agent in charge.”

Section 626.112(7), F.S., provides that agencies existing prior to January 1, 2003, are allowed to file an application for registration in lieu of applying for licensure. A benefit of registration over licensing is that registrations do not expire, whereas licenses expire every 3 years.<sup>9</sup> DFS staff indicates that Florida is the only state that registers insurance agencies in lieu of licensing them and that many registered agencies are seeking licensure.<sup>10</sup>

### **Insurance Agents**

A “general lines agent” is an agent who transacts property insurance, casualty insurance, surety insurance, certain types of health insurance, and marine insurance.<sup>11</sup> A “customer representative” means an individual appointed by a general lines agent or agency to assist that agent or agency in transacting the business of insurance from the office of that agent or agency.<sup>12</sup> A “limited customer representative” is a customer representative appointed by a general lines agent or agency to assist that agent or agency in transacting only the business of private passenger motor vehicle insurance from the office of that agent or agency.<sup>13</sup>

### **Regulation of Navigators**

In 2010, the federal Patient Protection and Affordable Care Act became law. The act created “navigators” to aid consumers in selecting a health plan. Part XIII of ch. 626, F.S., requires navigators to register with the DFS and creates a registration process for navigators.<sup>14</sup>

Section 626.9957, F.S., provides disciplinary rules for navigators and grounds for the denial of registration.

### **Alternative Dispute Resolution Programs**

The DFS administers alternative dispute programs for various types of insurance and has mediation programs for property insurance<sup>15</sup> and automobile insurance<sup>16</sup> claims. The DFS has a neutral evaluation program, similar to mediation, for sinkhole insurance claims.<sup>17</sup> The DFS approves mediators used in the two mediation programs and certifies the neutral evaluators used in neutral evaluations for sinkhole insurance claims.<sup>18</sup>

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<sup>8</sup> See s. 626.112(7), F.S.

<sup>9</sup> See s. 626.382, F.S.

<sup>10</sup> Interview with DFS staff, March 7, 2014.

<sup>11</sup> See s. 626.015(5), F.S.

<sup>12</sup> See s. 626.015(4), F.S.

<sup>13</sup> See S. 626.015(11), F.S.

<sup>14</sup> <http://www.myfloridacfo.com/Division/Agents/Industry/News/Navigators.htm#UxsW4vldUeE> (last accessed March 8, 2014).

<sup>15</sup> See s. 627.7015, F.S.

<sup>16</sup> See s. 626.745, F.S.

<sup>17</sup> See s. 627.7074, F.S.

<sup>18</sup> See ss. 627.7015, 627.7074, and 627.745, F.S.

To qualify as a mediator for the property or automobile mediation programs, a person must possess graduate level degrees in specified areas, be a member of the Florida Bar, be a licensed certified public accountant, or be a mediator for 4 years.<sup>19</sup> In addition, an applicant must complete a training program approved by the DFS.<sup>20</sup>

To qualify as a neutral evaluator for sinkhole insurance claims, a neutral evaluator must be a professional engineer or a professional geologist who has completed a course of study in alternative dispute resolution approved by the DFS and who is determined by the DFS to be fair and impartial.<sup>21</sup>

According to an analysis provided by the DFS,<sup>22</sup> the number of reported mediations and neutral evaluations is:

	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013
Mediations	3,489	3,323	3,966
Neutral Evaluations	2,245	2,681	1,867

The DFS does not have the explicit authority to investigate, remove, or discipline mediators and neutral evaluators.

**Public Adjuster and Insurance Adjuster Notice Requirements for Residential Property Insurance Claims**

Section 626.854, F.S., defines a public adjuster as any person<sup>23</sup> who is compensated for aiding an insured or third-party claimant to file an insurance claim or negotiate the settlement of an insurance claim.<sup>24</sup> Section 626.854(6), F.S., prohibits public adjusters from initiating contact or contracting with an insured or claimant regarding a residential property insurance claim until at least 48 hours after the event that is the basis of the claim occurs. The Florida Supreme Court, however, ruled the 48 hour prohibition an unconstitutional regulation of commercial speech in a 2012 decision.<sup>25</sup> Section 626.854(14), F.S., contains a corresponding requirement that adjusters, investigators and attorneys representing insurers must provide the claimant or claimant’s representative at least 48 hours’ notice prior to scheduling a meeting with the claimant or inspecting the insured property. This requirement remains effective under Florida law.

<sup>19</sup> See ss. 627.7015, 627.745(3), F.S.

<sup>20</sup> See ss. 627.7015, 627.745(3), F.S.

<sup>21</sup> See s. 627.706, F.S.

<sup>22</sup> See Department of Financial Services, *Senate Bill 708 Analysis* (February 4, 2014) (on file with the Committee on Banking and Insurance).

<sup>23</sup> Other than an attorney at law.

<sup>24</sup> Licensed health care providers or their employees who prepare or file health insurance claims on behalf of patients are excluded from the definition, as are any person who files a health insurance claim on behalf of another and does so without compensation.

<sup>25</sup> *Atwater v. Kortum*, 95 So.3d 85 (Fla. 2012).



## **Insurance Administrators**

An insurance administrator is any person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with an insurance policy. To operate as an insurance administrator, a person must obtain a certificate of authority to act as an administrator from the Office of Insurance Regulation.<sup>26</sup> An insurer who utilizes an insurance administrator must at least semiannually conduct a review of the operations of an administrator that administers more than 100 certificateholders of that insurer.<sup>27</sup> An administrator must have a written agreement between itself and each insurer for which it performs administrative functions.<sup>28</sup> Administrators must also file an annual financial statement with the OIR containing the administrator's financial condition, transactions, and affairs no later than March 1 of each year.<sup>29</sup>

## **Surplus Lines Agent Affidavit**

Surplus lines insurance refers to a category of insurance for which there is no market available through standard insurance carriers in the admitted market (insurance companies licensed to transact insurance in Florida). Surplus lines insurance is sold by surplus lines insurance agents. Before a surplus lines insurance agent can place insurance in the surplus lines market, s. 626.916, F.S., requires the insurance agent to make a diligent effort to procure the desired coverage from admitted insurers. Section 626.914, F.S., defines a diligent effort as seeking and being denied coverage from at least three authorized insurers in the admitted market unless the cost to replace the property insured is \$1 million or more. In that case, diligent effort is seeking and being denied coverage from at least one authorized insurer in the admitted market.

Surplus lines insurance agents must report surplus lines insurance transactions to the Florida Surplus Lines Service Office (FSLSO or Office) within 30 days of the effective date of the transaction, must transmit service fees to the Office each month, and must transmit assessment and tax payments to the Office quarterly.

Current law also requires a surplus lines agent to file a quarterly affidavit with the FSLSO to document all surplus lines insurance transacted in the quarter it was submitted to the FSLSO. The affidavit also documents the efforts the agent made to place coverage with authorized insurers and the results of the efforts.

## **Hurricane Loss Projection Models**

The Florida Commission on Hurricane Loss Projection Methodology (Commission) was established by the Legislature to serve as an independent body to provide expert evaluation of computer models that project hurricane losses.<sup>30</sup> The Commission is assigned to the State Board of Administration. The Commission adopts findings on the accuracy or reliability of the

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<sup>26</sup> S. 626.8805, F.S.

<sup>27</sup> S. 626.8817, F.S.

<sup>28</sup> S. 626.882, F.S.

<sup>29</sup> S. 626.89, F.S.

<sup>30</sup> See s. 627.0628, F.S.

methods, standards, principles, models and other means used to project hurricane losses. Members of the Commission include:<sup>31</sup>

- The Insurance Consumer Advocate;
- The person responsible for FHCF operations;
- The Executive Director of Citizens Property Insurance Corporation;
- The Director of Emergency Management;
- An actuary member from the FHCF Advisory Council;
- An actuary employed by the OIR;
- An appointment by the state Chief Financial Officer who is an actuary employed with a property and casualty insurer;
- An appointment by the state Chief Financial Officer who is an insurance finance expert and who is a full-time faculty member in the State University System;
- An appointment by the state Chief Financial Officer who is a statistics expert in meteorology and who is a full-time faculty member in the State University System; and
- An appointment by the state Chief Financial Officer who is an expert in computer system design and who is a full-time faculty member in the State University System.

The Commission sets standards for loss projection methodology and examines the methods employed in hurricane loss models used by private insurers in setting rates to determine whether they meet the Commission’s standards. Only hurricane loss models or methods that the Commission has found to be accurate can be used by insurers to estimate the hurricane losses that are used to set property insurance rates. After the Commission finds a model to be accurate, an insurer has 60 days to use the model to predict the insurer’s probable maximum loss “with respect to a rate filing.”<sup>32</sup>

### **Zip Codes and Rating Territories for Motor Vehicle Insurance**

Section 627.062, F.S., is Florida’s rating law. Among other requirements, it provides that insurance rates cannot be excessive, inadequate, or unfairly discriminatory. Insurer rate filings that comply with the law and are adequately supported by actuarial justification must be accepted by the OIR. Pursuant to s. 627.0651, F.S., the use of a single zip code as a rating territory for motor vehicle insurance rates is deemed unfairly discriminatory and is thus prohibited.

### **Workers’ Compensation Retrospective Rating Plans**

Florida law requires every workers’ compensation insurer to file with the Office of Insurance Regulation (OIR) its rates and classifications that the insurer proposes to use.<sup>33</sup> Section 627.072, F.S., prescribes factors used in the determination of rates. Section 627.091(1), F.S., requires every insurer to file with the OIR every manual of classifications, rules, and rates, and every rating plan, which it proposes to use. Rate filings for workers’ compensation are subject to approval by the OIR before they become effective. The standard for approving insurance rates in

<sup>31</sup> S. 627.0628(2) (b), F.S.

<sup>32</sup> S. 627.0628(3) (d), F.S.

<sup>33</sup> Section 627.091(4), F.S., allows an insurer to satisfy this obligation by becoming a member of a licensed rating organization, which makes such filings on its behalf. The law expressly provides that an insurer is not required to be a member of any rating organization, but all workers’ compensation insurers in Florida have chosen to do so. Currently, all workers’ compensation insurers are members of the National Council on Compensation Insurance.

Florida and most states is that the rate may not be excessive, inadequate, or unfairly discriminatory.<sup>34</sup>

Current Florida law and the rating plans approved by OIR allow for various ways for insurers to compete in the market by varying or adjusting premiums, including retrospective (retro) rating plans that adjust the premium at the end of the policy period to reflect the actual loss experience of the employer. In a retro rating plan, the insurer and employer agree that the final premium paid will be based upon losses actually incurred in the policy period. The insurer and employer negotiate on certain expenses, charges, taxes, and assessments, based upon minimum and maximum premiums. Retrospective rating has been a component of workers' compensation rating for over 50 years in Florida and nationwide. The National Council on Compensation Insurance (NCCI) has filed actuarially sound rating plans.

In 1991, the NCCI filed the Large Risk Alternative Rating Option (LRARO) in Florida. The LRARO was described as providing greater flexibility of negotiation between an insurer and employer for risks with over \$1,000,000 in standard premium.” In 1991, the Department of Insurance (predecessor of the Office of Insurance Regulation) disapproved the use of the LRARO on the basis that it did not comply with s. 627.091(1), F.S., and that the LRARO was not a rating plan but an agreement to use any factors acceptable to both parties.<sup>35</sup> Subsequently, in 1993, an insurer filed its own version of the LRARO and the Department of Insurance disapproved it. The rejection of the plan was primarily on the basis that the use of the LRARO would not allow agency oversight as to the determination of premiums since it proposed to allow the insurer and prospective insureds to agree unilaterally on the components to be used in the rating process.<sup>36</sup> The insurer appealed the disapproval to the Division of Administrative Hearings (DOAH) and DOAH found that the Department of Insurance was justified in disapproving the plan.

Currently, the LRARO plans are available in the majority of the states. However, Alaska, Arkansas, Florida, and Nebraska do not allow its use.<sup>37</sup> The NCCI retro plan rule, which does not apply in Florida, provides that an insured is eligible for the LRARO if the estimated standard premium individually or in any combination with any other commercial casualty lines of insurance exceeds an annual standard premium eligibility threshold of \$500,000 for the term of a retrospective rating plan. The following table provides examples of states with different annual standard premium eligibility thresholds for LRARO.<sup>38</sup>

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<sup>34</sup> Section 627.062, F.S.

<sup>35</sup> See *Liberty Mutual Insurance Company, et. al., v. State of Florida, Department of Insurance, Case No. 94-0892 (Fla. DOAH 1994)*.

<sup>36</sup> *Id.*

<sup>37</sup> E-mail from Lori Lovgren, NCCI (Mar. 4, 2014) (on file with Senate Committee on Banking and Insurance).

<sup>38</sup> *Id.*

<b>LRARO Premium Eligibility Threshold</b>	
<b>State</b>	<b>Annual Standard Premium</b>
Arizona	\$250,000
Kansas	\$1,000,000
Minnesota	\$250,000
Nevada	\$250,000
New Hampshire	\$250,000
North Carolina	\$250,000

**Refunds to Insureds from the Workers’ Compensation Joint Underwriting Association**

The Florida Workers’ Compensation Joint Underwriting Association (FWCJUA)<sup>39</sup> is the market of last resort for workers’ compensation and employers liability coverage. Only employers that cannot find coverage in the voluntary market are eligible for coverage in the FWCJUA. At the end of October 2013, the FWCJUA had 1,636 policies with corresponding premiums of \$29.4 million.<sup>40</sup>

The FWCJUA has a three-tier rating plan. As a brief overview, Tier 1 is for employers with good loss experience; Tier 2 is for employers with moderate loss experience and non-rated new employers; and Tier 3 is for employers not eligible for Tiers 1 or 2.<sup>41</sup> As of January 1, 2014, the premium for Tier 1 is 5 percent above voluntary rates, Tier 2 is 20 percent above voluntary rates, and Tier 3<sup>42</sup> is 75 percent above voluntary rates. Additionally, all three tiers have a flat surcharge of \$475. Tier 3 policies are also subject to assessment if premiums are not sufficient to cover losses and expenses.

**Misrepresentations on Insurance Applications and Cancellation of Insurance Policies**

Section 627.409, F.S., provides recovery under an insurance policy may be prevented if a misrepresentation, omission, concealment of fact, or incorrect statement on an application for insurance (1) is fraudulent or is material either to the acceptance of the risk or to the hazard assumed by the insurer or (2) if the true facts had been known to the insurer, the insurer would not have issued the policy, would not have issued it at the same premium rate, would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss. If an insurer discovers a misrepresentation or omission after issuing the policy, it may deny coverage after a claim is made. In *Nationwide Mutual Fire Insurance*

<sup>39</sup> The Florida Workers’ Compensation Insurance Plan (FWCIP) was the residual market for Florida until the FWCJUA was created on January 1, 1994.

<sup>40</sup> See “2013 Workers’ Compensation Annual Report,” Florida Office of Insurance Regulation (December 31, 2013). Available at: <http://www.flair.com/search/search.aspx#2013> workers compensation annual report (Last accessed March 21, 2014).

<sup>41</sup> For further specifics, see the FWCJUA’s website: <http://www.fwcjua.com/>.

<sup>42</sup>In addition, an Assigned Risk Adjustment Program (ARAP) surcharge applies for Tier 3.

*Company v. Kramer*,<sup>43</sup> an insurer refused to pay a claim for a stolen automobile because the insureds did not disclose a previous bankruptcy filing. In *Kieser v. Old Line Insurance Company of America*,<sup>44</sup> an insurance company refused to pay a life insurance policy because the insured failed to disclose certain health conditions and failed to disclose that he was shopping for other life insurance policies. In *Universal Property and Casualty Insurance Company v. Johnson*,<sup>45</sup> an insurance company refused to pay a property insurance claim because the insureds failed to disclose prior criminal history. A misrepresentation from or an omission in an insurance application need not be intentional in order for the insurance company to deny recovery.<sup>46</sup>

Section 627.4133(2), F.S., requires notice to the insured before an insurer can cancel, nonrenew, or terminate any personal lines or commercial residential property insurance policy. The timing of the notice ranges from 10 days for nonpayment of premium to 120 days for certain policyholders.<sup>47</sup> After the policy has been in effect for 90 days, such a policy cannot be canceled unless that has been a material misstatement, a nonpayment of premium, a failure to comply with underwriting requirements with 90 days after the date of effectuation of coverage, or a substantial change in the risk covered by the policy.<sup>48</sup> According to the DFS, there are instances of insurance companies reviewing a policyholder's application for insurance after a claim has been filed and denying coverage based on misrepresentations about credit history.<sup>49</sup>

### **Notice of Cancellation or Nonrenewal**

The requirements for an insurer to give notice of cancelling or nonrenewing a residential property insurance policy are contained in s. 627.4133(2), F.S. The specific notice depends on the particular circumstances of the policy being nonrenewed, as follows:

- Generally, an insurer must give the insured 100 days written notice of nonrenewal or cancellation;
- For any nonrenewal or cancellation that would be effective between June 1 and November 30 (hurricane season), an insurer must give notice by June 1, or 100 days, whichever is earlier;
- If the nonrenewal or cancellation would be effective between June 1 and November 30, but the reason is a revision in sinkhole coverage, the insurer must give the insured 100 days written notice of nonrenewal;
- If the nonrenewal or cancellation would be effective between June 1 and November 30, but the policy is to be nonrenewed by Citizens pursuant to an approved assumption plan by an authorized insurer, Citizens must give the insured 45 days written notice of nonrenewal;
- If the insured structure has been insured by the insurer or an affiliate for at least 5 years, the insurer must give 120 days' notice of nonrenewal or cancellation;
- If the cancellation is for nonpayment of premium, the insurer must give 10 days' notice of cancellation accompanied by the reason for the cancellation;

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<sup>43</sup> 725 So.2d 1141 (Fla. 2<sup>d</sup> DCA 1998).

<sup>44</sup> 712 So.2d 1261 (Fla. 1<sup>st</sup> DCA 1998).

<sup>45</sup> 114 So.3d 1031 (Fla. 1<sup>st</sup> DCA 2013).

<sup>46</sup> *Universal Property and Casualty Insurance Company*, 114 So.3d at 1035.

<sup>47</sup> See s. 627.4133(2), F.S.

<sup>48</sup> *Id.*

<sup>49</sup> See Department of Financial Services, *Senate Bill 708 Analysis* (February 4, 2014)(on file with the Committee on Banking and Insurance).

- If the OIR finds that the early cancellation is necessary to protect the best interests of the public or policyholders, the insurer must give the insured 45 days' written notice of cancellation or nonrenewal;
- If a policy covers both home and motor vehicle, the insurer must give the insured 100 days written notice of nonrenewal.

### **Required Disclosures by Liability Insurers**

Under current law, a liability insurer must provide to a claimant a statement containing the following information within 30 days of a written request by the claimant:

- The name of the insurer;
- The name of each insured;
- The limits of the liability coverage;
- A statement of any policy or coverage defense which such insurer reasonably believes is available to the such insurer at the time of filing such statement; and
- A copy of the policy.

Further, the above statement must be under oath by a corporate officer or the insurer's claims manager or superintendent.

### **Delivery of Insurance Policies Electronically**

Section 627.421, F.S., requires every insurance policy<sup>50</sup> to be mailed or delivered to the insured (policyholder) within 60 days after the insurance takes effect. Insurance policies are typically only delivered when the policy is issued and are not delivered each time the policy is renewed. The Federal Electronic Signatures in Global and National Commerce Act (E-SIGN) applies to electronic transactions involving interstate commerce.<sup>51</sup> Insurance is specifically included in E-SIGN.<sup>52</sup> E-SIGN provides contracts formed using electronic signatures on electronic records will not be denied legal effect only because they are electronic. However, E-SIGN requires consumer disclosure and consent to electronic records in certain instances before electronic records will be given legal effect. Under E-SIGN, if a statute requires information to be provided or made available to a consumer in writing, the use of an electronic record to provide or make the information available to the consumer will satisfy the statute's requirement of writing if the consumer affirmatively consents to use of an electronic record. The consumer must also be provided with a statement notifying the consumer of the right to have the electronic information made available in a paper format and of the right to withdraw consent to electronic records, among other notifications.

In addition, s. 668.50, F.S., Florida's Uniform Electronic Transaction Act (UETA), is similar to the federal E-SIGN law. UETA specifically applies to insurance and provides a requirement in statute that information that must be delivered in writing to another person can be satisfied by

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<sup>50</sup> s. 627.402, F.S., defines policy to include endorsements, riders, and clauses. Reinsurance, wet marine and transportation insurance, title insurance, and credit life or credit disability insurance policies do not have to be mailed or delivered. (see s. 627.401, F.S.)

<sup>51</sup> Section 101, Electronic Signatures in Global and National Commerce Act, Pub. L. no. 106-229, 114 Stat 464 (2000). Many of the provisions of E-SIGN took effective October 1, 2000.

<sup>52</sup> *Id.*

delivering the information electronically if the parties have agreed to conduct a transaction by electronic means.

In 2013, legislation<sup>53</sup> was enacted allowing all insurance policies to be electronically transmitted to the policyholder. The legislation also contained specific electronic delivery parameters for insurance covering commercial risks.

### **Change of Policy Terms in Insurance Policies**

Under current law, to make a change in the terms of a property and casualty insurance contract, the insurer must give the policyholder written Notice of Change in Policy Terms with the policy renewal notice and the policy renewal notice must be provided to the policyholder in accordance with current law, which requires insurers to give notice of renewal 45 days prior to the renewal date.<sup>54</sup> A policyholder is deemed to accept the policy term change if the renewal premium is paid. If the insurer does not provide the Notice of Change in Policy Terms to the policyholder, the terms of the insurance policy are not changed.

### **Mitigation Discount Verification for Citizens Property Insurance Corporation**

Since 2003, insurers have been required to provide mitigation credits, discounts, other rate differentials, or reductions in deductibles (mitigation discounts) to reduce residential property insurance premiums for properties with mitigation features.<sup>55</sup> Section 627.711, F.S., requires insurers to clearly notify an applicant or policyholder of a personal lines residential property insurance policy of the availability and range of each premium discount, credit, other rate differential, or reduction in deductibles, for wind mitigation. The notice must be provided when the policy is issued and renewed.

Typically, policyholders are responsible for substantiating to their insurers that the insured property has mitigation features. Policyholders submit a completed uniform mitigation verification inspection form to the insurer to substantiate mitigation features. Insurers must accept mitigation forms prepared by home inspectors, building code inspectors, contractors, engineers, and architects and may accept forms prepared by persons determined to be qualified by the insurer to prepare the form.

Insurers can require mitigation forms provided to the insurer by mitigation inspectors or a mitigation inspection company be independently verified for quality assurance purposes before accepting the mitigation form as valid. The insurer must pay for the independent verification.<sup>56</sup> At their expense, insurers can also independently verify, for quality assurance purposes, mitigation forms submitted by policyholders or insurance agents.

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<sup>53</sup> Ch. 2013-190, L.O.F.

<sup>54</sup> s. 627.43141, F.S.

<sup>55</sup> s. 627.0629(1)(a), F.S. Mitigation features are construction techniques used or items purchased and installed by a property owner to protect a structure against windstorm damage and loss. (e.g., hurricane shutters, hip roof, specified roof covering).

<sup>56</sup> s. 627.711(8), F.S.

### **Personal Injury Protection Insurance (PIP)**

In 2012, the Legislature enacted HB 119,<sup>57</sup> making substantial changes to laws applying to Florida's PIP requirements. Among numerous other changes, the bill amended s. 627.736(5)(a) 2., F.S., by establishing the date on which changes to the Medicare fee schedule or payment limitation are effective. The new provision states, in part:

[T]he applicable fee schedule or payment limitation under Medicare is the fee schedule or payment limitation in effect on March 1 of the year in which the services, supplies, or care is rendered...and the applicable fee schedule or payment limitation applies throughout the remainder of that year....

The above language created uncertainty as to whether the Medicare fee schedule in place on March 1st applied just to the end of the calendar year or applied through the end of February of the following year. On November 6, 2012, the OIR issued Informational Memorandum OIR-12-06M,<sup>58</sup> stating that the plain language of the section requires the fee schedule in place on March 1, to apply throughout the following 365 days, or until March 1, of the following year.

### **Preinsurance Inspection of Private Passenger Motor Vehicles**

Section 627.744, F.S., requires preinsurance inspections of private passenger motor vehicles, but lists various exemptions, including for new, used motor vehicles "purchased" from a licensed motor vehicle dealer or leasing company when the insurer is provided with the bill of sale, buyer's order, or copy of the title and certain other documentation. Despite the exemptions, an insurer may require a preinsurance inspection of any motor vehicle as a condition of issuance of physical damage coverage. Applicants for insurance may be required to pay the cost of the preinsurance inspection, not to exceed five dollars.

### **Title Insurance**

In Florida, title insurers operate on a monoline basis, meaning that the insurer can only transact title insurance and cannot transact any other type of insurance. Pursuant to s. 627.782, F.S., the Financial Services Commission (FSC) is mandated to adopt a rule specifying the premium to be charged by title insurers for the respective types of title insurance contracts and, for policies issued through agents or agencies, the percentage of such premium required to be retained by the title insurer, which shall not be less than 30 percent. The FSC must review the premium not less than once every 3 years. Title insurers and title insurance agencies are required to submit to the Office of Insurance Regulation (OIR), on or before March 31st of each year, revenue, loss, and expense data for the most recently concluded year that are determined necessary to assist in the analysis of premium rates, title search costs, and the condition of the Florida title insurance industry.

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<sup>57</sup> Ch. 2012-151, L.O.F.

<sup>58</sup> Available at <http://www.flair.com/Sections/PandC/ProductReview/PIPInfo.aspx>. Last visited March 16, 2013.



## Model Holding Company Act and Regulations

For years, the OIR's financial oversight authority has included a review of transactions among affiliates and members of insurance holding companies by adopting the NAIC's Model Insurance Holding Company Act.

In response to the recent financial crisis, the NAIC's Solvency Modernization Initiative (SMI)<sup>59</sup> studied key group supervision issues for insurance holding company systems. In light of the 2008 liquidity crisis and collapse of American International Group, Inc., the SMI's efforts focused on the risks and activities of non-insurance entities within insurance holding companies, concluded there was a corresponding regulatory need to obtain affiliates' financial information, such as enterprise risk. The NAIC model act defines "enterprise risk" as:

[A]ny activity, circumstance, event, or series of events involving one or more affiliates of an insurer that, if not remedied promptly, is likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance company as a whole, including, but not limited to, anything that would cause the insurer's risk-based capital as set forth in [state requirement] or would cause the insurer to be in a hazardous financial condition.<sup>60</sup>

As a result, the NAIC adopted revisions to its *Model Insurance Holding Company System Regulatory Act and Regulations* in December 2010, which states must adopt as an accreditation component. These revisions include:

- expansions to regulators' ability to evaluate any entity within an insurance holding company system;
- enhancements to the regulator's rights to access books and records and to compel production of information;
- establishment of expectation of funding with regard to regulator participation in supervisory colleges;
- enhancements in corporate governance, such as board of directors and senior management responsibilities;
- the inclusion of financial statements as part of an affiliate's registration requirements; and
- enterprise risk reporting requirements.

Currently, s. 628.461, F.S., provides that a person or affiliated person<sup>61</sup> must file a letter of notification and a statement for the OIR's approval before concluding a tender offer to acquire 5 percent or more of a domestic stock insurer or of a controlling company. The statute also sets forth the information required to be disclosed in the statement, which includes criminal and regulatory history information. Alternatively, a party acquiring less than 10 percent of the outstanding voting securities of an insurer may file a disclaimer of affiliation of control, and such disclaimer must fully disclose all material relationships and affiliation with the insurer, as well as the reason for such disclaimer (this disclaimer is mandatory for acquisitions of more than 10 percent).

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<sup>59</sup> NAIC Solvency Modernization Initiative (last viewed February 3, 2014), at [http://www.naic.org/index\\_smi.htm](http://www.naic.org/index_smi.htm)

<sup>60</sup> Section 1(F) of the NAIC Model Insurance Holding Company System Regulatory Act.

<sup>61</sup> Currently, "affiliated person" is defined in s. 628.461(12)(a), F.S., to include spouses, parents and lineal descendants, and persons affiliated through 5 percent ownership, common control, or management.

During the pendency of the OIR's review of an acquisition filing, the insurer is not permitted to make a "material change" to its operation or management, unless the OIR has approved or been notified, respectively. A "material change" consists of a disposal or obligation of 5 percent or more of the insurer's capital and surplus, or a change in management involving a person who has the authority to dispose or obligate 5 percent of the insurer's capital and surplus.

### **Service Warranty Associations**

A service warranty is generally defined as a contract to perform the repair or replacement of a consumer product for failure due to a defect.<sup>62</sup> A service warranty association is defined as any person, other than an authorized insurer, issuing service warranties.<sup>63</sup>

Section 634.406, F.S., establishes the financial requirements, ratios, and limitations on service warranty associations. A service warranty association can allow its premiums to exceed the ratio to net assets limitations of s. 634.406, F.S., only if the association meets all of the following:

- Maintains net assets of at least \$750,000.
- Utilizes a contractual liability insurance policy approved by the office which:
  - Reimburses the service warranty association for 100 percent of its claims liability and is issued by an insurer that maintains a policyholder surplus of at least \$100 million; or
  - Complies with the requirements of subsection (3) and is issued by an insurer that maintains a policyholder surplus of at least \$200 million.
- The insurer issuing the contractual liability insurance policy:
  - Maintains a policyholder surplus of at least \$100 million.
  - Is rated "A" or higher by A.M. Best Company or an equivalent rating by another national rating service acceptable to the OIR.
  - Is in no way affiliated with the warranty association.
  - Provides a statement certifying the gross written premiums is covered under the contractual liability policy, whether or not it has been reported.

The statute further requires that a contractual liability policy must insure 100 percent of an association's claims exposure under all of the association's service warranty contracts, unless numerous specified conditions are met.

### **III. Effect of Proposed Changes:**

#### **Unaffiliated Agents (Sections 1, 2, 7, and 38)**

According to the DFS, some insurance agents act as advisors to clients for a fee. These agents provide advice and recommendations regarding, among other things, insurance products but do not sell the products. **Section 2** defines in s. 626.015(18), F.S., a new type of insurance agent, an unaffiliated insurance agent, and **Section 7** specifies the scope of the license in s. 626.311, F.S. This agent acts as an independent consultant in the business of analyzing or abstracting insurance policies, providing insurance advice or counseling, or making specific recommendations or comparisons of insurance products for a fee established in advance by a written contract signed

<sup>62</sup> S. 634.401(13), F.S.

<sup>63</sup> S. 634.401(14), F.S.

by the parties. This bill defines this type of agent as a licensed insurance agent, except a limited lines agent, who is not appointed by or affiliated with any insurer, but is self-appointed. This bill prohibits an unaffiliated insurance agent from holding an appointment from an insurer, from transacting an insurance contract for an insurer, and from interfering with commissions from an appointed insurance agent. Unaffiliated insurance agents may continue to receive commissions on sales made before the date of appointment as an unaffiliated insurance agent as long as the agent discloses the receipt of commissions to the client when making recommendations or evaluating products of the entity from which commissions are received.

The unaffiliated agent is not appointed by an insurer to sell insurance products. This can lead to a situation where an agent's license expires because the agent is not appointed during a 4 year period.<sup>64</sup> This bill allows an unaffiliated agent to appoint himself or herself. **Section 1** amends s. 624.501, F.S., to require unaffiliated insurance agents to pay the same agent appointment fees required under current law for agents appointed by insurers.

**Section 38** creates s. 627.4553, F.S., to require insurance agents, insurers, or persons performing insurance agent activities under an exemption from licensure, who recommend that a consumer surrender an annuity or life insurance policy with a cash value, but who do not recommend that another such policy be purchased with the proceeds from the surrender, to provide the consumer with information relating to the product to be surrendered before execution of the surrender. The information must include that the amount of any surrender charge, tax consequences resulting from the transaction, and forfeited death benefit. The consumer must also be informed about the loss of any minimum interest rate guarantees and the value of any other investment performance guarantees that will be forfeited as a result of the transaction. This bill requires the DFS to adopt rules and forms so the required information can be provided.

### **Agent in Charge and Branch Agencies (Sections 3, 11, and 12)**

Effective January 1, 2015, **Section 3** creates s. 626.0428(4), F.S., which defines an agent in charge as the licensed and appointed agent responsible for the supervision of all individuals within an insurance agency location. Each business location established by an agent or insurance agency must be in the active full-time charge of a licensed and appointed agent holding the required licenses for the lines of insurance transacted at the location. The agent in charge of an insurance agency may be the agent in charge of additional branch locations if: (1) insurance activities requiring licensure as an insurance agent do not occur at the locations when an agent is not physically present and (2) unlicensed employees at the locations do not engage in insurance activities that require licensure as an insurance agent or customer representative.

This bill requires each insurance agency and branch office to designate an agent in charge and to file the agent's name, license number, and physical address of the insurance agency location with the DFS at the DFS website. A change of the designated agent in charge must be reported to the DFS within 30 days, and becomes effective upon notification to the DFS.

This bill provides that an insurance agency location is precluded from conducting the business of insurance unless an agent in charge is designated by and providing services to the agency at all

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<sup>64</sup> Phone interview with DFS staff.

times. When the agent in charge ends his or her affiliation with the agency, the agency must designate another agent in charge within 30 days. If the agency fails to make such designation within 90 days after the designated agent has ended his or her affiliation with the agency, the agency license automatically expires 91 days after the designated agent ended his or her affiliation with the agency.

This bill provides that an agent in charge of an insurance agency is accountable for the wrongful acts, misconduct or violations committed by the licensee or agent or by any person under her or his supervision acting on behalf of the agency. However, the agent in charge is not criminally liable for the misconduct unless she or he personally committed the act or knew or should have known of the acts and of the facts that constitute the violation.

**Section 11** repeals s. 626.747, F.S., relating to branch agencies, effective January 1, 2015. The section is incorporated and expanded in the new s. 624.0428(4), F.S.

**Section 12** amends, s. 626.8411(1)(b), F.S., correcting a cross reference to properly cite the new branch agency requirements created by Section 7.

### **Insurance Agency Licensing and Registration (Sections 4 and 5)**

**Section 4** amends s. 626.112, F.S., prohibits the DFS from issuing limited customer service licenses, effective October 1, 2014.

**Section 5** also amends s. 626.112, F.S., eliminating the insurance agency licensing requirement for agencies that are owned and operated by a single licensed agent who conducts business in her or his own name and does not employ or use other insurance licensees, effective January 1, 2015.

The bill provides that a branch place of business established by a licensed agency is considered a branch agency.<sup>65</sup> A branch agency is not required to be licensed if it: (1) transacts business under the same name and federal tax identification number as the licensed agency and has designated with the DFS a licensed agent in charge of the branch location; and (2) has submitted to the DFS for inclusion in the licensing record of the licensed agency the address and telephone number of the branch location within 30 days after insurance transactions began at the branch location.

This bill no longer allows certain insurance agencies to obtain a registration in lieu of a license and makes conforming changes due to this repeal. This bill converts all agency registrations to licenses effective October 1, 2015. Effective January 1, 2015, the bill also eliminates the 3-year expiration of an agency license. Thus, an agency license will continue in force until canceled, suspended, revoked, or until it is otherwise terminated or it expires by operation of law. The bill also

**Section 6** amends s. 626.172, F.S., allowing an owner, partner, officer, director, president, senior vice president, secretary, treasurer, and limited liability company member who directs or participates in the management and control of the agency, to complete and sign an insurance

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<sup>65</sup> This bill further provides that a license issued to a business entity that offers motor vehicles for rent encompasses each employee or authorized representative at a designated branch.

agency application. This bill also allows a third party to complete, submit, and sign an agency license application on the agency's behalf. However, the agency is responsible for ensuring that the information provided by the third party is true and correct and is accountable for any misstatements or misrepresentations.

This bill also requires additional information relating to an agency or branch agency to be provided on the agency license application. Such additional information includes the name, address, and e-mail address of the agency's registered agent or person authorized to accept service on the agency's behalf, the physical address of the branch location, including its name, e-mail address, and telephone number, the date that the branch office began transacting insurance, and the fingerprints of each individual required to be listed in the agency application.

### **Motor Vehicle Retail Insurance License**

**Section 8** amends s. 626.321(1), F.S., changing the limited license statute for motor vehicle rental insurance. Under current law, a limited license to sell motor vehicle rental insurance can be issued to a business that offers motor vehicles for rent or lease. A license issued to a rental business covers each office, branch office, or place of business associated with the rental business. The bill expands this coverage to include each employee working at the rental business. Thus, all employees would be covered by the rental business' license to sell rental insurance. According to DFS, the agency interprets the current law relating to rental insurance licensing to mean the license for the rental company business covers each branch office and each employee working at the rental business. Thus, the change made by the bill is clarifying and is consistent with the application of the current law by DFS.

### **Continuation of Insurance Agency Licensure**

**Section 9** amends s. 626.382, F.S., to allow an insurance agency license to continue in force until it is cancelled, suspended, revoked, terminated, or expires by operation of law. Under current law, the license is issued for a 3-year period and may be renewed.

### **Mediators, Navigators, and Neutral Evaluators (Sections 10, 39, 42, 43, and 47)**

**Section 10** amends s. 626.601, F.S., to authorize the Department of Financial Services to inquire into alleged improper conduct of mediators, neutral evaluators and navigators and subsequently initiate and conduct an investigation if reasonable cause exists of an insurance code violation.

**Section 39** amends s. 627.7015(4)(b), F.S., to specify that the requirements for qualification as a mediator of liability claims under s. 627.745, F.S., are also the standards that DFS applies for denial of application, suspension, revocation and other penalties for mediators who participate in the DFS property insurance mediation program.

**Section 41** amends s. 627.706(2)(c), F.S., to specify that a sinkhole neutral evaluator is a person who is not otherwise ineligible for certification as a neutral evaluator under s. 627.7074, F.S.

**Sections 42 and 47** amend s. 627.7074, F.S., and s. 627.745, F.S., to require the DFS to deny an application or revoke its approval of a mediator or neutral evaluator for any of the following:

- Lack of one or more of the qualifications required for approval or certification.
- Material misstatement, misrepresentation, or fraud in obtaining or attempting to obtain approval or certification.
- Demonstrated lack of fitness or trustworthiness to act as a mediator or neutral evaluator.
- Fraudulent or dishonest practices in the conduct of mediation or neutral evaluation or in conducting business in the financial services industry.
- Violation of any provision of the Florida Insurance Code; a lawful order or rule of the DFS; or aiding, instructing, or encouraging another party to commit such a violation.

The bill grants rulemaking authority to administer these requirements.

**Section 47** also changes the requirements for qualifying as a mediator under the motor vehicle insurance claim mediation program for personal injury claims of \$10,000 or less, or for property damage claims of any amount. Under the bill, a mediator must possess an active certification as a Florida Circuit Court Mediator or be an appointed department mediator as of July 1, 2014, who has conducted at least one mediation on behalf of the DFS within 4 years prior to that date. This provision essentially grandfathers in current and active DFS mediators so they can continue to be DFS mediators, even if they are not certified as a Florida Circuit Court Mediator. The bill eliminates the 40-hour mediation training program and test that all mediators under the program currently must complete in order to be approved as a mediator under the program.

In order to become certified as a Florida Circuit Court Mediator, one must fulfil education requirements set by the Florida Supreme Court, complete a mediation training program certified by the Florida Supreme Court, and observe and conduct mediations under the supervision of a certified mediator.<sup>66</sup>

### **Insurance Company Adjusters – Notice Requirement**

**Section 13** repeals s. 626.854(16), F.S., which currently requires insurance company employee adjusters, independent adjusters, attorneys, investigators, or other persons acting on behalf of an insurer to provide at least 48 hours' notice to the insured, claimant, public adjuster, or legal representative before scheduling a meeting with the claimant or an onsite inspection of the insured property. A prohibition on public adjusters contacting or contracting with insureds and claimants within 48 hours of a loss in s. 626.854(6), F.S., was ruled unconstitutional by the Florida Supreme Court in 2012.

### **Insurance Administrators – Certificate of Authority Requirements**

**Section 14** amends s. 626.8805, F.S., changing the information that must be filed with the OIR or made available for OIR inspection as part of an application for a certificate of authority to act as an insurance administrator. The bill requires the applicant to provide the names, addresses, official positions and professional qualifications of individuals who are employed or retained by the administrator and who are responsible for the conduct of the affairs of the administrator. Current law contains a broader standard, requiring information of any person who exercises control or influence over the affairs of the administrator.

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<sup>66</sup> See <http://www.flcourts.org/core/fileparse.php/283/urlt/HowToBecomeMediator.pdf> (last accessed February 7, 2014).

### **Insurance Administrators – Oversight Responsibilities of Insurers**

**Sections 15, 16, 17, and 18** amend ss. 626.8817, 626.882, 626.883, and 626.884, F.S., to allow an insurer who uses the services of an administrator to contract with a qualified third party to conduct the required semiannual review of an administrator that administers benefits for more than 100 certificateholders on behalf of the insurer.

The bill also specifies that the written agreement between an insurer and an administrator that details the responsibilities of the insurer and administrator specifies the rights, duties, and obligations of the administrator and insurer. Any restrictions regarding the proprietary rights of the insurer and administrator related to continuing access to books and records maintained by the administrator are governed by the written agreement between the parties required under s. 626.8817, F.S.

### **Insurance Administrators – Annual Financial Statement**

**Section 19** amends s. 626.89, F.S., to change to April 1 the date by which an administrator must file an annual financial statement with the OIR. The bill also allows the financial statement to cover the previous fiscal year, rather than a calendar year, if the administrator's accounting is on a fiscal year basis.

### **Repeal of Surplus Lines Agent Affidavit Requirement**

**Section 20** amends s. 626.931, F.S., to eliminate the requirement that each surplus lines agent must, on or before the 45<sup>th</sup> day following each calendar quarter, file with the Florida Surplus Lines Service Office (FSLSO) an affidavit stating that all surplus lines insurance he or she transacted during that calendar year has been submitted to the FSLSO and that includes efforts made to place coverage with authorized insurers and the results of those efforts. However, surplus lines agents must still file a copy of information on each surplus lines transaction with the FSLSO in accordance with the FSLSO's plan of operation.

**Sections 21, 22, and 23** amend ss. 626.932, 626.935, and 626.936, F.S., to conform to the elimination of the affidavit requirement in s. 626.89, F.S.

### **Use of Hurricane Models in Rate Filings**

**Section 25** amends s. 627.062, F.S., to specify that the Office of Insurance Regulation, when reviewing a rate filing, must consider projections of hurricane losses estimated using a straight average of model results or output ranges independently found acceptable or reliable by the Florida Commission on Hurricane Loss Projection Methodology, and as further provided in s. 627.0628, F.S.<sup>67</sup>

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<sup>67</sup> Section 627.0628, F.S., tasks the Florida Commission on Hurricane Loss Projection Methodology with considering actuarial methods, principles, standards, models, or output ranges that have the potential for improving the accuracy or reliability of hurricane loss projections used in rate filing and probable maximum loss levels. Insurers are prohibited from using in a rate filing a modified or adjusted model, actuarial method, principle, standard, or output range that the commission has found accurate or reliable.

**Section 26** amends s. 627.0628, F.S., to increase from 60 days to 180 days the time an insurer is not required to use the newest version of a model approved by the Commission on Hurricane Loss Projection Methodology. This section also specifies that an insurer is not prohibited from using a straight average of model results or output ranges or using straight averages in a rate filing.

### **Motor Vehicle Insurance Rating**

**Section 27** amends s. 627.072, F.S., to permit new motor vehicle insurance rating programs or changes to existing programs that result in at least a single zip code as a rating territory for motor vehicle insurance rates. The bill will allow the use of such territories that are filed with the OIR if the territory incorporates sufficient loss data to be actuarially measurable and credible. The OIR would determine if the rates for such territories are excessive, inadequate, or unfairly discriminatory. Current law prohibits the use of a single zip code as a rating territory as being unfairly discriminatory.

### **Workers' Compensation Retrospective Rating Plans**

**Section 28** amends s. 627.0651, F.S., allowing an insurer and employer to negotiate the retrospective plan rating factors that can be used for calculating the premium when the employer has multistate exposure, an estimated annual standard premium in Florida of at least \$175,000, and an annual estimated countrywide standard premium of \$1 million or more for workers' compensation.

**Section 29** provides a technical conforming cross reference in s. 627.281, F.S.

### **Florida Workers' Compensation Joint Underwriting Association Dividend and Premium Refunds**

**Section 30** amends s. 627.311(5)(h), F.S., authorizing the FWCJUA to retain for future use any dividends that cannot be paid to former insureds of the FWCJUA for reasons set forth in the declaration of the dividend. Currently, the FWCJUA reports the property<sup>68</sup> and owner's name, last known address, and other information to the Department of Financial Services, Bureau of Unclaimed Property. The owner can claim her or his property at no cost, any time, regardless of the amount.<sup>69</sup> The bill eliminates the ability of a person to recover unclaimed property that is left in possession of the FWCJUA at any time in the future. The FWCJUA will not report unclaimed property to the DFS and will ultimately use the unclaimed funds in its possession.

### **Repeal of Duplicative Citizens Property Insurance Corporation Report**

**Section 32** repeals 627.3519, F.S., because it requires a report that is duplicative of the report required under s. 627.35191, F.S.

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<sup>68</sup> Over the past 5 years, the FWCJUA has reported unclaimed property totaling \$279,499.06 to the DFS. The amount for each year follows: \$16,388.32 (2009); \$87,813.27 (2010); \$63,552.52 (2011); \$73,631.27 (2012); \$38,113.68 (2013).

<sup>69</sup> See chap. 717, F.S., (the Florida Disposition of Unclaimed Property Act) and information on unclaimed property on the website of the Florida Department of Financial Services: <http://www.myfloridacfo.com>.



### **Misrepresentations on Insurance Applications and Cancellation of Insurance Policies**

**Section 33** amends s. 627.409, F.S. The bill provides that if a residential property insurance policy or contract has been in effect for more than 90 days, a claim filed by the insured cannot be denied based on credit information available in the public record. The bill does not change the law relating to other types of insurance or other types of misrepresentations (such as a misrepresentation regarding health or criminal history).

**Section 34** amends s. 627.4133(2)(b), F.S., to provide that after a policy or contract has been in effect for more than 90 days, the insurer may not cancel or terminate the policy or contract based on credit information available in public records.

### **Residential Property Insurance Notice of Cancellation Requirements**

**Section 34** amends s. 627.4133(2)(b), F.S., to reduce to 120 days the advance written notice of nonrenewal, cancellation, or termination an insurer must give the first-named insured of a personal lines or commercial residential property insurance policy.

**Section 31** provides a technical conforming cross reference in s. 627.3518, F.S.

### **Insurer Sworn Statement Detailing Liability Coverage and Alleged Defenses**

**Section 35** amends s. 627.4137, F.S., to authorize the licensed company adjuster of an insurer that provides liability insurance coverage to provide the sworn statement required by current law setting forth the name of the insurer, the name of each insured, the limits of liability coverage, a statement of each policy defense the insurer reasonably believes is available, and a copy of the policy. Current law allows the sworn statement to be provided by only the insurer's claims manager or superintendent, or a corporate officer of the insurer.

### **Electronic Delivery of Personal Lines Insurance Policies**

**Section 36** amends s. 627.421, F.S., allowing insurers to deliver insurance policies by electronic means in lieu of delivery by mail if the policyholder affirmatively elects electronic delivery. The bill does not likely implicate E-SIGN or UETA because it requires the affirmative consent of the policyholder before the electronic delivery of insurance policy documents.

### **Notice of Change in Policy Terms Delivered Separately from Notice of Renewal Premium**

**Section 37** amends s. 627.43141(2), F.S., to allow the Notice of Change in Policy Terms to be sent separately from the Notice of Renewal Premium. If a separate notice is used, it must comply with the nonrenewal mailing time requirement for that particular line of business. Insurers must also provide or make available electronically the Notice of Change in Policy Terms to the insured's insurance agent before or at the same time the notice is given to the insured.

### **Information Required With the Surrender of Life Insurance or Annuity**

**Section 38** creates s. 627.4553, F.S., to require insurance agents, insurers, or persons performing insurance agent activities under an exemption from licensure, who recommend that a consumer

surrender an annuity or life insurance policy with a cash value, but who do not recommend that another such policy be purchased with the proceeds from the surrender, to provide the consumer with information relating to the product to be surrendered before execution of the surrender. The information must include that the amount of any surrender charge, tax consequences resulting from the transaction, and forfeited death benefit. The consumer must also be informed about the loss of any minimum interest rate guarantees and the value of any other investment performance guarantees that will be forfeited as a result of the transaction. This bill requires the DFS to adopt rules and forms so the required information can be provided.

### **Conflict of Interest Standards for Residential Property Insurance Appraisal Umpires**

**Section 40** creates s. 627.70151, F.S., to only allow a residential property insurer or policyholder to challenge the impartiality of an appraisal umpire if:

- A familial relationship within the third degree exists between the umpire and a party or a representative of a party;
- The umpire previously professionally represented a party or party representative in the same or a substantially related matter;
- The umpire has represented another person in a professional capacity on the same claim or a substantially related claim whose interests are materially adverse to the interests of any party; or
- The umpire has been an employer or employee of a party within the preceding 5 years.

### **Notice to Policyholder of Availability of Sinkhole Neutral Evaluation**

**Section 42** amends s. 627.7074(3), F.S., to limit the circumstances when an insurer must notify a policyholder of the right to participate in neutral evaluation of a sinkhole claim. The insurer must provide the notice only if there is sinkhole coverage on the damaged property and if the sinkhole claim was submitted within the statute of limitations period which is 2 years after the policyholder knew or reasonably should have known about the sinkhole loss. There are no parameters under current law about notification of neutral evaluation. Thus, insurers are required to notify a policyholder about neutral evaluation in cases where there is no sinkhole coverage or when the sinkhole claim is untimely filed.

**Section 43** amends s. 627.711(8), F.S., to provide an exception to the mitigation form independent verification process for Citizens only. The bill does not allow independent verification of mitigation discount forms submitted to Citizens if a quality assurance program approved by Citizens reviewed and verified the form when it was submitted. In addition, Citizens is not allowed to reinspect a property to confirm mitigation features if the mitigation form was reviewed and verified by a quality assurance program approved by them.

### **Return of Motor Vehicle Insurance Premiums**

**Section 44** amends s. 627.7283, F.S., to allow the insurer to electronically transfer unearned premium to a policyholder who cancels a motor vehicle insurance policy. The insurer may also deliver the unearned premium by mail. Current law is retained requiring the insurer to refund the unearned premium within 30 days of the later of the policy cancellation date or the date the insurer receives notice of the cancellation.

**Section 24** amends s. 626.9541(1)(q) , F.S., the unfair insurance practices act, to specify that insurers and agents that utilize a credit card facility or seek to insure credit card holders may provide refunds of unearned premium by mail or electronic transfer.

#### **Personal Injury Protection Medical Fee Schedule Clarification**

**Section 45** amends s. 627.736(5)(a), F.S., to clarify that the Personal Injury Protection medical fee schedule that is effective on March 1 of each year applies until the last day of the following February.

#### **Exemptions to the Preinsurance Inspection of Private Passenger Motor Vehicles**

**Section 46** amends s. 627.744, F.S., to exempt from preinsurance inspection new, unused motor vehicles that are leased from a licensed motor vehicle dealer or leasing company if the insurer is provided with a lease agreement that contains a full description of the motor vehicle or a copy of the registration and a copy of the window sticker. Additionally, it deletes language that exempts from preinsurance inspection, new, unused motor vehicles that are purchased only if the bill of sale or buyer's order contains a full description of all options and accessories or, when a copy of the title is provided to the insurer, permits the dealer invoice to be submitted as appropriate supporting documentation.

#### **Title Insurance Data Submission to the OIR**

**Section 48** amends s. 627.782, F.S., to extend the date by which title insurers and title insurance agencies must annually submit data on the title insurance industry to the OIR for the most recently concluded year from March 31 to May 31.

#### **Requirements Related to Acquisition of Controlling Stock**

**Section 49** amends s. 628.461, F.S., relating to acquisition of controlling stock of a domestic stock insurer or a controlling company. The bill increases from 5 percent to 10 percent the amount of stock that is considered "controlling stock" of an insurer or controlling company. Currently, s. 628.461, F.S., provides that a person or affiliated person must file a letter of notification and a statement for the OIR's approval before concluding a tender offer to acquire 5 percent or more of a domestic stock insurer or of a controlling company. The statement must contain certain criminal, employment, and regulatory history information.

The bill provides that a person may rebut a presumption of control by filing a disclaimer of control on a form prescribed by the OFR or by providing a copy of a Schedule 13G on file with the U.S. Securities and Exchange Commission. After a disclaimer is filed, the insurer is relieved of any further duty to register or report under s. 628.461, F.S., unless the OIR disallows the disclaimer. Under current law, a party acquiring less than 10 percent of the outstanding voting securities of an insurer may file a disclaimer of affiliation of control, and such disclaimer must fully disclose all material relationships and affiliation with the insurer, as well as the reason for such disclaimer (this disclaimer is mandatory for acquisitions of more than 10 percent).

Alternatively,

The section deletes the definition of “affiliated person” from the statute. The definition helps determine when a person, in conjunction with an affiliated person, has acquired controlling stock. Deletion of this definition may create ambiguity within the statute.

### **Florida Life and Health Insurance Guaranty Association – Obligation to Pay Claims**

**Sections 50** amends s. 631.717(11), F.S., deleting language stating that FLHIGA not being subject to statutory bad faith claims under s. 624.155, F.S., does not affect its obligation to pay valid policy or contract claims. **Section 51** amends s. 631.737, F.S., stating that FLHIGA is obligated to pay valid claims. The amendments to these sections do not affect the obligation of FLHIGA to pay valid policy or contract claims, and FLHIGA will continue to not be subject to the provisions of s. 631.717(11), F.S.

### **Service Warranty Association Financial Requirements**

**Section 52** amends s. 634.406, F.S., to revise the requirement that if a service warranty association’s premiums to exceed the statutorily required 7-to-1 ratio of gross written premium to net assets, it must maintain net assets of \$750,000 and maintain a contractual liability insurance policy that reimburses the service warranty association for 100 percent of its claims liability and is approved by the Office. Under the bill, the contractual liability policy may be issued by an affiliate of the warranty association. Additionally, the insurer issuing the policy must either maintain at least a \$100 million policyholder surplus or maintain a policyholder surplus of at least \$200 million and issue a policy that complies with the provisions of subsection (3).<sup>70</sup>

### **Effective Date:**

**Section 53** provides that except as otherwise expressly provided, the act is effective July 1, 2014.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

None.

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<sup>70</sup> Subsection (3) of s. 634.406, F.S., states that a warranty association need not establish an unearned premium reserve if it purchases contractual liability insurance that covers 100 percent of its claims liability from an authorized insurer. The terms of the policy must contain the following (a) state the insurer will pay losses and unearned premium refunds directly to a person making a claim under the warranty association contract in the event the services warranty association does not do so; (b) the insurer must assume full responsibility for administering claims if the warranty association cannot do so; (c) 60 days written notice must be given to the OIR prior to policy cancellation; (d) the policy must insure all service warranty contracts issued while the policy was in effect whether or not the premium has been remitted to the insurer; (e) If the insurer is fulfilling the service warranty covered by the policy and the service warranty holder cancels the warranty, the insurer must fully refund unearned premium, subject to a cancellation fee under s. 634.414, F.S.; and (f) a warranty association may not use an unearned premium reserve and contractual liability insurance policy simultaneously. However, the warranty association may have contractual liability coverage on service warranties previously sold and sell new service warranties covered by the unearned premium reserve, and the converse. The warranty association must be able to distinguish how each individual service warranty is covered.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The bill would allow workers' compensation insurers and larger employers greater flexibility in negotiating retrospective rating plans by allowing the parties to determine the rating factors used to calculate premium. This change may result in a reduction in premiums for such employers.

The Florida Workers' Compensation Joint Underwriting Association (FWCJUA) declares dividends to its policyholders generally after the expiration of a 7-year look back period. Thus, 2006 policyholder dividend would likely be declared in 2013. If FWCJUA is unable to pay a former policyholder it must submit the funds to the Bureau of Unclaimed Property, where they can be claimed by the policyholder. The bill will allow the FWCJUA to retain those funds pursuant to the terms set forth in the dividend.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 624.501, 626.015, 626.0428, 626.112, 626.172, 626.311, 626.321, 626.382, 626.601, 626.8411, 626.854, 626.8805, 626.8817, 626.882, 626.883, 626.884, 626.89, 626.931, 626.932, 626.935, 626.936, 626.9541, 627.062, 627.0628, 627.0651, 627.072, 627.281, 627.311, 627.3518, 627.409, 627.4133, 627.4137, 627.421, 627.43141, 627.4553, 627.7015, 627.706, 627.7074, 627.711, 627.736, 627.744, 627.745, 627.782, 627.841, 628.461, 631.717, 631.734, 634.406.

This bill creates the following sections of the Florida Statutes: 627.4553, 627.70151.

This bill repeals the following sections of the Florida Statutes: 626.747, 627.3519.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 14, 2014**

The committee substitute:

- Deletes the boiler inspection provisions of the bill.
- Deletes the corporation not-for-profit self-insurance fund provision of the bill.
- Deletes the insurance premium finance provision of the bill.
- Deletes current law requiring company insurance adjusters, investigators, attorneys, or other persons acting on the insurer's behalf to provide at least 48 hours' notice to the insured or insured's representatives before scheduling a meeting with the insured or an onsite inspection of the insured property.
- Allows an insurer to electronically transfer unearned premium back to a motor vehicle insurance policyholder who cancels the policy.
- Revises a provision in the bill to allow the Florida Workers' Compensation Joint Underwriting Association to retain dividends payable to a former insured.

- B. **Amendments:**

None.



460094

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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	.	
	.	

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The Committee on Banking and Insurance (Richter) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Paragraphs (a) and (c) of subsection (6) and subsections (7) and (8) of section 624.501, Florida Statutes, are amended to read:

624.501 Filing, license, appointment, and miscellaneous fees.—The department, commission, or office, as appropriate, shall collect in advance, and persons so served shall pay to it



460094

11 in advance, fees, licenses, and miscellaneous charges as  
12 follows:

13 (6) Insurance representatives, property, marine, casualty,  
14 and surety insurance.

15 (a) Agent's original appointment and biennial renewal or  
16 continuation thereof, each insurer or unaffiliated agent making  
17 an appointment:

18 Appointment fee.....	\$42.00
19 State tax.....	12.00
20 County tax.....	6.00
21 Total.....	\$60.00

22 (c) Nonresident agent's original appointment and biennial  
23 renewal or continuation thereof, appointment fee, each insurer  
24 or unaffiliated agent making an appointment.....\$60.00

25 (7) Life insurance agents.

26 (a) Agent's original appointment and biennial renewal or  
27 continuation thereof, each insurer or unaffiliated agent making  
28 an appointment:

29 Appointment fee.....	\$42.00
30 State tax.....	12.00
31 County tax.....	6.00
32 Total.....	\$60.00

33 (b) Nonresident agent's original appointment and biennial  
34 renewal or continuation thereof, appointment fee, each insurer  
35 or unaffiliated agent making an appointment.....\$60.00

36 (8) Health insurance agents.

37 (a) Agent's original appointment and biennial renewal or  
38 continuation thereof, each insurer or unaffiliated agent making  
39 an appointment:





460094

40	Appointment fee.....	\$42.00
41	State tax.....	12.00
42	County tax.....	6.00
43	Total.....	\$60.00

44 (b) Nonresident agent's original appointment and biennial  
 45 renewal or continuation thereof, appointment fee, each insurer  
 46 or unaffiliated agent making an appointment.....\$60.00

47 Section 2. Present subsection (18) of section 626.015,  
 48 Florida Statutes, is renumbered as subsection (19), and a new  
 49 subsection (18) is added to that section, to read:

50 626.015 Definitions.—As used in this part:

51 (18) "Unaffiliated insurance agent" means a licensed  
 52 insurance agent, except a limited lines agent, who is self-  
 53 appointed and who practices as an independent consultant in the  
 54 business of analyzing or abstracting insurance policies,  
 55 providing insurance advice or counseling, or making specific  
 56 recommendations or comparisons of insurance products for a fee  
 57 established in advance by written contract signed by the  
 58 parties. An unaffiliated insurance agent may not be affiliated  
 59 with an insurer, insurer-appointed insurance agent, or insurance  
 60 agency contracted with or employing insurer-appointed insurance  
 61 agents.

62 Section 3. Effective January 1, 2015, section 626.0428,  
 63 Florida Statutes, is amended to read:

64 626.0428 Agency personnel powers, duties, and limitations.—

65 (1) An individual employed by an agent or agency on salary  
 66 who devotes full time to clerical work, with incidental taking  
 67 of insurance applications or quoting or receiving premiums on  
 68 incoming inquiries in the office of the agent or agency, is not



460094

69 deemed to be an agent or customer representative if his or her  
70 compensation does not include in whole or in part any  
71 commissions on such business and is not related to the  
72 production of applications, insurance, or premiums.

73 (2) An employee or authorized representative located at a  
74 designated branch of an agent or agency may not bind insurance  
75 coverage unless licensed and appointed as an agent or customer  
76 representative.

77 (3) An employee or authorized representative of an agent or  
78 agency may not initiate contact with any person for the purpose  
79 of soliciting insurance unless licensed and appointed as an  
80 agent or customer representative. As to title insurance, an  
81 employee of an agent or agency may not initiate contact with any  
82 individual proposed insured for the purpose of soliciting title  
83 insurance unless licensed as a title insurance agent or exempt  
84 from such licensure pursuant to s. 626.8417(4).

85 (4) (a) Each place of business established by an agent or  
86 agency, firm, corporation, or association must be in the active  
87 full-time charge of a licensed and appointed agent holding the  
88 required agent licenses to transact the lines of insurance being  
89 handled at the location.

90 (b) Notwithstanding paragraph (a), the licensed agent in  
91 charge of an insurance agency may also be the agent in charge of  
92 additional branch office locations of the agency if insurance  
93 activities requiring licensure as an insurance agent do not  
94 occur at any location when an agent is not physically present  
95 and unlicensed employees at the location do not engage in  
96 insurance activities requiring licensure as an insurance agent  
97 or customer representative.



460094

98           (c) An insurance agency and each branch place of business  
99 of an insurance agency shall designate an agent in charge and  
100 file the name and license number of the agent in charge and the  
101 physical address of the insurance agency location with the  
102 department and the department's website. The designation of the  
103 agent in charge may be changed at the option of the agency. A  
104 change of the designated agent in charge is effective upon  
105 notice to the department. Notice to the department must be  
106 provided within 30 days after such change.

107           (d) An insurance agency location may not conduct the  
108 business of insurance unless an agent in charge is designated by  
109 and providing services to the agency at all times. If the agent  
110 in charge designated with the department ends his or her  
111 affiliation with the agency for any reason and the agency fails  
112 to designate another agent in charge within 30 days as provided  
113 in paragraph (c) and such failure continues for 90 days, the  
114 agency license automatically expires on the 91st day after the  
115 last date of employment of the last designated agent in charge.

116           (e) For purposes of this subsection, an "agent in charge"  
117 is the licensed and appointed agent responsible for the  
118 supervision of all individuals within an insurance agency  
119 location, regardless of whether the agent in charge handles a  
120 specific transaction or deals with the general public in the  
121 solicitation or negotiation of insurance contracts or the  
122 collection or accounting of money.

123           (f) An agent in charge of an insurance agency is  
124 accountable for the wrongful acts, misconduct, or violations of  
125 this code committed by the licensee or by any person under his  
126 or her supervision while acting on behalf of the agency.



460094

127 However, an agent in charge is not criminally liable for any act  
128 unless the agent in charge personally committed the act or knew  
129 or should have known of the act and of the facts constituting a  
130 violation of this code.

131 Section 4. Paragraph (b) of subsection (1) and subsection  
132 (7) of section 626.112, Florida Statutes, is amended to read:

133 626.112 License and appointment required; agents, customer  
134 representatives, adjusters, insurance agencies, service  
135 representatives, managing general agents.—

136 (1)

137 (b) Except as provided in subsection (6) or in applicable  
138 department rules, and in addition to other conduct described in  
139 this chapter with respect to particular types of agents, a  
140 license as an insurance agent, service representative, customer  
141 representative, or limited customer representative is required  
142 in order to engage in the solicitation of insurance. Effective  
143 October 1, 2014, limited customer representative licenses may  
144 not be issued. For purposes of this requirement, as applicable  
145 to ~~any of~~ the license types described in this section, the  
146 solicitation of insurance is the attempt to persuade any person  
147 to purchase an insurance product by:

148 1. Describing the benefits or terms of insurance coverage,  
149 including premiums or rates of return;

150 2. Distributing an invitation to contract to prospective  
151 purchasers;

152 3. Making general or specific recommendations as to  
153 insurance products;

154 4. Completing orders or applications for insurance  
155 products;



460094

156           5. Comparing insurance products, advising as to insurance  
157 matters, or interpreting policies or coverages; or  
158           6. Offering or attempting to negotiate on behalf of another  
159 person a viatical settlement contract as defined in s. 626.9911.  
160  
161 However, an employee leasing company licensed under ~~pursuant to~~  
162 chapter 468 which is seeking to enter into a contract with an  
163 employer that identifies products and services offered to  
164 employees may deliver proposals for the purchase of employee  
165 leasing services to prospective clients of the employee leasing  
166 company setting forth the terms and conditions of doing  
167 business; classify employees as permitted by s. 468.529; collect  
168 information from prospective clients and other sources as  
169 necessary to perform due diligence on the prospective client and  
170 to prepare a proposal for services; provide and receive  
171 enrollment forms, plans, and other documents; and discuss or  
172 explain in general terms the conditions, limitations, options,  
173 or exclusions of insurance benefit plans available to the client  
174 or employees of the employee leasing company were the client to  
175 contract with the employee leasing company. Any advertising  
176 materials or other documents describing specific insurance  
177 coverages must identify and be from a licensed insurer or its  
178 licensed agent or a licensed and appointed agent employed by the  
179 employee leasing company. The employee leasing company may not  
180 advise or inform the prospective business client or individual  
181 employees of specific coverage provisions, exclusions, or  
182 limitations of particular plans. As to clients for which the  
183 employee leasing company is providing services pursuant to s.  
184 468.525(4), the employee leasing company may engage in



460094

185 activities permitted by ss. 626.7315, 626.7845, and 626.8305,  
186 subject to the restrictions specified in those sections. If a  
187 prospective client requests more specific information concerning  
188 the insurance provided by the employee leasing company, the  
189 employee leasing company must refer the prospective business  
190 client to the insurer or its licensed agent or to a licensed and  
191 appointed agent employed by the employee leasing company.

192 Section 5. Effective January 1, 2015, subsection (7) of  
193 section 626.112, Florida Statutes, is amended to read:

194 626.112 License and appointment required; agents, customer  
195 representatives, adjusters, insurance agencies, service  
196 representatives, managing general agents.-

197 (7) (a) An ~~Effective October 1, 2006,~~ no individual, firm,  
198 partnership, corporation, association, or ~~any~~ other entity may  
199 not shall act in its own name or under a trade name, directly or  
200 indirectly, as an insurance agency, unless it possesses ~~complies~~  
201 ~~with s. 626.172 with respect to possessing~~ an insurance agency  
202 license issued pursuant to s. 626.172 for each place of business  
203 at which it engages in ~~any~~ activity that which may be performed  
204 only by a licensed insurance agent. However, an insurance agency  
205 that is owned and operated by a single licensed agent conducting  
206 business in his or her individual name and not employing or  
207 otherwise using the services of or appointing other licensees is  
208 exempt from the agency licensing requirements of this  
209 subsection.

210 (b) A branch place of business which is established by a  
211 licensed agency is considered a branch agency and is not  
212 required to be licensed if it transacts business under the same  
213 name and federal tax identification number as the licensed



460094

214 agency, has designated a licensed agent in charge of the  
215 location as required by s. 626.0428, and has submitted the  
216 address and telephone number of the location to the department  
217 for inclusion in the licensing record of the licensed agency  
218 within 30 days after insurance transactions begin at the  
219 location ~~Each agency engaged in business in this state before~~  
220 ~~January 1, 2003, which is wholly owned by insurance agents~~  
221 ~~currently licensed and appointed under this chapter, each~~  
222 ~~incorporated agency whose voting shares are traded on a~~  
223 ~~securities exchange, each agency designated and subject to~~  
224 ~~supervision and inspection as a branch office under the rules of~~  
225 ~~the National Association of Securities Dealers, and each agency~~  
226 ~~whose primary function is offering insurance as a service or~~  
227 ~~member benefit to members of a nonprofit corporation may file an~~  
228 ~~application for registration in lieu of licensure in accordance~~  
229 ~~with s. 626.172(3). Each agency engaged in business before~~  
230 ~~October 1, 2006, shall file an application for licensure or~~  
231 ~~registration on or before October 1, 2006.~~

232 (c)1. If an agency is required to be licensed but fails to  
233 file an application for licensure in accordance with this  
234 section, the department shall impose on the agency an  
235 administrative penalty ~~in an amount~~ of up to \$10,000.

236 ~~2. If an agency is eligible for registration but fails to~~  
237 ~~file an application for registration or an application for~~  
238 ~~licensure in accordance with this section, the department shall~~  
239 ~~impose on the agency an administrative penalty in an amount of~~  
240 ~~up to \$5,000.~~

241 (d)(b) Effective October 1, 2015, the department must  
242 automatically convert the registration of an approved a



460094

243 registered insurance agency to ~~shall, as a condition precedent~~  
244 ~~to continuing business, obtain~~ an insurance agency license ~~if~~  
245 ~~the department finds that, with respect to any majority owner,~~  
246 ~~partner, manager, director, officer, or other person who manages~~  
247 ~~or controls the agency, any person has:~~

248 1. ~~Been found guilty of, or has pleaded guilty or nolo~~  
249 ~~contendere to, a felony in this state or any other state~~  
250 ~~relating to the business of insurance or to an insurance agency,~~  
251 ~~without regard to whether a judgment of conviction has been~~  
252 ~~entered by the court having jurisdiction of the cases.~~

253 2. ~~Employed any individual in a managerial capacity or in a~~  
254 ~~capacity dealing with the public who is under an order of~~  
255 ~~revocation or suspension issued by the department. An insurance~~  
256 ~~agency may request, on forms prescribed by the department,~~  
257 ~~verification of any person's license status. If a request is~~  
258 ~~mailed within 5 working days after an employee is hired, and the~~  
259 ~~employee's license is currently suspended or revoked, the agency~~  
260 ~~shall not be required to obtain a license, if the unlicensed~~  
261 ~~person's employment is immediately terminated.~~

262 3. ~~Operated the agency or permitted the agency to be~~  
263 ~~operated in violation of s. 626.747.~~

264 4. ~~With such frequency as to have made the operation of the~~  
265 ~~agency hazardous to the insurance-buying public or other~~  
266 ~~persons:~~

267 a. ~~Solicited or handled controlled business. This~~  
268 ~~subparagraph shall not prohibit the licensing of any lending or~~  
269 ~~financing institution or creditor, with respect to insurance~~  
270 ~~only, under credit life or disability insurance policies of~~  
271 ~~borrowers from the institutions, which policies are subject to~~





460094

272 ~~part IX of chapter 627.~~  
273       ~~b. Misappropriated, converted, or unlawfully withheld~~  
274 ~~moneys belonging to insurers, insureds, beneficiaries, or others~~  
275 ~~and received in the conduct of business under the license.~~  
276       ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~  
277 ~~unlawfully divided or offered to divide commissions with~~  
278 ~~another.~~  
279       ~~d. Misrepresented any insurance policy or annuity contract,~~  
280 ~~or used deception with regard to any policy or contract, done~~  
281 ~~either in person or by any form of dissemination of information~~  
282 ~~or advertising.~~  
283       ~~e. Violated any provision of this code or any other law~~  
284 ~~applicable to the business of insurance in the course of dealing~~  
285 ~~under the license.~~  
286       ~~f. Violated any lawful order or rule of the department.~~  
287       ~~g. Failed or refused, upon demand, to pay over to any~~  
288 ~~insurer he or she represents or has represented any money coming~~  
289 ~~into his or her hands belonging to the insurer.~~  
290       ~~h. Violated the provision against twisting as defined in s.~~  
291 ~~626.9541(1)(l).~~  
292       ~~i. In the conduct of business, engaged in unfair methods of~~  
293 ~~competition or in unfair or deceptive acts or practices, as~~  
294 ~~prohibited under part IX of this chapter.~~  
295       ~~j. Willfully overinsured any property insurance risk.~~  
296       ~~k. Engaged in fraudulent or dishonest practices in the~~  
297 ~~conduct of business arising out of activities related to~~  
298 ~~insurance or the insurance agency.~~  
299       ~~l. Demonstrated lack of fitness or trustworthiness to~~  
300 ~~engage in the business of insurance arising out of activities~~



460094

301 ~~related to insurance or the insurance agency.~~

302 ~~m. Authorized or knowingly allowed individuals to transact~~  
303 ~~insurance who were not then licensed as required by this code.~~

304 ~~5. Knowingly employed any person who within the preceding 3~~  
305 ~~years has had his or her relationship with an agency terminated~~  
306 ~~in accordance with paragraph (d).~~

307 ~~6. Willfully circumvented the requirements or prohibitions~~  
308 ~~of this code.~~

309 Section 6. Subsections (2), (3), and (4) of section  
310 626.172, Florida Statutes, are amended to read:

311 626.172 Application for insurance agency license.—

312 (2) An application for an insurance agency license must  
313 ~~shall~~ be signed by an individual required to be listed in the  
314 application under paragraph (a) the owner or owners of the  
315 agency. If the agency is incorporated, the application shall be  
316 signed by the president and secretary of the corporation. An  
317 insurance agency may allow a third party to complete, submit,  
318 and sign an application on the insurance agency's behalf, but  
319 the insurance agency is responsible for ensuring that the  
320 information on the application is true and correct and is  
321 accountable for any misstatements or misrepresentations. The  
322 application for an insurance agency license must shall include:

323 (a) The name of each ~~majority~~ owner, partner, officer, ~~and~~  
324 director, president, senior vice president, secretary,  
325 treasurer, and limited liability company member, who directs or  
326 participates in the management or control of the insurance  
327 agency, whether through ownership of voting securities, by  
328 contract, by ownership of an agency bank account, or otherwise.

329 (b) The residence address of each person required to be



460094

330 listed in the application under paragraph (a).

331 (c) The name, principal business street address, and e-mail  
332 address of the insurance agency and the name, address, and e-  
333 mail address of the agency's registered agent or person or  
334 company authorized to accept service on behalf of the agency ~~its~~  
335 ~~principal business address.~~

336 (d) The name, physical address, e-mail address, and  
337 telephone number ~~location~~ of each branch agency and the date  
338 that the branch location begins transacting insurance ~~office and~~  
339 ~~the name under which each agency office conducts or will conduct~~  
340 ~~business.~~

341 (e) The name of each agent to be in full-time charge of an  
342 agency office and specification of which office, including  
343 branch locations.

344 (f) The fingerprints of each of the following:

345 1. A sole proprietor;

346 2. Each individual required to be listed in the application  
347 under paragraph (a) ~~partner; and~~

348 ~~3. Each owner of an unincorporated agency;~~

349 ~~3.4.~~ Each individual owner who directs or participates in  
350 the management or control of an incorporated agency whose shares  
351 are not traded on a securities exchange;

352 ~~5. The president, senior vice presidents, treasurer,~~  
353 ~~secretary, and directors of the agency; and~~

354 ~~6. Any other person who directs or participates in the~~  
355 ~~management or control of the agency, whether through the~~  
356 ~~ownership of voting securities, by contract, or otherwise.~~

357  
358 Fingerprints must be taken by a law enforcement agency or other



460094

359 entity approved by the department and must be accompanied by the  
360 fingerprint processing fee specified in s. 624.501. Fingerprints  
361 must ~~shall~~ be processed in accordance with s. 624.34. However,  
362 fingerprints need not be filed for an ~~any~~ individual who is  
363 currently licensed and appointed under this chapter. This  
364 paragraph does not apply to corporations whose voting shares are  
365 traded on a securities exchange.

366 (g) Such additional information as the department requires  
367 by rule to ascertain the trustworthiness and competence of  
368 persons required to be listed on the application and to  
369 ascertain that such persons meet the requirements of this code.  
370 However, the department may not require that credit or character  
371 reports be submitted for persons required to be listed on the  
372 application.

373 ~~(3)(h) Beginning October 1, 2005,~~ The department must ~~shall~~  
374 accept the uniform application for nonresident agency licensure.  
375 The department may adopt by rule revised versions of the uniform  
376 application.

377 ~~(3) The department shall issue a registration as an~~  
378 ~~insurance agency to any agency that files a written application~~  
379 ~~with the department and qualifies for registration. The~~  
380 ~~application for registration shall require the agency to provide~~  
381 ~~the same information required for an agency licensed under~~  
382 ~~subsection (2), the agent identification number for each owner~~  
383 ~~who is a licensed agent, proof that the agency qualifies for~~  
384 ~~registration as provided in s. 626.112(7), and any other~~  
385 ~~additional information that the department determines is~~  
386 ~~necessary in order to demonstrate that the agency qualifies for~~  
387 ~~registration. The application must be signed by the owner or~~



460094

388 ~~owners of the agency. If the agency is incorporated, the~~  
389 ~~application must be signed by the president and the secretary of~~  
390 ~~the corporation. An agent who owns the agency need not file~~  
391 ~~fingerprints with the department if the agent obtained a license~~  
392 ~~under this chapter and the license is currently valid.~~

393 ~~(a) If an application for registration is denied, the~~  
394 ~~agency must file an application for licensure no later than 30~~  
395 ~~days after the date of the denial of registration.~~

396 ~~(b) A registered insurance agency must file an application~~  
397 ~~for licensure no later than 30 days after the date that any~~  
398 ~~person who is not a licensed and appointed agent in this state~~  
399 ~~acquires any ownership interest in the agency. If an agency~~  
400 ~~fails to file an application for licensure in compliance with~~  
401 ~~this paragraph, the department shall impose an administrative~~  
402 ~~penalty in an amount of up to \$5,000 on the agency.~~

403 ~~(c) Sections 626.6115 and 626.6215 do not apply to agencies~~  
404 ~~registered under this subsection.~~

405 (4) The department must ~~shall~~ issue a license ~~or~~  
406 ~~registration~~ to each agency upon approval of the application,  
407 and each agency location must ~~shall~~ display the license ~~or~~  
408 ~~registration~~ prominently in a manner that makes it clearly  
409 visible to any customer or potential customer who enters the  
410 agency location.

411 Section 7. Present subsection (6) of section 626.311,  
412 Florida Statutes, is redesignated as subsection (7), and a new  
413 subsection (6) is added to that section, to read:

414 626.311 Scope of license.—

415 (6) An agent who appoints his or her license as an  
416 unaffiliated insurance agent may not hold an appointment from an



460094

417 insurer for any license he or she holds; transact, solicit, or  
418 service an insurance contract on behalf of an insurer; interfere  
419 with commissions received or to be received by an insurer-  
420 appointed insurance agent or an insurance agency contracted with  
421 or employing insurer-appointed insurance agents; or receive  
422 compensation or any other thing of value from an insurer, an  
423 insurer-appointed insurance agent, or an insurance agency  
424 contracted with or employing insurer-appointed insurance agents  
425 for any transaction or referral occurring after the date of  
426 appointment as an unaffiliated insurance agent. An unaffiliated  
427 insurance agent may continue to receive commissions on sales  
428 that occurred before the date of appointment as an unaffiliated  
429 insurance agent if the receipt of such commissions is disclosed  
430 when making recommendations or evaluating products for a client  
431 that involve products of the entity from which the commissions  
432 are received.

433 Section 8. Paragraph (d) of subsection (1) of section  
434 626.321, Florida Statutes, is amended to read:

435 626.321 Limited licenses.—

436 (1) The department shall issue to a qualified applicant a  
437 license as agent authorized to transact a limited class of  
438 business in any of the following categories of limited lines  
439 insurance:

440 (d) *Motor vehicle rental insurance.*—

441 1. License covering only insurance of the risks set forth  
442 in this paragraph when offered, sold, or solicited with and  
443 incidental to the rental or lease of a motor vehicle and which  
444 applies only to the motor vehicle that is the subject of the  
445 lease or rental agreement and the occupants of the motor



460094

446 vehicle:

447 a. Excess motor vehicle liability insurance providing  
448 coverage in excess of the standard liability limits provided by  
449 the lessor in the lessor's lease to a person renting or leasing  
450 a motor vehicle from the licensee's employer for liability  
451 arising in connection with the negligent operation of the leased  
452 or rented motor vehicle.

453 b. Insurance covering the liability of the lessee to the  
454 lessor for damage to the leased or rented motor vehicle.

455 c. Insurance covering the loss of or damage to baggage,  
456 personal effects, or travel documents of a person renting or  
457 leasing a motor vehicle.

458 d. Insurance covering accidental personal injury or death  
459 of the lessee and any passenger who is riding or driving with  
460 the covered lessee in the leased or rented motor vehicle.

461 2. Insurance under a motor vehicle rental insurance license  
462 may be issued only if the lease or rental agreement is for up to  
463 ~~no more than~~ 60 days, the lessee is not provided coverage for  
464 more than 60 consecutive days per lease period, and the lessee  
465 is given written notice that his or her personal insurance  
466 policy providing coverage on an owned motor vehicle may provide  
467 coverage of such risks and that the purchase of the insurance is  
468 not required in connection with the lease or rental of a motor  
469 vehicle. If the lease is extended beyond 60 days, the coverage  
470 may be extended ~~one time only~~ once for up to ~~a period not to~~  
471 ~~exceed an additional~~ 60 days. Insurance may be provided to the  
472 lessee as an additional insured on a policy issued to the  
473 licensee's employer.

474 3. The license may be issued only to the full-time salaried



460094

475 employee of a licensed general lines agent or to a business  
476 entity that offers motor vehicles for rent or lease if insurance  
477 sales activities authorized by the license are in connection  
478 with and incidental to the rental or lease of a motor vehicle.

479 a. A license issued to a business entity that offers motor  
480 vehicles for rent or lease encompasses each office, branch  
481 office, employee, authorized representative located at a  
482 designated branch, or place of business making use of the  
483 entity's business name in order to offer, solicit, and sell  
484 insurance pursuant to this paragraph.

485 b. The application for licensure must list the name,  
486 address, and phone number for each office, branch office, or  
487 place of business which ~~that~~ is to be covered by the license.  
488 The licensee shall notify the department of the name, address,  
489 and phone number of any new location that is to be covered by  
490 the license before the new office, branch office, or place of  
491 business engages in the sale of insurance pursuant to this  
492 paragraph. The licensee must notify the department within 30  
493 days after closing or terminating an office, branch office, or  
494 place of business. Upon receipt of the notice, the department  
495 shall delete the office, branch office, or place of business  
496 from the license.

497 c. A licensed and appointed entity is directly responsible  
498 and accountable for all acts of the licensee's employees.

499 Section 9. Effective January, 1, 2015, section 626.382,  
500 Florida Statutes, is amended to read:

501 626.382 Continuation, expiration of license; insurance  
502 agencies.—The license of an ~~any~~ insurance agency ~~shall be issued~~  
503 ~~for a period of 3 years and~~ shall continue in force until





460094

504 canceled, suspended, or ~~revoked,~~ or until it is otherwise  
505 terminated or becomes expired by operation of law. ~~A license may~~  
506 ~~be renewed by submitting a renewal request to the department on~~  
507 ~~a form adopted by department rule.~~

508 Section 10. Section 626.601, Florida Statutes, is amended  
509 to read:

510 626.601 Improper conduct; investigation inquiry;  
511 fingerprinting.—

512 (1) The department or office may, upon its own motion or  
513 upon a written complaint signed by an ~~any~~ interested person and  
514 filed with the department or office, inquire into the ~~any~~  
515 alleged improper conduct of any licensed, approved, or certified  
516 licensee, insurance agency, agent, adjuster, service  
517 representative, managing general agent, customer representative,  
518 title insurance agent, title insurance agency, mediator, neutral  
519 evaluator, navigator, continuing education course provider,  
520 instructor, school official, or monitor group under this code.  
521 The department or office may thereafter initiate an  
522 investigation of ~~any~~ such individual or entity licensee if it  
523 has reasonable cause to believe that the individual or entity  
524 licensee has violated any provision of the insurance code.

525 During the course of its investigation, the department or office  
526 shall contact the individual or entity licensee being  
527 investigated unless it determines that contacting such  
528 individual or entity person could jeopardize the successful  
529 completion of the investigation or cause injury to the public.

530 (2) In the investigation by the department or office of the  
531 alleged misconduct, the individual or entity licensee shall, if  
532 ~~whenever so~~ required by the department or office, open the



460094

533 individual's or entity's ~~cause his or her~~ books and records ~~to~~  
534 ~~be open~~ for inspection for the purpose of such investigation  
535 inquiries.

536 (3) ~~The~~ Complaints against an individual or entity ~~any~~  
537 ~~licensee~~ may be informally alleged and are not required to  
538 include ~~need not be in any such~~ language ~~as is~~ necessary to  
539 charge a crime on an indictment or information.

540 (4) The expense for any hearings or investigations  
541 conducted pursuant to this section ~~under this law~~, as well as  
542 the fees and mileage of witnesses, may be paid out of the  
543 appropriate fund.

544 (5) If the department or office, after investigation, has  
545 reason to believe that an individual ~~a licensee~~ may have been  
546 found guilty of or pleaded guilty or nolo contendere to a felony  
547 or a crime related to the business of insurance in this or any  
548 other state or jurisdiction, the department or office may  
549 require the individual ~~licensee~~ to file with the department or  
550 office a complete set of his or her fingerprints, ~~which shall be~~  
551 accompanied by the fingerprint processing fee set forth in s.  
552 624.501. The fingerprints shall be taken by an authorized law  
553 enforcement agency or other department-approved entity.

554 (6) The complaint and any information obtained pursuant to  
555 the investigation by the department or office are confidential  
556 and ~~are exempt from the provisions of~~ s. 119.07, unless the  
557 department or office files a formal administrative complaint,  
558 emergency order, or consent order against the individual or  
559 entity licensee. ~~Nothing in~~ This subsection does not ~~shall be~~  
560 ~~construed to~~ prevent the department or office from disclosing  
561 the complaint or such information as it deems necessary to



460094

562 conduct the investigation, to update the complainant as to the  
563 status and outcome of the complaint, or to share such  
564 information with any law enforcement agency or other regulatory  
565 body.

566 Section 11. Effective January 1, 2015, section 626.747,  
567 Florida Statutes, is repealed.

568 Section 12. Effective January 1, 2015, subsection (1) of  
569 section 626.8411, Florida Statutes, is amended to read:

570 626.8411 Application of Florida Insurance Code provisions  
571 to title insurance agents or agencies.-

572 (1) The following provisions ~~of part II~~ applicable to  
573 general lines agents or agencies also apply to title insurance  
574 agents or agencies:

575 (a) Section 626.734, relating to liability of certain  
576 agents.

577 (b) Section 626.0428(4)(a) and (b) ~~626.747~~, relating to  
578 branch agencies.

579 (c) Section 626.749, relating to place of business in  
580 residence.

581 (d) Section 626.753, relating to sharing of commissions.

582 (e) Section 626.754, relating to rights of agent following  
583 termination of appointment.

584 Section 13. Subsections (14) and (18) of section 626.854,  
585 Florida Statutes, are amended to read:

586 626.854 "Public adjuster" defined; prohibitions.-The  
587 Legislature finds that it is necessary for the protection of the  
588 public to regulate public insurance adjusters and to prevent the  
589 unauthorized practice of law.

590 ~~(14) A company employee adjuster, independent adjuster,~~



460094

591 ~~attorney, investigator, or other persons acting on behalf of an~~  
592 ~~insurer that needs access to an insured or claimant or to the~~  
593 ~~insured property that is the subject of a claim must provide at~~  
594 ~~least 48 hours' notice to the insured or claimant, public~~  
595 ~~adjuster, or legal representative before scheduling a meeting~~  
596 ~~with the claimant or an onsite inspection of the insured~~  
597 ~~property. The insured or claimant may deny access to the~~  
598 ~~property if the notice has not been provided. The insured or~~  
599 ~~claimant may waive the 48-hour notice.~~

600 ~~(17)-(18) The provisions of Subsections (5)-(16) (5)-(17)~~  
601 ~~apply only to residential property insurance policies and~~  
602 ~~condominium unit owner policies as defined in s. 718.111(11).~~

603 Section 14. Paragraph (c) of subsection (2) and subsection  
604 (3) of section 626.8805, Florida Statutes, are amended to read:

605 626.8805 Certificate of authority to act as administrator.—

606 (2) The administrator shall file with the office an  
607 application for a certificate of authority upon a form to be  
608 adopted by the commission and furnished by the office, which  
609 application shall include or have attached the following  
610 information and documents:

611 (c) The names, addresses, official positions, and  
612 professional qualifications of the individuals employed or  
613 retained by the administrator who are responsible for the  
614 conduct of the affairs of the administrator, including all  
615 members of the board of directors, board of trustees, executive  
616 committee, or other governing board or committee, and the  
617 principal officers in the case of a corporation or, the partners  
618 or members in the case of a partnership or association, ~~and any~~  
619 ~~other person who exercises control or influence over the affairs~~



460094

620 of the administrator.

621 (3) The applicant shall make available for inspection by  
622 the office copies of all contracts relating to services provided  
623 by the administrator to ~~with~~ insurers or other persons using  
624 utilizing the services of the administrator.

625 Section 15. Subsections (1) and (3) of section 626.8817,  
626 Florida Statutes, are amended to read:

627 626.8817 Responsibilities of insurance company with respect  
628 to administration of coverage insured.—

629 (1) If an insurer uses the services of an administrator,  
630 the insurer is responsible for determining the benefits, premium  
631 rates, underwriting criteria, and claims payment procedures  
632 applicable to the coverage and for securing reinsurance, if any.  
633 The rules pertaining to these matters shall be provided, in  
634 writing, by the insurer or its designee to the administrator.  
635 The responsibilities of the administrator as to any of these  
636 matters shall be set forth in a ~~the~~ written agreement binding  
637 upon ~~between~~ the administrator and the insurer.

638 (3) If ~~In cases in which~~ an administrator administers  
639 benefits for more than 100 certificateholders on behalf of an  
640 insurer, the insurer shall, at least semiannually, conduct a  
641 review of the operations of the administrator. At least one such  
642 review must be an onsite audit of the operations of the  
643 administrator. The insurer may contract with a qualified third  
644 party to conduct such review.

645 Section 16. Subsections (1) and (4) of section 626.882,  
646 Florida Statutes, are amended to read:

647 626.882 Agreement between administrator and insurer;  
648 required provisions; maintenance of records.—



460094

649 (1) ~~A No~~ person may not act as an administrator without a  
650 written agreement, as required under s. 626.8817, which  
651 specifies the rights, duties, and obligations of the between  
652 ~~such person as~~ administrator and ~~an~~ insurer.

653 (4) If a policy is issued to a trustee or trustees, a copy  
654 of the trust agreement and any amendments to that agreement  
655 shall be furnished to the insurer or its designee by the  
656 administrator and shall be retained as part of the official  
657 records of both the administrator and the insurer for the  
658 duration of the policy and for 5 years thereafter.

659 Section 17. Subsections (3), (4), and (5) of section  
660 626.883, Florida Statutes, are amended to read:

661 626.883 Administrator as intermediary; collections held in  
662 fiduciary capacity; establishment of account; disbursement;  
663 payments on behalf of insurer.—

664 (3) If charges or premiums deposited in a fiduciary account  
665 have been collected on behalf of or for more than one insurer,  
666 the administrator shall keep records clearly recording the  
667 deposits in and withdrawals from such account on behalf of or  
668 for each insurer. The administrator shall, upon request of an  
669 insurer or its designee, furnish such insurer or designee with  
670 copies of records pertaining to deposits and withdrawals on  
671 behalf of or for such insurer.

672 (4) The administrator may not pay any claim by withdrawals  
673 from a fiduciary account. Withdrawals from such account shall be  
674 made as provided in the written agreement required under ss.  
675 626.8817 and 626.882 between the administrator and the insurer  
676 for any of the following:

677 (a) Remittance to an insurer entitled to such remittance.



460094

678 (b) Deposit in an account maintained in the name of such  
679 insurer.

680 (c) Transfer to and deposit in a claims-paying account,  
681 with claims to be paid as provided by such insurer.

682 (d) Payment to a group policyholder for remittance to the  
683 insurer entitled to such remittance.

684 (e) Payment to the administrator of the commission, fees,  
685 or charges of the administrator.

686 (f) Remittance of return premium to the person or persons  
687 entitled to such ~~return~~ premium.

688 (5) All claims paid by the administrator from funds  
689 collected on behalf of the insurer shall be paid only on drafts  
690 of, and as authorized by, such insurer or its designee.

691 Section 18. Subsection (3) of section 626.884, Florida  
692 Statutes, is amended to read:

693 626.884 Maintenance of records by administrator; access;  
694 confidentiality.—

695 (3) The insurer shall retain the right of continuing access  
696 to books and records maintained by the administrator sufficient  
697 to permit the insurer to fulfill all of its contractual  
698 obligations to insured persons, subject to any restrictions in  
699 the written agreement pertaining to ~~between the insurer and the~~  
700 ~~administrator on~~ the proprietary rights of the parties in such  
701 books and records.

702 Section 19. Subsections (1) and (2) of section 626.89,  
703 Florida Statutes, are amended to read:

704 626.89 Annual financial statement and filing fee; notice of  
705 change of ownership.—

706 (1) Each authorized administrator shall annually file with



460094

707 the office a full and true statement of its financial condition,  
708 transactions, and affairs within 3 months after the end of the  
709 administrator's fiscal year. ~~The statement shall be filed~~  
710 ~~annually on or before March 1~~ or within such extension of time  
711 ~~therefor~~ as the office for good cause may have granted. The  
712 statement must ~~and shall~~ be for the preceding fiscal calendar  
713 year and must. ~~The statement shall~~ be in such form and contain  
714 such matters as the commission prescribes and must ~~shall~~ be  
715 verified by at least two officers of the ~~such~~ administrator. ~~An~~  
716 ~~administrator whose sole stockholder is an association~~  
717 ~~representing health care providers which is not an affiliate of~~  
718 ~~an insurer, an administrator of a pooled governmental self-~~  
719 ~~insurance program, or an administrator that is a university may~~  
720 ~~submit the preceding fiscal year's statement within 2 months~~  
721 ~~after its fiscal year end.~~

722 (2) Each authorized administrator shall also file an  
723 audited financial statement performed by an independent  
724 certified public accountant. The audited financial statement  
725 shall be filed with the office within 5 months after the end of  
726 the administrator's fiscal year and be ~~on or before June 1~~ for  
727 the preceding fiscal calendar year ending ~~December 31~~. An  
728 ~~administrator whose sole stockholder is an association~~  
729 ~~representing health care providers which is not an affiliate of~~  
730 ~~an insurer, an administrator of a pooled governmental self-~~  
731 ~~insurance program, or an administrator that is a university may~~  
732 ~~submit the preceding fiscal year's audited financial statement~~  
733 ~~within 5 months after the end of its fiscal year.~~ An audited  
734 financial statement prepared on a consolidated basis must  
735 include a columnar consolidating or combining worksheet that





460094

736 must be filed with the statement and must comply with the  
737 following:

738 (a) Amounts shown on the consolidated audited financial  
739 statement must be shown on the worksheet;

740 (b) Amounts for each entity must be stated separately; and

741 (c) Explanations of consolidating and eliminating entries  
742 must be included.

743 Section 20. Section 626.931, Florida Statutes, is amended  
744 to read:

745 626.931 ~~Agent affidavit and Insurer reporting~~  
746 requirements.-

747 ~~(1) Each surplus lines agent shall on or before the 45th~~  
748 ~~day following each calendar quarter file with the Florida~~  
749 ~~Surplus Lines Service Office an affidavit, on forms as~~  
750 ~~prescribed and furnished by the Florida Surplus Lines Service~~  
751 ~~Office, stating that all surplus lines insurance transacted by~~  
752 ~~him or her during such calendar quarter has been submitted to~~  
753 ~~the Florida Surplus Lines Service Office as required.~~

754 ~~(2) The affidavit of the surplus lines agent shall include~~  
755 ~~efforts made to place coverages with authorized insurers and the~~  
756 ~~results thereof.~~

757 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on or  
758 before the end of the month following each calendar quarter,  
759 file with the Florida Surplus Lines Service Office a verified  
760 report of all surplus lines insurance transacted by such insurer  
761 for insurance risks located in this state during the ~~such~~  
762 calendar quarter.

763 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or  
764 before June 30 of each year, file with the Florida Surplus Lines



460094

765 Service Office a verified report of all surplus lines insurance  
766 transacted by such insurer for insurance risks located in this  
767 state during the preceding calendar year.

768 (3)~~(5)~~ The department may waive the filing requirements  
769 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

770 (4)~~(6)~~ Each insurer's report and supporting information  
771 shall be in a computer-readable format as determined by the  
772 Florida Surplus Lines Service Office or ~~shall~~ be submitted on  
773 forms prescribed by the Florida Surplus Lines Service Office and  
774 ~~shall~~ show for each applicable agent:

775 (a) A listing of all policies, certificates, cover notes,  
776 or other forms of confirmation of insurance coverage or any  
777 substitutions thereof or endorsements thereto and the  
778 identifying number; and

779 (b) Any additional information required by the department  
780 or Florida Surplus Lines Service Office.

781 Section 21. Paragraph (a) of subsection (2) of section  
782 626.932, Florida Statutes, is amended to read:

783 626.932 Surplus lines tax.—

784 (2) (a) The surplus lines agent shall make payable to the  
785 department the tax related to each calendar quarter's business  
786 as reported to the Florida Surplus Lines Service Office, and  
787 remit the tax to the Florida Surplus Lines Service Office on or  
788 before the 45th day after each calendar quarter ~~at the same time~~  
789 ~~as provided for the filing of the quarterly affidavit, under s.~~  
790 ~~626.931.~~ The Florida Surplus Lines Service Office shall forward  
791 to the department the taxes and any interest collected pursuant  
792 to paragraph (b), within 10 days after ~~of~~ receipt.

793 Section 22. Subsection (1) of section 626.935, Florida



460094

794 Statutes, is amended to read:

795       626.935 Suspension, revocation, or refusal of surplus lines  
796 agent's license.—

797       (1) The department shall deny an application for, suspend,  
798 revoke, or refuse to renew the appointment of a surplus lines  
799 agent and all other licenses and appointments held by the  
800 licensee under this code, on any of the following grounds:

801           (a) Removal of the licensee's office from the licensee's  
802 state of residence.

803           (b) Removal of the accounts and records of his or her  
804 surplus lines business from this state or the licensee's state  
805 of residence during the period when such accounts and records  
806 are required to be maintained under s. 626.930.

807           (c) Closure of the licensee's office for more than 30  
808 consecutive days.

809           ~~(d) Failure to make and file his or her affidavit or~~  
810 ~~reports when due as required by s. 626.931.~~

811           (d)~~(e)~~ Failure to pay the tax or service fee on surplus  
812 lines premiums, as provided in the Surplus Lines Law.

813           (e)~~(f)~~ Suspension, revocation, or refusal to renew or  
814 continue the license or appointment as a general lines agent,  
815 service representative, or managing general agent.

816           (f)~~(g)~~ Lack of qualifications as for an original surplus  
817 lines agent's license.

818           (g)~~(h)~~ Violation of this Surplus Lines Law.

819           (h)~~(i)~~ ~~For~~ Any other applicable cause for which the license  
820 of a general lines agent could be suspended, revoked, or refused  
821 under s. 626.611 or s. 626.621.

822       Section 23. Subsection (1) of section 626.936, Florida



460094

823 Statutes, is amended to read:

824 626.936 Failure to file reports or pay tax or service fee;  
825 administrative penalty.—

826 (1) A ~~Any~~ licensed surplus lines agent who neglects to file  
827 a report ~~or an affidavit~~ in the form and within the time  
828 required under ~~or provided for in~~ the Surplus Lines Law may be  
829 fined up to \$50 per day for each day the neglect continues,  
830 beginning the day after the report ~~or affidavit~~ was due until  
831 the date the report ~~or affidavit~~ is received. All sums collected  
832 under this section shall be deposited into the Insurance  
833 Regulatory Trust Fund.

834 Section 24. Paragraph (q) of subsection (1) of section  
835 626.9541, Florida Statutes, is amended to read:

836 626.9541 Unfair methods of competition and unfair or  
837 deceptive acts or practices defined.—

838 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE  
839 ACTS.—The following are defined as unfair methods of competition  
840 and unfair or deceptive acts or practices:

841 (q) *Certain insurance transactions through credit card*  
842 *facilities prohibited.*—

843 1. Except as provided in subparagraph 3., no person shall  
844 knowingly solicit or negotiate ~~any~~ insurance; seek or accept  
845 applications for insurance; issue or deliver any policy;  
846 receive, collect, or transmit premiums, to or for an ~~any~~  
847 insurer; or otherwise transact insurance in this state, or  
848 relative to a subject of insurance resident, located, or to be  
849 performed in this state, through the arrangement or facilities  
850 of a credit card facility or organization, for the purpose of  
851 insuring credit card holders or prospective credit card holders.



460094

852 The term "credit card holder" as used in this paragraph means a  
853 ~~any~~ person who may pay the charge for purchases or other  
854 transactions through the credit card facility or organization,  
855 whose credit with such facility or organization is evidenced by  
856 a credit card identifying such person as being one whose charges  
857 the credit card facility or organization will pay, and who is  
858 identified as such upon the credit card ~~either~~ by name, account  
859 number, symbol, insignia, or ~~any~~ other method or device of  
860 identification. This subparagraph does not apply as to health  
861 insurance or to credit life, credit disability, or credit  
862 property insurance.

863 2. If ~~Whenever~~ any person does or performs in this state  
864 any of the acts in violation of subparagraph 1. for or on behalf  
865 of an ~~any~~ insurer or credit card facility, such insurer or  
866 credit card facility shall be deemed ~~held~~ to be doing business  
867 in this state and, if an insurer, shall be subject to the same  
868 state, county, and municipal taxes as insurers that have been  
869 legally qualified and admitted to do business in this state by  
870 agents or otherwise are subject, the same to be assessed and  
871 collected against such insurers; and such person so doing or  
872 performing any of such acts is ~~shall be~~ personally liable for  
873 all such taxes.

874 3. A licensed agent or insurer may solicit or negotiate ~~any~~  
875 insurance; seek or accept applications for insurance; issue or  
876 deliver any policy; receive, collect, or transmit premiums, to  
877 or for an ~~any~~ insurer; or otherwise transact insurance in this  
878 state, or relative to a subject of insurance resident, located,  
879 or to be performed in this state, through the arrangement or  
880 facilities of a credit card facility or organization, for the



460094

881 purpose of insuring credit card holders or prospective credit  
882 card holders if:

883 a. The insurance or policy which is the subject of the  
884 transaction is noncancelable by any person other than the named  
885 insured, the policyholder, or the insurer;

886 ~~b. Any refund of unearned premium is made directly to the~~  
887 ~~credit card holder;~~ and

888 ~~b.e.~~ The credit card transaction is authorized by the  
889 signature of the credit card holder or other person authorized  
890 to sign on the credit card account.

891  
892 The conditions enumerated in sub-subparagraphs a. and b. ~~a.-e.~~  
893 do not apply to health insurance or to credit life, credit  
894 disability, or credit property insurance; and sub-subparagraph  
895 b. ~~e.~~ does not apply to property and casualty insurance if so  
896 ~~long as~~ the transaction is authorized by the insured.

897 4. No person may use or disclose information resulting from  
898 the use of a credit card in conjunction with the purchase of  
899 insurance if, ~~when~~ such information is to the advantage of the  
900 ~~such~~ credit card facility or an insurance agent, or is to the  
901 detriment of the insured or any other insurance agent; except  
902 that this provision does not prohibit a credit card facility  
903 from using or disclosing such information in a ~~any~~ judicial  
904 proceeding or consistent with applicable law on credit  
905 reporting.

906 5. ~~No~~ Such insurance may not shall be sold through a credit  
907 card facility in conjunction with membership in any automobile  
908 club. The term "automobile club" means a legal entity that  
909 ~~which,~~ in consideration of dues, assessments, or periodic



460094

910 payments of money, promises its members or subscribers to assist  
911 them in matters relating to the ownership, operation, use, or  
912 maintenance of a motor vehicle; however, the term definition of  
913 ~~automobile clubs~~ does not include persons, associations, or  
914 corporations that ~~which~~ are organized and operated solely for  
915 the purpose of conducting, sponsoring, or sanctioning motor  
916 vehicle races, exhibitions, or contests upon racetracks, or upon  
917 race courses established and marked as such for the duration of  
918 such particular event. The words "motor vehicle" used herein  
919 shall be the same as defined in chapter 320.

920 Section 25. Paragraph (b) of subsection (2) of section  
921 627.062, Florida Statutes, is amended to read:

922 627.062 Rate standards.—

923 (2) As to all such classes of insurance:

924 (b) Upon receiving a rate filing, the office shall review  
925 the filing to determine whether the ~~if a~~ rate is excessive,  
926 inadequate, or unfairly discriminatory. In making that  
927 determination, the office shall, in accordance with generally  
928 accepted and reasonable actuarial techniques, consider the  
929 following factors:

930 1. Past and prospective loss experience within and without  
931 this state.

932 2. Past and prospective expenses.

933 3. The degree of competition among insurers for the risk  
934 insured.

935 4. Investment income reasonably expected by the insurer,  
936 consistent with the insurer's investment practices, from  
937 investable premiums anticipated in the filing, plus any other  
938 expected income from currently invested assets representing the



460094

939 amount expected on unearned premium reserves and loss reserves.  
940 The commission may adopt rules using reasonable techniques of  
941 actuarial science and economics to specify the manner in which  
942 insurers calculate investment income attributable to classes of  
943 insurance written in this state and the manner in which  
944 investment income is used to calculate insurance rates. Such  
945 manner must contemplate allowances for an underwriting profit  
946 factor and full consideration of investment income that ~~which~~  
947 produce a reasonable rate of return; however, investment income  
948 from invested surplus may not be considered.

949 5. The reasonableness of the judgment reflected in the  
950 filing.

951 6. Dividends, savings, or unabsorbed premium deposits  
952 allowed or returned to Florida policyholders, members, or  
953 subscribers.

954 7. The adequacy of loss reserves.

955 8. The cost of reinsurance. The office may not disapprove a  
956 rate as excessive solely due to the insurer's ~~insurer~~ having  
957 obtained catastrophic reinsurance to cover the insurer's  
958 estimated 250-year probable maximum loss or any lower level of  
959 loss.

960 9. Trend factors, including trends in actual losses per  
961 insured unit for the insurer making the filing.

962 10. Conflagration and catastrophe hazards, if applicable.

963 11. Projected hurricane losses, if applicable, which must  
964 be estimated using a model or method, or a straight average of  
965 model results or output ranges, which are independently found to  
966 be acceptable or reliable by the Florida Commission on Hurricane  
967 Loss Projection Methodology, and as further provided in s.





460094

968 627.0628.

969 12. A reasonable margin for underwriting profit and  
970 contingencies.

971 13. The cost of medical services, if applicable.

972 14. Other relevant factors that affect the frequency or  
973 severity of claims or expenses.

974 Section 26. Paragraph (d) of subsection (3) of section  
975 627.0628, Florida Statutes, is amended to read:

976 627.0628 Florida Commission on Hurricane Loss Projection  
977 Methodology; public records exemption; public meetings  
978 exemption.—

979 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

980 (d) With respect to a rate filing under s. 627.062, an  
981 insurer shall employ and may not modify or adjust actuarial  
982 methods, principles, standards, models, or output ranges found  
983 by the commission to be accurate or reliable in determining  
984 hurricane loss factors for use in a rate filing under s.

985 627.062. An insurer shall employ and may not modify or adjust  
986 models found by the commission to be accurate or reliable in  
987 determining probable maximum loss levels pursuant to paragraph  
988 (b) with respect to a rate filing under s. 627.062 made more  
989 than 180 ~~60~~ days after the commission has made such findings.

990 This paragraph does not prohibit an insurer from using a  
991 straight average of model results or output ranges or using  
992 straight averages for the purposes of a rate filing under s.  
993 627.062.

994 Section 27. Subsection (8) of section 627.0651, Florida  
995 Statutes, is amended to read:

996 627.0651 Making and use of rates for motor vehicle



460094

997 insurance.—

998           (8) Rates are not unfairly discriminatory if averaged  
999 broadly among members of a group; nor are rates unfairly  
1000 discriminatory even though they are lower than rates for  
1001 nonmembers of the group. However, such rates are unfairly  
1002 discriminatory if they are not actuarially measurable and  
1003 credible and sufficiently related to actual or expected loss and  
1004 expense experience of the group so as to ensure ~~assure~~ that  
1005 nonmembers of the group are not unfairly discriminated against.  
1006 Use of a single United States Postal Service zip code as a  
1007 rating territory shall be deemed unfairly discriminatory unless  
1008 filed pursuant to paragraph (1)(a) and such rating territory  
1009 incorporates sufficient actual or expected loss and loss  
1010 adjustment expense experience so as to be actuarially measurable  
1011 and credible.

1012           Section 28. Present subsections (2) through (4) of section  
1013 627.072, Florida Statutes, are redesignated as subsections (3)  
1014 through (5), respectively, and a new subsection (2) is added to  
1015 that section, to read:

1016           627.072 Making and use of rates.—

1017           (2) A retrospective rating plan may contain a provision  
1018 that allows for the negotiation of premium between the employer  
1019 and the insurer for employers having exposure in more than one  
1020 state, an estimated annual standard premium in this state of  
1021 \$175,000, and an estimated annual countrywide standard premium  
1022 of \$1 million or more for workers' compensation.

1023           Section 29. Subsection (2) of section 627.281, Florida  
1024 Statutes, is amended to read:

1025           627.281 Appeal from rating organization; workers'



460094

1026 compensation and employer's liability insurance filings.-

1027 (2) If the ~~such~~ appeal is based on ~~upon~~ the failure of the  
1028 rating organization to make a filing on behalf of a ~~such~~ member  
1029 or subscriber which is based on a system of expense provisions  
1030 which ~~differs~~, in accordance with the right granted in s.  
1031 627.072(3) ~~627.072(2)~~, differs from the system of expense  
1032 provisions included in a filing made by the rating organization,  
1033 the office shall, if it grants the appeal, order the rating  
1034 organization to make the requested filing for use by the  
1035 appellant. In deciding such appeal, the office shall apply the  
1036 applicable standards set forth in ss. 627.062 and 627.072.

1037 Section 30. Paragraph (h) of subsection (5) of section  
1038 627.311, Florida Statutes, is amended to read:

1039 627.311 Joint underwriters and joint reinsurers; public  
1040 records and public meetings exemptions.-

1041 (5)

1042 (h) Any premium or assessments collected by the plan in  
1043 excess of the amount necessary to fund projected ultimate  
1044 incurred losses and expenses of the plan and not paid to  
1045 insureds of the plan in conjunction with loss prevention or  
1046 dividend programs shall be retained by the plan for future use.  
1047 Any state funds received by the plan in excess of the amount  
1048 necessary to fund deficits in subplan D or any tier shall be  
1049 returned to the state. Any dividend payable to a former insured  
1050 of the plan may be retained by the plan for future use upon such  
1051 terms as set forth in the declaration of dividend.

1052 Section 31. Subsection (9) of section 627.3518, Florida  
1053 Statutes, is amended to read:

1054 627.3518 Citizens Property Insurance Corporation



460094

1055 policyholder eligibility clearinghouse program.—The purpose of  
1056 this section is to provide a framework for the corporation to  
1057 implement a clearinghouse program by January 1, 2014.

1058 (9) The 45-day notice of nonrenewal requirement set forth  
1059 in s. 627.4133(2)(b)5. ~~627.4133(2)(b)4.b.~~ applies when a policy  
1060 is nonrenewed by the corporation because the risk has received  
1061 an offer of coverage pursuant to this section which renders the  
1062 risk ineligible for coverage by the corporation.

1063 Section 32. Section 627.3519, Florida Statutes, is  
1064 repealed.

1065 Section 33. Section 627.409, Florida Statutes, is amended  
1066 to read:

1067 627.409 Representations in applications; warranties.—

1068 (1) Any statement or description made by or on behalf of an  
1069 insured or annuitant in an application for an insurance policy  
1070 or annuity contract, or in negotiations for a policy or  
1071 contract, is a representation and ~~is~~ not a warranty. Except as  
1072 provided in subsection (3), a misrepresentation, omission,  
1073 concealment of fact, or incorrect statement may prevent recovery  
1074 under the contract or policy only if any of the following apply:

1075 (a) The misrepresentation, omission, concealment, or  
1076 statement is fraudulent or is material ~~either~~ to the acceptance  
1077 of the risk or to the hazard assumed by the insurer.

1078 (b) If the true facts had been known to the insurer  
1079 pursuant to a policy requirement or other requirement, the  
1080 insurer in good faith would not have issued the policy or  
1081 contract, would not have issued it at the same premium rate,  
1082 would not have issued a policy or contract in as large an  
1083 amount, or would not have provided coverage with respect to the



460094

1084 hazard resulting in the loss.

1085 (2) A breach or violation by the insured of a ~~any~~ warranty,  
1086 condition, or provision of a ~~any~~ wet marine or transportation  
1087 insurance policy, contract of insurance, endorsement, or  
1088 application ~~therefor~~ does not void the policy or contract, or  
1089 constitute a defense to a loss thereon, unless such breach or  
1090 violation increased the hazard by any means within the control  
1091 of the insured.

1092 (3) For residential property insurance, if a policy or  
1093 contract is in effect for more than 90 days, a claim filed by  
1094 the insured may not be denied based on credit information  
1095 available in public records.

1096 Section 34. Paragraph (b) of subsection (2) of section  
1097 627.4133, Florida Statutes, is amended to read:

1098 627.4133 Notice of cancellation, nonrenewal, or renewal  
1099 premium.—

1100 (2) With respect to a ~~any~~ personal lines or commercial  
1101 residential property insurance policy, including a, ~~but not~~  
1102 ~~limited to,~~ any homeowner's, mobile home owner's, farmowner's,  
1103 condominium association, condominium unit owner's, apartment  
1104 building, or other policy covering a residential structure or  
1105 its contents:

1106 (b) The insurer shall give the first-named insured written  
1107 notice of nonrenewal, cancellation, or termination at least 120  
1108 ~~100~~ days before the effective date of the nonrenewal,  
1109 cancellation, or termination. ~~However, the insurer shall give at~~  
1110 ~~least 100 days' written notice, or written notice by June 1,~~  
1111 ~~whichever is earlier, for any nonrenewal, cancellation, or~~  
1112 ~~termination that would be effective between June 1 and November~~



460094

1113 ~~30.~~ The notice must include the reason or reasons for the  
1114 nonrenewal, cancellation, or termination, except that:  
1115       ~~1. The insurer shall give the first named insured written~~  
1116 ~~notice of nonrenewal, cancellation, or termination at least 120~~  
1117 ~~days prior to the effective date of the nonrenewal,~~  
1118 ~~cancellation, or termination for a first named insured whose~~  
1119 ~~residential structure has been insured by that insurer or an~~  
1120 ~~affiliated insurer for at least a 5-year period immediately~~  
1121 ~~prior to the date of the written notice.~~  
1122       ~~1.2.~~ If cancellation is for nonpayment of premium, at least  
1123 10 days' written notice of cancellation accompanied by the  
1124 reason therefor must be given. As used in this subparagraph, the  
1125 term "nonpayment of premium" means failure of the named insured  
1126 to discharge when due her or his obligations for paying the  
1127 premium in connection with the payment of premiums on a policy  
1128 or an ~~any~~ installment of such premium, whether the premium is  
1129 payable directly to the insurer or its agent or indirectly under  
1130 any premium finance plan or extension of credit, or failure to  
1131 maintain membership in an organization if such membership is a  
1132 condition precedent to insurance coverage. The term also means  
1133 the failure of a financial institution to honor an insurance  
1134 applicant's check after delivery to a licensed agent for payment  
1135 of a premium, even if the agent has previously delivered or  
1136 transferred the premium to the insurer. If a dishonored check  
1137 represents the initial premium payment, the contract and all  
1138 contractual obligations are void ab initio unless the nonpayment  
1139 is cured within the earlier of 5 days after actual notice by  
1140 certified mail is received by the applicant or 15 days after  
1141 notice is sent to the applicant by certified mail or registered



460094

1142 mail, ~~and~~ If the contract is void, any premium received by the  
1143 insurer from a third party must be refunded to that party in  
1144 full.

1145 ~~2.3.~~ If ~~such~~ cancellation or termination occurs during the  
1146 first 90 days the insurance is in force and the insurance is  
1147 canceled or terminated for reasons other than nonpayment of  
1148 premium, at least 20 days' written notice of cancellation or  
1149 termination accompanied by the reason therefor must be given  
1150 unless there has been a material misstatement or  
1151 misrepresentation or failure to comply with the underwriting  
1152 requirements established by the insurer.

1153 3. After the policy has been in effect for 90 days, the  
1154 insurer may not cancel the policy unless there has been a  
1155 material misstatement, a nonpayment of premium, a failure to  
1156 comply with underwriting requirements established by the insurer  
1157 within 90 days after the date of effectuation of coverage, or a  
1158 substantial change in the risk covered by the policy or the  
1159 cancellation is for all insureds under such policies for a class  
1160 of insureds. This subparagraph does not apply to individually  
1161 rated risks having a policy term of less than 90 days.

1162 4. After a policy or contract has been in effect for 90  
1163 days, the insurer may not cancel or terminate the policy or  
1164 contract based on credit information available in public  
1165 records. The requirement for providing written notice by June 1  
1166 of any nonrenewal that would be effective between June 1 and  
1167 November 30 does not apply to the following situations, but the  
1168 insurer remains subject to the requirement to provide such  
1169 notice at least 100 days before the effective date of  
1170 nonrenewal:



460094

1171           ~~a. A policy that is nonrenewed due to a revision in the~~  
1172 ~~coverage for sinkhole losses and catastrophic ground cover~~  
1173 ~~collapse pursuant to s. 627.706.~~

1174           5.b. A policy that is nonrenewed by Citizens Property  
1175 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
1176 that has been assumed by an authorized insurer offering  
1177 replacement coverage to the policyholder is exempt from the  
1178 notice requirements of paragraph (a) and this paragraph. In such  
1179 cases, the corporation must give the named insured written  
1180 notice of nonrenewal at least 45 days before the effective date  
1181 of the nonrenewal.

1182  
1183 ~~After the policy has been in effect for 90 days, the policy may~~  
1184 ~~not be canceled by the insurer unless there has been a material~~  
1185 ~~misstatement, a nonpayment of premium, a failure to comply with~~  
1186 ~~underwriting requirements established by the insurer within 90~~  
1187 ~~days after the date of effectuation of coverage, or a~~  
1188 ~~substantial change in the risk covered by the policy or if the~~  
1189 ~~cancellation is for all insureds under such policies for a given~~  
1190 ~~class of insureds. This paragraph does not apply to individually~~  
1191 ~~rated risks having a policy term of less than 90 days.~~

1192           6.5. Notwithstanding any other ~~provision of law~~, an insurer  
1193 may cancel or nonrenew a property insurance policy after at  
1194 least 45 days' notice if the office finds that the early  
1195 cancellation of some or all of the insurer's policies is  
1196 necessary to protect the best interests of the public or  
1197 policyholders and the office approves the insurer's plan for  
1198 early cancellation or nonrenewal of some or all of its policies.  
1199 The office may base such finding upon the financial condition of





460094

1200 the insurer, lack of adequate reinsurance coverage for hurricane  
1201 risk, or other relevant factors. The office may condition its  
1202 finding on the consent of the insurer to be placed under  
1203 administrative supervision pursuant to s. 624.81 or to the  
1204 appointment of a receiver under chapter 631.

1205 ~~7.6.~~ A policy covering both a home and a motor vehicle may  
1206 be nonrenewed for any reason applicable to ~~either~~ the property  
1207 or motor vehicle insurance after providing 90 days' notice.

1208 Section 35. Subsection (1) of section 627.4137, Florida  
1209 Statutes, is amended to read:

1210 627.4137 Disclosure of certain information required.-

1211 (1) Each insurer that provides ~~which does~~ or may provide  
1212 liability insurance coverage to pay all or a portion of a any  
1213 claim that ~~which~~ might be made shall ~~provide~~, within 30 days  
1214 after ~~of~~ the written request of the claimant, provide a  
1215 statement, under oath, of a corporate officer or the insurer's  
1216 claims manager, ~~or~~ superintendent, or licensed company adjuster  
1217 setting forth the following information with regard to each  
1218 known policy of insurance, including excess or umbrella  
1219 insurance:

1220 (a) The name of the insurer.

1221 (b) The name of each insured.

1222 (c) The limits of the liability coverage.

1223 (d) A statement of any policy or coverage defense that the  
1224 ~~which such~~ insurer reasonably believes is available to the ~~such~~  
1225 insurer at the time of filing such statement.

1226 (e) A copy of the policy.

1227  
1228 ~~In addition,~~ The insured, or her or his insurance agent, upon



460094

1229 written request of the claimant or the claimant's attorney,  
1230 shall also disclose the name and coverage of each known insurer  
1231 to the claimant and ~~shall~~ forward the ~~such~~ request for  
1232 information ~~as~~ required by this subsection to all affected  
1233 insurers. The insurer shall ~~then~~ supply the required information  
1234 ~~required in this subsection~~ to the claimant within 30 days after  
1235 ~~of~~ receipt of such request.

1236 Section 36. Subsection (1) of section 627.421, Florida  
1237 Statutes, is amended to read:

1238 627.421 Delivery of policy.—

1239 (1) Subject to the insurer's requirement as to payment of  
1240 premium, every policy shall be mailed, delivered, or  
1241 electronically transmitted to the insured or to the person  
1242 entitled thereto within not later than 60 days after the  
1243 effectuation of coverage. Notwithstanding any other provision of  
1244 law, an insurer may allow a policyholder of personal lines  
1245 insurance to affirmatively elect delivery of the policy  
1246 documents, including policies, endorsements, notices, or other  
1247 documents, by electronic means in lieu of delivery by mail.

1248 Electronic transmission of a policy for commercial risks,  
1249 including, but not limited to, workers' compensation and  
1250 employers' liability, commercial automobile liability,  
1251 commercial automobile physical damage, commercial lines  
1252 residential property, commercial nonresidential property, farm  
1253 owners' insurance, and the types of commercial lines risks set  
1254 forth in s. 627.062(3)(d), constitute ~~shall constitute~~ delivery  
1255 to the insured or to the person entitled to delivery, unless the  
1256 insured or the person entitled to delivery communicates to the  
1257 insurer in writing or electronically that he or she does not



460094

1258 agree to delivery by electronic means. Electronic transmission  
1259 must ~~shall~~ include a notice to the insured or to the person  
1260 entitled to delivery of a policy of his or her right to receive  
1261 the policy via United States mail rather than via electronic  
1262 transmission. A paper copy of the policy shall be provided to  
1263 the insured or to the person entitled to delivery at his or her  
1264 request.

1265 Section 37. Subsection (2) of section 627.43141, Florida  
1266 Statutes, is amended to read:

1267 627.43141 Notice of change in policy terms.—

1268 (2) A renewal policy may contain a change in policy terms.  
1269 If a renewal policy contains ~~does contain~~ such change, the  
1270 insurer must give the named insured written notice of the  
1271 change, which may ~~must~~ be enclosed along with the written notice  
1272 of renewal premium required by ss. 627.4133 and 627.728 or be  
1273 sent in a separate notice that complies with the nonrenewal  
1274 mailing time requirement for that particular line of business.  
1275 The insurer must also provide a sample copy of the notice to the  
1276 insured's insurance agent before or at the same time that notice  
1277 is given to the insured. Such notice shall be entitled "Notice  
1278 of Change in Policy Terms."

1279 Section 38. Section 627.4553, Florida Statutes, is created  
1280 to read:

1281 627.4553 Recommendations to surrender.—If an insurance  
1282 agent recommends the surrender of an annuity or life insurance  
1283 policy containing a cash value and is not recommending that the  
1284 proceeds from the surrender be used to fund or purchase another  
1285 annuity or life insurance policy, before execution of the  
1286 surrender, the insurance agent, or the insurance company if no



460094

1287 agent is involved, shall provide, on a form adopted by rule by  
1288 the department, information concerning the annuity or policy to  
1289 be surrendered, including the amount of any surrender charge,  
1290 the loss of any minimum interest rate guarantees, the amount of  
1291 any tax consequences resulting from the surrender, the amount of  
1292 any forfeited death benefit, and the value of any other  
1293 investment performance guarantees being forfeited as a result of  
1294 the surrender. This section also applies to a person performing  
1295 insurance agent activities pursuant to an exemption from  
1296 licensure under this part.

1297 Section 39. Paragraph (b) of subsection (4) of section  
1298 627.7015, Florida Statutes, is amended to read:

1299 627.7015 Alternative procedure for resolution of disputed  
1300 property insurance claims.—

1301 (4) The department shall adopt by rule a property insurance  
1302 mediation program to be administered by the department or its  
1303 designee. The department may also adopt special rules which are  
1304 applicable in cases of an emergency within the state. The rules  
1305 shall be modeled after practices and procedures set forth in  
1306 mediation rules of procedure adopted by the Supreme Court. The  
1307 rules must ~~shall~~ provide for:

1308 (b) Qualifications, denial of application, suspension,  
1309 revocation of approval, and other penalties for ~~of~~ mediators as  
1310 provided in s. 627.745 and in the Florida Rules for ~~of~~ Certified  
1311 and Court-Appointed ~~Court Appointed~~ Mediators, ~~and for such~~  
1312 ~~other individuals as are qualified by education, training, or~~  
1313 ~~experience as the department determines to be appropriate.~~

1314 Section 40. Section 627.70151, Florida Statutes, is created  
1315 to read:



460094

1316           627.70151 Appraisal; conflicts of interest.—An insurer that  
1317 offers residential coverage, as defined in s. 627.4025, or a  
1318 policyholder that uses an appraisal clause in the property  
1319 insurance contract to establish a process for estimating or  
1320 evaluating the amount of the loss through the use of an  
1321 impartial umpire may challenge the umpire’s impartiality and  
1322 disqualify the proposed umpire only if:

1323           (1) A familial relationship within the third degree exists  
1324 between the umpire and a party or a representative of a party;

1325           (2) The umpire has previously represented a party or a  
1326 representative of a party in a professional capacity in the same  
1327 or a substantially related matter;

1328           (3) The umpire has represented another person in a  
1329 professional capacity on the same or a substantially related  
1330 matter, which includes the claim, same property, or an adjacent  
1331 property and that other person’s interests are materially  
1332 adverse to the interests of any party; or

1333           (4) The umpire has worked as an employer or employee of a  
1334 party within the preceding 5 years.

1335           Section 41. Paragraph (c) of subsection (2) of section  
1336 627.706, Florida Statutes, is amended to read:

1337           627.706 Sinkhole insurance; catastrophic ground cover  
1338 collapse; definitions.—

1339           (2) As used in ss. 627.706–627.7074, and as used in  
1340 connection with any policy providing coverage for a catastrophic  
1341 ground cover collapse or for sinkhole losses, the term:

1342           (c) “Neutral evaluator” means a professional engineer or a  
1343 professional geologist who has completed a course of study in  
1344 alternative dispute resolution designed or approved by the



460094

1345 department for use in the neutral evaluation process, ~~and~~ who is  
1346 determined by the department to be fair and impartial, and who  
1347 is not otherwise ineligible for certification as provided in s.  
1348 627.7074.

1349 Section 42. Subsections (3), (7), and (18) of section  
1350 627.7074, Florida Statutes, are amended to read:

1351 627.7074 Alternative procedure for resolution of disputed  
1352 sinkhole insurance claims.—

1353 (3) Following the receipt of the report required ~~provided~~  
1354 under s. 627.7073 or the denial of a claim for a sinkhole loss,  
1355 the insurer shall notify the policyholder of his or her right to  
1356 participate in the neutral evaluation program under this section  
1357 if coverage is available under the policy and the claim was  
1358 submitted within the timeframe provided in s. 627.706(5).

1359 Neutral evaluation supersedes the alternative dispute resolution  
1360 process under s. 627.7015 but does not invalidate the appraisal  
1361 clause of the insurance policy. The insurer shall provide to the  
1362 policyholder the consumer information pamphlet prepared by the  
1363 department pursuant to subsection (1) electronically or by  
1364 United States mail.

1365 (7) Upon receipt of a request for neutral evaluation, the  
1366 department shall provide the parties a list of certified neutral  
1367 evaluators. The department shall allow the parties to submit  
1368 requests for disqualifying ~~to disqualify~~ evaluators on the list  
1369 for cause.

1370 (a) The department shall disqualify neutral evaluators for  
1371 cause based only on any of the following grounds:

1372 1. A familial relationship exists between the neutral  
1373 evaluator and either party or a representative of either party



460094

1374 within the third degree.

1375         2. The proposed neutral evaluator has, in a professional  
1376 capacity, previously represented either party or a  
1377 representative of either party, in the same or a substantially  
1378 related matter.

1379         3. The proposed neutral evaluator has, in a professional  
1380 capacity, represented another person in the same or a  
1381 substantially related matter and that person's interests are  
1382 materially adverse to the interests of the parties. The term  
1383 "substantially related matter" means participation by the  
1384 neutral evaluator on the same claim, property, or adjacent  
1385 property.

1386         4. The proposed neutral evaluator has, within the preceding  
1387 5 years, worked as an employer or employee of a any party to the  
1388 case.

1389         (b) The department shall deny an application, or suspend or  
1390 revoke the certification, of a neutral evaluator to serve in the  
1391 neutral evaluator capacity if the department finds that one or  
1392 more of the following grounds exist:

1393             1. Lack of one or more of the qualifications for  
1394 certification specified in this section.

1395             2. Material misstatement, misrepresentation, or fraud in  
1396 obtaining or attempting to obtain the certification.

1397             3. Demonstrated lack of fitness or trustworthiness to act  
1398 as a neutral evaluator.

1399             4. Fraudulent or dishonest practices in the conduct of an  
1400 evaluation or in the conduct of business in the financial  
1401 services industry.

1402             5. Violation of any provision of this code or of a lawful



460094

1403 order or rule of the department or aiding, instructing, or  
1404 encouraging another party to commit such violation.

1405 (c)~~(b)~~ The parties shall appoint a neutral evaluator from  
1406 the department list and promptly inform the department. If the  
1407 parties cannot agree to a neutral evaluator within 14 business  
1408 days, the department shall appoint a neutral evaluator from the  
1409 list of certified neutral evaluators. The department shall allow  
1410 each party to disqualify two neutral evaluators without cause.  
1411 Upon selection or appointment, the department shall promptly  
1412 refer the request to the neutral evaluator.

1413 (d)~~(e)~~ Within 14 business days after the referral, the  
1414 neutral evaluator shall notify the policyholder and the insurer  
1415 of the date, time, and place of the neutral evaluation  
1416 conference. The conference may be held by telephone, if feasible  
1417 and desirable. The neutral evaluator shall make reasonable  
1418 efforts to hold the conference within 90 days after the receipt  
1419 of the request by the department. Failure of the neutral  
1420 evaluator to hold the conference within 90 days does not  
1421 invalidate either party's right to neutral evaluation or to a  
1422 neutral evaluation conference held outside this timeframe.

1423 (18) The department shall adopt rules of procedure for the  
1424 neutral evaluation process and for certifying, denying or  
1425 suspending the certification of, and revoking certification as,  
1426 a neutral evaluator.

1427 Section 43. Subsection (8) of section 627.711, Florida  
1428 Statutes, is amended to read:

1429 627.711 Notice of premium discounts for hurricane loss  
1430 mitigation; uniform mitigation verification inspection form.—

1431 (8) At its expense, the insurer may require that a uniform





460094

1432 mitigation verification form provided by a policyholder, a  
1433 policyholder's agent, or an authorized mitigation inspector or  
1434 inspection company be independently verified by an inspector, an  
1435 inspection company, or an independent third-party quality  
1436 assurance provider that ~~which~~ possesses a quality assurance  
1437 program before accepting the uniform mitigation verification  
1438 form as valid. The insurer may exempt from additional  
1439 independent verification any uniform mitigation verification  
1440 form provided by a policyholder, a policyholder's agent, an  
1441 authorized mitigation inspector, or an inspection company that  
1442 possesses a quality assurance program that meets the standards  
1443 established by the insurer. A uniform mitigation verification  
1444 form provided by a policyholder, a policyholder's agent, an  
1445 authorized mitigation inspector, or an inspection company to  
1446 Citizens Property Insurance Corporation is not subject to  
1447 additional verification, and the property is not subject to  
1448 reinspection by the corporation, absent material changes to the  
1449 structure for the term stated on the form if the form signed by  
1450 a qualified inspector was submitted to, reviewed, and verified  
1451 by a quality assurance program approved by the corporation  
1452 before submission to the corporation.

1453 Section 44. Subsections (1), (2), and (3) of section  
1454 627.7283, Florida Statutes, are amended to read:

1455 627.7283 Cancellation; return of premium.—

1456 (1) If the insured cancels a policy of motor vehicle  
1457 insurance, the insurer must mail or electronically transfer the  
1458 unearned portion of any premium paid within 30 days after the  
1459 effective date of the policy cancellation or receipt of notice  
1460 or request for cancellation, whichever is later. This



460094

1461 requirement applies to a cancellation initiated by an insured  
1462 for any reason.

1463 (2) If an insurer cancels a policy of motor vehicle  
1464 insurance, the insurer must mail or electronically transfer the  
1465 unearned premium portion of any premium within 15 days after the  
1466 effective date of the policy cancellation.

1467 (3) If the unearned premium is not mailed or electronically  
1468 transferred within the applicable period, the insurer must pay  
1469 to the insured 8 percent interest on the amount due. If the  
1470 unearned premium is not mailed or electronically transferred  
1471 within 45 days after the applicable period, the insured may  
1472 bring an action against the insurer pursuant to s. 624.155.

1473 Section 45. Paragraph (a) of subsection (5) of section  
1474 627.736, Florida Statutes, is amended to read:

1475 627.736 Required personal injury protection benefits;  
1476 exclusions; priority; claims.—

1477 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1478 (a) A physician, hospital, clinic, or other person or  
1479 institution lawfully rendering treatment to an injured person  
1480 for a bodily injury covered by personal injury protection  
1481 insurance may charge the insurer and injured party only a  
1482 reasonable amount pursuant to this section for the services and  
1483 supplies rendered, and the insurer providing such coverage may  
1484 directly pay for such charges directly to the such person or  
1485 institution lawfully rendering ~~such~~ treatment if the insured  
1486 receiving such treatment or his or her guardian has  
1487 countersigned the properly completed invoice, bill, or claim  
1488 form approved by the office upon which such charges are to be  
1489 paid ~~for~~ as having actually been rendered, to the best knowledge



460094

1490 of the insured or his or her guardian. However, such a charge  
1491 may not exceed the amount the person or institution customarily  
1492 charges for like services or supplies. In determining whether a  
1493 charge for a particular service, treatment, or otherwise is  
1494 reasonable, consideration may be given to evidence of usual and  
1495 customary charges and payments accepted by the provider involved  
1496 in the dispute, reimbursement levels in the community and  
1497 various federal and state medical fee schedules applicable to  
1498 motor vehicle and other insurance coverages, and other  
1499 information relevant to the reasonableness of the reimbursement  
1500 ~~for the service, treatment, or supply.~~

1501 1. The insurer may limit reimbursement to 80 percent of the  
1502 following schedule of maximum charges:

1503 a. For emergency transport and treatment by providers  
1504 licensed under chapter 401, 200 percent of Medicare.

1505 b. For emergency services and care provided by a hospital  
1506 licensed under chapter 395, 75 percent of the hospital's usual  
1507 and customary charges.

1508 c. For emergency services and care as defined by s. 395.002  
1509 provided in a facility licensed under chapter 395 rendered by a  
1510 physician or dentist, and related hospital inpatient services  
1511 rendered by a physician or dentist, the usual and customary  
1512 charges in the community.

1513 d. For hospital inpatient services, other than emergency  
1514 services and care, 200 percent of the Medicare Part A  
1515 prospective payment applicable to the specific hospital  
1516 providing the inpatient services.

1517 e. For hospital outpatient services, other than emergency  
1518 services and care, 200 percent of the Medicare Part A Ambulatory



460094

1519 Payment Classification for the specific hospital providing the  
1520 outpatient services.

1521 f. For all other medical services, supplies, and care, 200  
1522 percent of the allowable amount under:

1523 (I) The participating physicians fee schedule of Medicare  
1524 Part B, except as provided in sub-sub-subparagraphs (II) and  
1525 (III).

1526 (II) Medicare Part B, in the case of services, supplies,  
1527 and care provided by ambulatory surgical centers and clinical  
1528 laboratories.

1529 (III) The Durable Medical Equipment Prosthetics/Orthotics  
1530 and Supplies fee schedule of Medicare Part B, in the case of  
1531 durable medical equipment.

1532  
1533 However, if such services, supplies, or care is not reimbursable  
1534 under Medicare Part B, as provided in this sub-subparagraph, the  
1535 insurer may limit reimbursement to 80 percent of the maximum  
1536 reimbursable allowance under workers' compensation, as  
1537 determined under s. 440.13 and rules adopted thereunder which  
1538 are in effect at the time such services, supplies, or care is  
1539 provided. Services, supplies, or care that is not reimbursable  
1540 under Medicare or workers' compensation is not required to be  
1541 reimbursed by the insurer.

1542 2. For purposes of subparagraph 1., the applicable fee  
1543 schedule or payment limitation under Medicare is the fee  
1544 schedule or payment limitation in effect on March 1 of the year  
1545 in which the services, supplies, or care is rendered and for the  
1546 area in which such services, supplies, or care is rendered, and  
1547 the applicable fee schedule or payment limitation applies from



460094

1548 March 1 until the last day of February ~~throughout the remainder~~  
1549 of the following ~~that~~ year, notwithstanding any subsequent  
1550 change made to the fee schedule or payment limitation, except  
1551 that it may not be less than the allowable amount under the  
1552 applicable schedule of Medicare Part B for 2007 for medical  
1553 services, supplies, and care subject to Medicare Part B.

1554         3. Subparagraph 1. does not allow the insurer to apply a  
1555 ~~any~~ limitation on the number of treatments or other utilization  
1556 limits that apply under Medicare or workers' compensation. An  
1557 insurer that applies the allowable payment limitations of  
1558 subparagraph 1. must reimburse a provider who lawfully provided  
1559 care or treatment under the scope of his or her license,  
1560 regardless of whether such provider is entitled to reimbursement  
1561 under Medicare due to restrictions or limitations on the types  
1562 or discipline of health care providers who may be reimbursed for  
1563 particular procedures or procedure codes. However, subparagraph  
1564 1. does not prohibit an insurer from using the Medicare coding  
1565 policies and payment methodologies of the federal Centers for  
1566 Medicare and Medicaid Services, including applicable modifiers,  
1567 to determine the appropriate amount of reimbursement for medical  
1568 services, supplies, or care if the coding policy or payment  
1569 methodology does not constitute a utilization limit.

1570         4. If an insurer limits payment as authorized by  
1571 subparagraph 1., the person providing such services, supplies,  
1572 or care may not bill or attempt to collect from the insured any  
1573 amount in excess of such limits, except for amounts that are not  
1574 covered by the insured's personal injury protection coverage due  
1575 to the coinsurance amount or maximum policy limits.

1576         5. ~~Effective July 1, 2012,~~ An insurer may limit payment as



460094

1577 authorized by this paragraph only if the insurance policy  
1578 includes a notice at the time of issuance or renewal that the  
1579 insurer may limit payment pursuant to the schedule of charges  
1580 specified in this paragraph. A policy form approved by the  
1581 office satisfies this requirement. If a provider submits a  
1582 charge for an amount less than the amount allowed under  
1583 subparagraph 1., the insurer may pay the amount of the charge  
1584 submitted.

1585 Section 46. Subsection (1) and paragraphs (a) and (b) of  
1586 subsection (2) of section 627.744, Florida Statutes, are amended  
1587 to read:

1588 627.744 Required preinsurance inspection of private  
1589 passenger motor vehicles.—

1590 (1) A private passenger motor vehicle insurance policy  
1591 providing physical damage coverage, including collision or  
1592 comprehensive coverage, may not be issued in this state unless  
1593 the insurer has inspected the motor vehicle in accordance with  
1594 this section. Physical damage coverage on a motor vehicle may  
1595 not be suspended during the term of the policy due to the  
1596 applicant's failure to provide required documents. However,  
1597 payment of a claim may be conditioned upon the insurer's receipt  
1598 of the required documents, and physical damage loss occurring  
1599 after the effective date of coverage is not payable until the  
1600 documents are provided to the insurer.

1601 (2) This section does not apply:

1602 (a) To a policy for a policyholder who has been insured for  
1603 2 years or longer, without interruption, under a private  
1604 passenger motor vehicle policy that ~~which~~ provides physical  
1605 damage coverage for any vehicle, if the agent of the insurer



460094

1606 verifies the previous coverage.

1607 (b) To a new, unused motor vehicle purchased or leased from  
1608 a licensed motor vehicle dealer or leasing company, if the  
1609 insurer is provided with:

1610 1. A bill of sale, ~~or~~ buyer's order, or lease agreement  
1611 that ~~which~~ contains a full description of the motor vehicle,  
1612 ~~including all options and accessories;~~ or

1613 2. A copy of the title or registration that ~~which~~  
1614 establishes transfer of ownership from the dealer or leasing  
1615 company to the customer and a copy of the window sticker ~~or the~~  
1616 ~~dealer invoice showing the itemized options and equipment and~~  
1617 ~~the total retail price of the vehicle.~~

1618  
1619 ~~For the purposes of this paragraph, the physical damage coverage~~  
1620 ~~on the motor vehicle may not be suspended during the term of the~~  
1621 ~~policy due to the applicant's failure to provide the required~~  
1622 ~~documents. However, payment of a claim is conditioned upon the~~  
1623 ~~receipt by the insurer of the required documents, and no~~  
1624 ~~physical damage loss occurring after the effective date of the~~  
1625 ~~coverage is payable until the documents are provided to the~~  
1626 ~~insurer.~~

1627 Section 47. Paragraph (b) of subsection (3) of section  
1628 627.745, Florida Statutes, is amended, present subsections (4)  
1629 and (5) of that section are redesignated as subsections (5) and  
1630 (6), respectively, and a new subsection (4) is added to that  
1631 section, to read:

1632 627.745 Mediation of claims.—

1633 (3)

1634 (b) To qualify for approval as a mediator, an individual a



460094

1635 ~~person~~ must meet one of the following qualifications:

1636       1. Possess an active certification as a Florida Supreme  
1637 Court certified circuit court mediator. A circuit court mediator  
1638 whose certification is in a lapsed, suspended, or decertified  
1639 status is not eligible to participate in the program a masters  
1640 or doctorate degree in psychology, counseling, business,  
1641 accounting, or economics, be a member of The Florida Bar, be  
1642 licensed as a certified public accountant, or demonstrate that  
1643 the applicant for approval has been actively engaged as a  
1644 qualified mediator for at least 4 years prior to July 1, 1990.

1645       2. Be an approved department mediator as of July 1, 2014,  
1646 and have conducted at least one mediation on behalf of the  
1647 department within the 4 years immediately preceding that the  
1648 date the application for approval is filed with the department,  
1649 have completed a minimum of a 40-hour training program approved  
1650 by the department and successfully passed a final examination  
1651 included in the training program and approved by the department.  
1652 The training program shall include and address all of the  
1653 following:

- 1654       a. Mediation theory.  
1655       b. Mediation process and techniques.  
1656       c. Standards of conduct for mediators.  
1657       d. Conflict management and intervention skills.  
1658       e. Insurance nomenclature.

1659       (4) The department shall deny an application, or suspend or  
1660 revoke its approval of a mediator or certification of a neutral  
1661 evaluator to serve in such capacity, if the department finds  
1662 that any of the following grounds exist:

1663       (a) Lack of one or more of the qualifications for approval





460094

1664 or certification specified in this section.

1665 (b) Material misstatement, misrepresentation, or fraud in  
1666 obtaining, or attempting to obtain, the approval or  
1667 certification.

1668 (c) Demonstrated lack of fitness or trustworthiness to act  
1669 as a mediator or neutral evaluator.

1670 (d) Fraudulent or dishonest practices in the conduct of  
1671 mediation or neutral evaluation or in the conduct of business in  
1672 the financial services industry.

1673 (e) Violation of any provision of this code or of a lawful  
1674 order or rule of the department, violation of the Florida Rules  
1675 of Certified and Court Appointed Mediators, or aiding,  
1676 instructing, or encouraging another party in committing such a  
1677 violation.

1678  
1679 The department may adopt rules to administer this subsection.

1680 Section 48. Paragraph (a) of subsection (1) of section  
1681 627.778, Florida Statutes, is amended to read:

1682 627.778 Limit of risk.—

1683 (1) (a) A title insurer may not issue a ~~any~~ contract of  
1684 title insurance, ~~either~~ as a primary insurer or as a coinsurer  
1685 or reinsurer, upon an estate, lien, or interest in property  
1686 located in this state unless:

1687 1. The contract shows on its face the dollar amount of the  
1688 risk assumed; and

1689 2. The dollar amount of the risk assumed does not exceed 50  
1690 percent of the sum of surplus with respect to policyholders,  
1691 plus the statutory premium reserve less the title insurer's  
1692 investment in title plants as shown in the most recent annual



460094

1693 statement of the title insurer on file with the office ~~one-half~~  
1694 ~~of its surplus as to policyholders, unless the excess is~~  
1695 ~~simultaneously reinsured in one or more approved insurers.~~

1696 Section 49. Subsection (8) of section 627.782, Florida  
1697 Statutes, is amended to read:

1698 627.782 Adoption of rates.—

1699 (8) Each title insurance agency and insurer licensed to do  
1700 business in this state and each insurer's direct or retail  
1701 business in this state shall maintain and submit information,  
1702 including revenue, loss, and expense data, as the office  
1703 determines necessary to assist in the analysis of title  
1704 insurance premium rates, title search costs, and the condition  
1705 of the title insurance industry in this state. This information  
1706 must be transmitted to the office annually by May ~~March~~ 31 of  
1707 the year after the reporting year. The commission shall adopt  
1708 rules regarding the collection and analysis of the data from the  
1709 title insurance industry.

1710 Section 50. Subsection (4) of section 627.841, Florida  
1711 Statutes, is amended to read:

1712 627.841 Delinquency, collection, cancellation, and payment  
1713 ~~check~~ return charge ~~charges~~; attorney ~~attorney's~~ fees.—

1714 (4) If ~~In the event that~~ a payment is made to a premium  
1715 finance company by debit, credit, electronic funds transfer,  
1716 check, or draft and such payment ~~the instrument~~ is returned,  
1717 declined, or cannot be processed due to ~~because of~~ insufficient  
1718 funds ~~to pay it~~, the premium finance company may, if the premium  
1719 finance agreement so provides, impose a return payment charge of  
1720 \$15.

1721 Section 51. Subsections (1), (3), (10), and (12) of section



460094

1722 628.461, Florida Statutes, are amended to read:

1723 628.461 Acquisition of controlling stock.—

1724 (1) A person may not, individually or in conjunction with  
1725 an any affiliated person of such person, acquire directly or  
1726 indirectly, conclude a tender offer or exchange offer for, enter  
1727 into any agreement to exchange securities for, or otherwise  
1728 finally acquire 10 ~~5~~ percent or more of the outstanding voting  
1729 securities of a domestic stock insurer or of a controlling  
1730 company, unless:

1731 (a) The person or affiliated person has filed with the  
1732 office and sent to the insurer and controlling company a letter  
1733 of notification regarding the transaction or proposed  
1734 transaction within ~~no later than~~ 5 days after any form of tender  
1735 offer or exchange offer is proposed, or within ~~no later than~~ 5  
1736 days after the acquisition of the securities if no tender offer  
1737 or exchange offer is involved. The notification must be provided  
1738 on forms prescribed by the commission containing information  
1739 determined necessary to understand the transaction and identify  
1740 all purchasers and owners involved;

1741 (b) The person or affiliated person has filed with the  
1742 office a statement as specified in subsection (3). The statement  
1743 must be completed and filed within 30 days after:

- 1744 1. Any definitive acquisition agreement is entered;  
1745 2. Any form of tender offer or exchange offer is proposed;

1746 or

1747 3. The acquisition of the securities, if no definitive  
1748 acquisition agreement, tender offer, or exchange offer is  
1749 involved; and

1750 (c) The office has approved the tender or exchange offer,



460094

1751 or acquisition if no tender offer or exchange offer is involved,  
1752 and approval is in effect.

1753

1754 ~~In lieu of a filing as required under this subsection, a party~~  
1755 ~~acquiring less than 10 percent of the outstanding voting~~  
1756 ~~securities of an insurer may file a disclaimer of affiliation~~  
1757 ~~and control. The disclaimer shall fully disclose all material~~  
1758 ~~relationships and basis for affiliation between the person and~~  
1759 ~~the insurer as well as the basis for disclaiming the affiliation~~  
1760 ~~and control. After a disclaimer has been filed, the insurer~~  
1761 ~~shall be relieved of any duty to register or report under this~~  
1762 ~~section which may arise out of the insurer's relationship with~~  
1763 ~~the person unless and until the office disallows the disclaimer.~~  
1764 ~~The office shall disallow a disclaimer only after furnishing all~~  
1765 ~~parties in interest with notice and opportunity to be heard and~~  
1766 ~~after making specific findings of fact to support the~~  
1767 ~~disallowance.~~ A filing as required under this subsection must be  
1768 made as to any acquisition that equals or exceeds 10 percent of  
1769 the outstanding voting securities.

1770 (3) The statement to be filed with the office under  
1771 subsection (1) and furnished to the insurer and controlling  
1772 company must ~~shall~~ contain the following information and any  
1773 additional information ~~as~~ the office deems necessary to  
1774 determine the character, experience, ability, and other  
1775 qualifications of the person or affiliated person of such person  
1776 for the protection of the policyholders and shareholders of the  
1777 insurer and the public:

1778 (a) The identity of, and the background information  
1779 specified in subsection (4) on, each natural person by whom, or



460094

1780 on whose behalf, the acquisition is to be made; and, if the  
1781 acquisition is to be made by, or on behalf of, a corporation,  
1782 association, or trust, as to the corporation, association, or  
1783 trust and as to any person who ~~controls either~~ directly or  
1784 indirectly controls the corporation, association, or trust, the  
1785 identity of, and the background information specified in  
1786 subsection (4) on, each director, officer, trustee, or other  
1787 natural person performing duties similar to those of a director,  
1788 officer, or trustee for the corporation, association, or trust;

1789 (b) The source and amount of the funds or other  
1790 consideration used, or to be used, in making the acquisition;

1791 (c) Any plans or proposals that ~~which~~ such persons may have  
1792 made to liquidate such insurer, to sell any of its assets or  
1793 merge or consolidate it with any person, or to make any other  
1794 major change in its business or corporate structure or  
1795 management; and any plans or proposals that which such persons  
1796 may have made to liquidate any controlling company of such  
1797 insurer, to sell any of its assets or merge or consolidate it  
1798 with any person, or to make any other major change in its  
1799 business or corporate structure or management;

1800 (d) The number of shares or other securities which the  
1801 person or affiliated person of such person proposes to acquire,  
1802 the terms of the proposed acquisition, and the manner in which  
1803 the securities are to be acquired; and

1804 (e) Information as to any contract, arrangement, or  
1805 understanding with any party with respect to any of the  
1806 securities of the insurer or controlling company, including, but  
1807 not limited to, information relating to the transfer of any of  
1808 the securities, option arrangements, puts or calls, or the



460094

1809 giving or withholding of proxies, which information names the  
1810 party with whom the contract, arrangement, or understanding has  
1811 been entered into and gives the details thereof.

1812 (10) Upon notification to the office by the domestic stock  
1813 insurer or a controlling company that any person or any  
1814 affiliated person of such person has acquired 10 ~~5~~ percent or  
1815 more of the outstanding voting securities of the domestic stock  
1816 insurer or controlling company without complying with ~~the~~  
1817 ~~provisions~~ of this section, the office shall order that the  
1818 person and any affiliated person of such person cease  
1819 acquisition of any further securities of the domestic stock  
1820 insurer or controlling company; however, the person or any  
1821 affiliated person of such person may request a proceeding, which  
1822 ~~proceeding~~ shall be convened within 7 days after the rendering  
1823 of the order for the sole purpose of determining whether the  
1824 person, individually or in connection with an ~~any~~ affiliated  
1825 person of such person, has acquired 10 ~~5~~ percent or more of the  
1826 outstanding voting securities of a domestic stock insurer or  
1827 controlling company. Upon the failure of the person or  
1828 affiliated person to request a hearing within 7 days, or upon a  
1829 determination at a hearing convened pursuant to this subsection  
1830 that the person or affiliated person has acquired voting  
1831 securities of a domestic stock insurer or controlling company in  
1832 violation of this section, the office may order the person and  
1833 affiliated person to divest themselves of any voting securities  
1834 so acquired.

1835 (12) ~~(a)~~ A presumption of control may be rebutted by filing  
1836 a disclaimer of control. A person may file a disclaimer of  
1837 control with the office. The disclaimer must fully disclose all



460094

1838 material relationships and bases for affiliation between the  
1839 person and the insurer as well as the basis for disclaiming the  
1840 affiliation. The disclaimer of control shall be filed on a form  
1841 prescribed by the office, or a person or acquiring party may  
1842 file with the office a copy of a Schedule 13G on file with the  
1843 Securities and Exchange Commission pursuant to Rule 13d-1(b) or  
1844 Rule 13d-1(c) under the Securities Exchange Act of 1934, as  
1845 amended. After a disclaimer is filed, the insurer is relieved of  
1846 any duty to register or report under this section which may  
1847 arise out of the insurer's relationship with the person, unless  
1848 the office disallows the disclaimer. For the purpose of this  
1849 section, the term "affiliated person" of another person means:  
1850       1. ~~The spouse of such other person;~~  
1851       2. ~~The parents of such other person and their lineal~~  
1852 ~~descendants and the parents of such other person's spouse and~~  
1853 ~~their lineal descendants;~~  
1854       3. ~~Any person who directly or indirectly owns or controls,~~  
1855 ~~or holds with power to vote, 5 percent or more of the~~  
1856 ~~outstanding voting securities of such other person;~~  
1857       4. ~~Any person 5 percent or more of the outstanding voting~~  
1858 ~~securities of which are directly or indirectly owned or~~  
1859 ~~controlled, or held with power to vote, by such other person;~~  
1860       5. ~~Any person or group of persons who directly or~~  
1861 ~~indirectly control, are controlled by, or are under common~~  
1862 ~~control with such other person;~~  
1863       6. ~~Any officer, director, partner, copartner, or employee~~  
1864 ~~of such other person;~~  
1865       7. ~~If such other person is an investment company, any~~  
1866 ~~investment adviser of such company or any member of an advisory~~



460094

1867 ~~board of such company;~~

1868 ~~8. If such other person is an unincorporated investment~~  
1869 ~~company not having a board of directors, the depositor of such~~  
1870 ~~company; or~~

1871 ~~9. Any person who has entered into an agreement, written or~~  
1872 ~~unwritten, to act in concert with such other person in acquiring~~  
1873 ~~or limiting the disposition of securities of a domestic stock~~  
1874 ~~insurer or controlling company.~~

1875 ~~(b) For the purposes of this section, the term "controlling~~  
1876 ~~company" means any corporation, trust, or association owning,~~  
1877 ~~directly or indirectly, 25 percent or more of the voting~~  
1878 ~~securities of one or more domestic stock insurance companies.~~

1879 Section 52. Subsection (11) of section 631.717, Florida  
1880 Statutes, is amended to read:

1881 631.717 Powers and duties of the association.—

1882 (11) The association is ~~shall~~ not ~~be~~ liable for any civil  
1883 action under s. 624.155 arising from any acts alleged to have  
1884 been committed by a member insurer before ~~prior to~~ its  
1885 liquidation. ~~This subsection does not affect the association's~~  
1886 ~~obligation to pay valid insurance policy or contract claims if~~  
1887 ~~warranted after its independent de novo review of the policies,~~  
1888 ~~contracts, and claims presented to it, whether domestic or~~  
1889 ~~foreign, after a Florida domestic rehabilitation or a~~  
1890 ~~liquidation.~~

1891 Section 53. Section 631.737, Florida Statutes, is amended  
1892 to read:

1893 631.737 Rescission and review generally.—The association  
1894 shall review claims and matters regarding covered policies based  
1895 upon the record available to it on and after the date of





460094

1896 liquidation. Notwithstanding any other provision of this part,  
1897 in order to allow for orderly claims administration by the  
1898 association, entry of a liquidation order by a court of  
1899 competent jurisdiction tolls ~~shall be deemed to toll~~ for 1 year  
1900 any rescission or noncontestable period allowed by the contract,  
1901 the policy, or by law. The association's obligation is to pay  
1902 any valid insurance policy or contract claims, if warranted,  
1903 after its independent de novo review of the policies, contracts,  
1904 and claims presented to it, whether domestic or foreign, after a  
1905 rehabilitation or a liquidation.

1906 Section 54. Subsections (6) and (7) of section 634.406,  
1907 Florida Statutes, are amended to read:

1908 634.406 Financial requirements.—

1909 (6) An association that ~~which~~ holds a license under this  
1910 part ~~and which does not hold any other license under this~~  
1911 ~~chapter~~ may allow its premiums for service warranties written  
1912 under this part to exceed the ratio to net assets limitations of  
1913 this section if the association meets all of the following  
1914 conditions:

1915 (a) Maintains net assets of at least \$750,000.

1916 (b) Uses ~~Utilizes~~ a contractual liability insurance policy  
1917 approved by the office that: ~~which~~

1918 1. Reimburses the service warranty association for 100  
1919 percent of its claims liability and is issued by an insurer that  
1920 maintains a policyholder surplus of at least \$100 million; or

1921 2. Complies with subsection (3) and is issued by an insurer  
1922 that maintains a policyholder surplus of at least \$200 million.

1923 (c) The insurer issuing the contractual liability insurance  
1924 policy:



460094

1925           ~~1. Maintains a policyholder surplus of at least \$100~~  
1926 ~~million.~~

1927           ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an  
1928 equivalent rating by another national rating service acceptable  
1929 to the office.

1930           ~~3. Is in no way affiliated with the warranty association.~~

1931           ~~2.4.~~ In conjunction with the warranty association's filing  
1932 of the quarterly and annual reports, provides, on a form  
1933 prescribed by the commission, a statement certifying the gross  
1934 written premiums in force reported by the warranty association  
1935 and a statement that all of the warranty association's gross  
1936 written premium in force is covered under the contractual  
1937 liability policy, regardless of whether ~~or not~~ it has been  
1938 reported.

1939           ~~(7) A contractual liability policy must insure 100 percent~~  
1940 ~~of an association's claims exposure under all of the~~  
1941 ~~association's service warranty contracts, wherever written,~~  
1942 ~~unless all of the following are satisfied:~~

1943           ~~(a) The contractual liability policy contains a clause that~~  
1944 ~~specifically names the service warranty contract holders as sole~~  
1945 ~~beneficiaries of the contractual liability policy and claims are~~  
1946 ~~paid directly to the person making a claim under the contract;~~

1947           ~~(b) The contractual liability policy meets all other~~  
1948 ~~requirements of this part, including subsection (3) of this~~  
1949 ~~section, which are not inconsistent with this subsection;~~

1950           ~~(c) The association has been in existence for at least 5~~  
1951 ~~years or the association is a wholly owned subsidiary of a~~  
1952 ~~corporation that has been in existence and has been licensed as~~  
1953 ~~a service warranty association in the state for at least 5~~



460094

1954 ~~years, and:~~

1955 ~~1. Is listed and traded on a recognized stock exchange; is~~  
1956 ~~listed in NASDAQ (National Association of Security Dealers~~  
1957 ~~Automated Quotation system) and publicly traded in the over-the-~~  
1958 ~~counter securities market; is required to file either of Form~~  
1959 ~~10-K, Form 100, or Form 20-C with the United States Securities~~  
1960 ~~and Exchange Commission; or has American Depository Receipts~~  
1961 ~~listed on a recognized stock exchange and publicly traded or is~~  
1962 ~~the wholly owned subsidiary of a corporation that is listed and~~  
1963 ~~traded on a recognized stock exchange; is listed in NASDAQ~~  
1964 ~~(National Association of Security Dealers Automated Quotation~~  
1965 ~~system) and publicly traded in the over-the-counter securities~~  
1966 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~  
1967 ~~with the United States Securities and Exchange Commission; or~~  
1968 ~~has American Depository Receipts listed on a recognized stock~~  
1969 ~~exchange and is publicly traded;~~

1970 ~~2. Maintains outstanding debt obligations, if any, rated in~~  
1971 ~~the top four rating categories by a recognized rating service;~~

1972 ~~3. Has and maintains at all times a minimum net worth of~~  
1973 ~~not less than \$10 million as evidenced by audited financial~~  
1974 ~~statements prepared by an independent certified public~~  
1975 ~~accountant in accordance with generally accepted accounting~~  
1976 ~~principles and submitted to the office annually; and~~

1977 ~~4. Is authorized to do business in this state; and~~

1978 ~~(d) The insurer issuing the contractual liability policy:~~

1979 ~~1. Maintains and has maintained for the preceding 5 years,~~  
1980 ~~policyholder surplus of at least \$100 million and is rated "A"~~  
1981 ~~or higher by A.M. Best Company or has an equivalent rating by~~  
1982 ~~another rating company acceptable to the office;~~



460094

1983           ~~2. Holds a certificate of authority to do business in this~~  
1984 ~~state and is approved to write this type of coverage; and~~

1985           ~~3. Acknowledges to the office quarterly that it insures all~~  
1986 ~~of the association's claims exposure under contracts delivered~~  
1987 ~~in this state.~~

1988  
1989 ~~If all the preceding conditions are satisfied, then the scope of~~  
1990 ~~coverage under a contractual liability policy shall not be~~  
1991 ~~required to exceed an association's claims exposure under~~  
1992 ~~service warranty contracts delivered in this state.~~

1993           Section 55. Except as otherwise expressly provided in this  
1994 act, this act shall take effect July 1, 2014.

1995  
1996 ===== T I T L E   A M E N D M E N T =====

1997 And the title is amended as follows:

1998           Delete everything before the enacting clause  
1999 and insert:

2000                               A bill to be entitled  
2001           An act relating to insurance; amending s. 624.501,  
2002           F.S.; revising original appointment and renewal fees  
2003           related to certain insurance representatives; amending  
2004           s. 626.015, F.S.; defining the term "unaffiliated  
2005           insurance agent"; amending s. 626.0428, F.S.;  
2006           requiring a branch place of business to have an agent  
2007           in charge; authorizing an agent to be in charge of  
2008           more than one branch office under certain  
2009           circumstances; providing requirements relating to the  
2010           designation of an agent in charge; prohibiting an  
2011           insurance agency from conducting insurance business at



460094

2012 a location without a designated agent in charge;  
2013 providing that the agent in charge is accountable for  
2014 misconduct and violations committed by the licensee  
2015 and any person under his or her supervision; amending  
2016 s. 626.112, F.S.; prohibiting limited customer  
2017 representative licenses from being issued after a  
2018 specified date; providing licensure exemptions that  
2019 allow specified individuals or entities to conduct  
2020 insurance business at specified locations under  
2021 certain circumstances; revising licensure requirements  
2022 and penalties with respect to registered insurance  
2023 agencies; providing that the registration of an  
2024 approved registered insurance agency automatically  
2025 converts to an insurance agency license on a specified  
2026 date; amending s. 626.172, F.S.; revising requirements  
2027 relating to applications for insurance agency  
2028 licenses; conforming provisions to changes made by the  
2029 act; amending s. 626.311, F.S.; limiting the types of  
2030 business that may be transacted by certain agents;  
2031 amending s. 626.321, F.S.; providing that a limited  
2032 license to offer motor vehicle rental insurance issued  
2033 to a business that rents or leases motor vehicles  
2034 encompasses the employees of such business; amending  
2035 s. 626.382, F.S.; providing that an insurance agency  
2036 license continues in force until canceled, suspended,  
2037 revoked, terminated, or expired; amending s. 626.601,  
2038 F.S.; revising terminology relating to investigations  
2039 conducted by the Department of Financial Services and  
2040 the Office of Insurance Regulation with respect to



460094

2041 individuals and entities involved in the insurance  
2042 industry; revising a confidentiality provision;  
2043 repealing s. 626.747, F.S., relating to branch  
2044 agencies, agents in charge, and the payment of  
2045 additional county tax under certain circumstances;  
2046 amending s. 626.8411, F.S.; conforming a cross-  
2047 reference; amending s. 626.854, F.S.; deleting the  
2048 requirement that a 48 hours' notice be provided before  
2049 scheduling an onsite inspection of insured property;  
2050 conforming a cross-reference; amending s. 626.8805,  
2051 F.S.; revising insurance administrator application  
2052 requirements; amending s. 626.8817, F.S.; authorizing  
2053 an insurer's designee to provide certain coverage  
2054 information to an insurance administrator; authorizing  
2055 an insurer to subcontract the review of an insurance  
2056 administrator; amending s. 626.882, F.S.; prohibiting  
2057 a person from acting as an insurance administrator  
2058 without a specific written agreement; amending s.  
2059 626.883, F.S.; requiring an insurance administrator to  
2060 furnish fiduciary account records to an insurer;  
2061 requiring administrator withdrawals from a fiduciary  
2062 account to be made according to a specific written  
2063 agreement; providing that an insurer's designee may  
2064 authorize payment of claims; amending s. 626.884,  
2065 F.S.; revising an insurer's right of access to certain  
2066 administrator records; amending s. 626.89, F.S.;  
2067 revising the deadline for filing certain financial  
2068 statements; deleting provisions allowing an extension  
2069 for administrator to submit certain financial



460094

2070 statements; amending s. 626.931, F.S.; deleting  
2071 provisions requiring a surplus lines agent to file a  
2072 quarterly affidavit with the Florida Surplus Lines  
2073 Service Office; amending s. 626.932, F.S.; revising  
2074 the due date of surplus lines tax; amending ss.  
2075 626.935 and 626.936, F.S.; conforming provisions to  
2076 changes made by the act; amending s. 626.9541, F.S.;  
2077 revising provisions for unfair methods of competition  
2078 and unfair or deceptive acts relating to conducting  
2079 certain insurance transactions through credit card  
2080 facilities; conforming cross-references; amending s.  
2081 627.062, F.S.; authorizing the Office of Insurance  
2082 Regulation to use a straight average of model results  
2083 or output ranges to estimate hurricane losses when  
2084 determining whether the rates in a rate filing are  
2085 excessive, inadequate, or unfairly discriminatory;  
2086 amending s. 627.0628, F.S.; increasing the length of  
2087 time during which an insurer must adhere to certain  
2088 findings made by the Commission on Hurricane Loss  
2089 Projection Methodology with respect to certain  
2090 methods, principles, standards, models, or output  
2091 ranges used in a rate filing; providing that the  
2092 requirement to adhere to such findings does not limit  
2093 an insurer from using straight averages of model  
2094 results or output ranges under specified  
2095 circumstances; amending s. 627.0651, F.S.; revising  
2096 provisions for making and use of rates for motor  
2097 vehicle insurance; amending s. 627.072, F.S.;  
2098 authorizing retrospective rating plans relating to



460094

2099 workers' compensation and employer's liability  
2100 insurance to allow negotiations between certain  
2101 employers and insurers with respect to rating factors  
2102 used to calculate premiums; amending ss. 627.281,  
2103 F.S.; conforming a cross-reference; amending s.  
2104 627.311, F.S.; providing that certain dividends may be  
2105 retained by the joint underwriting plan for future  
2106 use; amending s. 627.3518, F.S.; conforming a cross-  
2107 reference; repealing s. 627.3519, F.S., relating to an  
2108 annual report on the aggregate report of maximum  
2109 losses of the Florida Hurricane Catastrophe Fund and  
2110 Citizens Property Insurance Corporation; amending s.  
2111 627.409, F.S.; providing that a claim for residential  
2112 property insurance may not be denied based on certain  
2113 credit information; amending s. 627.4133, F.S.;  
2114 extending the period for prior notice required with  
2115 respect to the nonrenewal, cancellation, or  
2116 termination of certain insurance policies; deleting  
2117 certain provisions that require extended periods of  
2118 prior notice with respect to the nonrenewal,  
2119 cancellation, or termination of certain insurance  
2120 policies; prohibiting the cancellation of certain  
2121 policies that have been in effect for a specified  
2122 amount of time, except under certain circumstances;  
2123 prohibiting the cancellation of a policy or contract  
2124 that has been in effect for a specified amount of time  
2125 based on certain credit information; amending s.  
2126 627.4137, F.S.; adding licensed company adjusters to  
2127 the list of persons who may respond to a claimant's





460094

2128 written request for information relating to liability  
2129 insurance coverage; amending s. 627.421, F.S.;

2130 authorizing a policyholder of personal lines insurance  
2131 to affirmatively elect delivery of policy documents by  
2132 electronic means; amending s. 627.43141, F.S.;

2133 authorizing a notice of change in policy terms to be  
2134 sent in a separate mailing to an insured under certain  
2135 circumstances; requiring an insurer to provide such  
2136 notice to the insured's insurance agent; creating s.  
2137 627.4553, F.S.; providing requirements for the  
2138 recommendation to surrender an annuity or life  
2139 insurance policy; amending s. 627.7015, F.S.; revising  
2140 the rulemaking authority of the department with  
2141 respect to qualifications and specified types of  
2142 penalties covered under the property insurance  
2143 mediation program; creating s. 627.70151, F.S.;

2144 providing criteria for an insurer or policyholder to  
2145 challenge the impartiality of a loss appraisal umpire  
2146 for purposes of disqualifying such umpire; amending s.  
2147 627.706, F.S.; revising the definition of the term  
2148 "neutral evaluator"; amending s. 627.7074, F.S.;

2149 revising notification requirements for participation  
2150 in the neutral evaluation program; providing grounds  
2151 for the department to deny an application, or suspend  
2152 or revoke certification, of a neutral evaluator;

2153 requiring the department to adopt rules relating to  
2154 certification of neutral evaluators; amending s.  
2155 627.711, F.S.; revising verification requirements for  
2156 uniform mitigation verification forms; amending s.



2157 627.7283, F.S.; providing for the electronic transfer  
2158 of unearned premiums returned when a policy is  
2159 cancelled; amending s. 627.736, F.S.; revising the  
2160 time period for applicability of certain Medicare fee  
2161 schedules or payment limitations; amending s. 627.744,  
2162 F.S.; revising preinsurance inspection requirements  
2163 for private passenger motor vehicles; amending s.  
2164 627.745, F.S.; revising qualifications for approval as  
2165 a mediator by the department; providing grounds for  
2166 the department to deny an application, or suspend or  
2167 revoke approval of a mediator or certification of a  
2168 neutral evaluator; authorizing the department to adopt  
2169 rules; amending s. 627.778, F.S.; revising provisions  
2170 relating to risk limits on title insurance contracts;  
2171 amending s. 627.782, F.S.; revising the date by which  
2172 title insurance agencies and certain insurers must  
2173 annually submit specified information to the Office of  
2174 Insurance Regulation; amending s. 627.841, F.S.;  
2175 providing that an insurance premium finance company  
2176 may impose a charge for payments returned, declined,  
2177 or unable to be processed due to insufficient funds;  
2178 amending s. 628.461, F.S.; revising filing  
2179 requirements relating to the acquisition of  
2180 controlling stock; revising the amount of outstanding  
2181 voting securities of a domestic stock insurer or a  
2182 controlling company that a person is prohibited from  
2183 acquiring unless certain requirements have been met;  
2184 prohibiting persons acquiring a certain percentage of  
2185 voting securities from acquiring certain securities;



460094

2186 providing that a presumption of control may be  
2187 rebutted by filing a disclaimer of control; deleting a  
2188 definition; amending ss. 631.717 and 631.734, F.S.;  
2189 transferring a provision relating to the obligations  
2190 of the Florida Life and Health Insurance Guaranty  
2191 Association; amending s. 634.406, F.S.; revising  
2192 criteria authorizing premiums of certain service  
2193 warranty associations to exceed their specified net  
2194 assets limitations; revising requirements relating to  
2195 contractual liability policies that insure warranty  
2196 associations; providing effective dates.



695086

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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The Committee on Banking and Insurance (Richter) recommended the following:

1  
2  
3  
4  
5  
6

**Senate Amendment to Amendment (460094)**

Delete line 115

and insert:

date the designated agent in charge ended his or her affiliation with the agency.



736294

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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The Committee on Banking and Insurance (Richter) recommended the following:

1           **Senate Amendment to Amendment (460094) (with title**  
2 **amendment)**

3  
4           Delete lines 886 - 892  
5 and insert:

6           b. Any refund of unearned premium is made ~~directly~~ to the  
7 credit card holder by mail or electronic transfer; and

8           c. The credit card transaction is authorized by the  
9 signature of the credit card holder or other person authorized  
10 to sign on the credit card account.



736294

11  
12  
13  
14  
15  
16  
17  
18

The conditions enumerated in sub-subparagraphs a.-c.

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

    Delete line 2080

and insert:

    facilities; amending s.



727540

LEGISLATIVE ACTION

Senate	.	House
Comm: UNFAV	.	
03/19/2014	.	
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The Committee on Banking and Insurance (Margolis) recommended the following:

- 1       **Senate Amendment to Amendment (460094)**
- 2
- 3       Delete lines 994 - 1011.



322690

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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The Committee on Banking and Insurance (Richter) recommended the following:

1       **Senate Amendment to Amendment (460094) (with title**  
2 **amendment)**

3  
4       Delete lines 1680 - 1695.

5  
6 ===== T I T L E   A M E N D M E N T =====

7 And the title is amended as follows:

8       Delete lines 2169 - 2170

9 and insert:

10       rules;





833884

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2014	.	
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	.	
	.	

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The Committee on Banking and Insurance (Richter) recommended the following:

1           **Senate Amendment to Amendment (460094) (with title**  
2 **amendment)**

3  
4           Delete lines 1710 - 1720.

5  
6 ===== T I T L E   A M E N D M E N T =====

7 And the title is amended as follows:

8           Delete lines 2174 - 2177

9 and insert:

10           Insurance Regulation;

By Senator Brandes

22-01199A-14

20141260\_\_

1 A bill to be entitled  
 2 An act relating to insurance; amending s. 554.1021,  
 3 F.S.; revising definitions relating to boiler safety;  
 4 defining the term "authorized inspection agency";  
 5 amending s. 554.107, F.S.; requiring the chief  
 6 inspector of the state boiler inspection program to  
 7 issue a certificate of competency as a special  
 8 inspector to an inspector employed by an authorized  
 9 inspection agency, rather than to an inspector  
 10 employed by a company licensed to insure boilers;  
 11 specifying the duration of such certificate; amending  
 12 s. 554.109, F.S.; authorizing specified insurers to  
 13 contract with an authorized inspection agency for  
 14 boiler inspections; requiring such insurers to  
 15 annually report the identity of contracted authorized  
 16 inspection agencies to the Department of Financial  
 17 Services; amending s. 624.4625, F.S.; revising the  
 18 requirements for a not-for-profit corporation that  
 19 participates in forming a self-insurance fund for  
 20 pooling the liabilities of its group members; amending  
 21 s. 624.501, F.S.; revising original appointment and  
 22 renewal fees related to certain insurance  
 23 representatives; amending s. 626.015, F.S.; defining  
 24 the term "unaffiliated insurance agent"; amending s.  
 25 626.0428, F.S.; requiring a branch place of business  
 26 to have an agent in charge; authorizing an agent to be  
 27 in charge of more than one branch office under certain  
 28 circumstances; providing requirements relating to the  
 29 designation of an agent in charge; providing that the

Page 1 of 75

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22-01199A-14

20141260\_\_

30 agent in charge is accountable for misconduct and  
 31 violations committed by the licensee and any person  
 32 under his or her supervision; prohibiting an insurance  
 33 agency from conducting insurance business at a  
 34 location without a designated agent in charge;  
 35 amending s. 626.112, F.S.; prohibiting limited  
 36 customer representative licenses from being issued  
 37 after a specified date; providing licensure exemptions  
 38 that allow specified individuals or entities to  
 39 conduct insurance business at specified locations  
 40 under certain circumstances; revising licensure  
 41 requirements and penalties with respect to registered  
 42 insurance agencies; providing that the registration of  
 43 an approved registered insurance agency automatically  
 44 converts to an insurance agency license on a specified  
 45 date; amending s. 626.172, F.S.; revising requirements  
 46 relating to applications for insurance agency  
 47 licenses; conforming provisions to changes made by the  
 48 act; amending s. 626.311, F.S.; limiting the types of  
 49 business that may be transacted by certain agents;  
 50 amending s. 626.321, F.S.; providing that a limited  
 51 license to offer motor vehicle rental insurance issued  
 52 to a business that rents or leases motor vehicles  
 53 encompasses the employees of such business; amending  
 54 s. 626.382, F.S.; providing that an insurance agency  
 55 license continues in force until canceled, suspended,  
 56 revoked, terminated, or expired; amending s. 626.601,  
 57 F.S.; revising terminology relating to investigations  
 58 conducted by the Department of Financial Services and

Page 2 of 75

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22-01199A-14

20141260\_\_

59 the Office of Insurance Regulation with respect to  
 60 individuals and entities involved in the insurance  
 61 industry; revising a confidentiality provision;  
 62 repealing s. 626.747, F.S., relating to branch  
 63 agencies, agents in charge, and the payment of  
 64 additional county tax under certain circumstances;  
 65 amending s. 626.8411, F.S.; conforming a cross-  
 66 reference; amending s. 626.8805, F.S.; revising  
 67 insurance administrator application requirements;  
 68 amending s. 626.8817, F.S.; authorizing an insurer's  
 69 designee to provide certain coverage information to an  
 70 insurance administrator; authorizing an insurer to  
 71 subcontract the review of an insurance administrator;  
 72 amending s. 626.882, F.S.; prohibiting a person from  
 73 acting as an insurance administrator without a  
 74 specific written agreement; amending s. 626.883, F.S.;  
 75 requiring an insurance administrator to furnish  
 76 fiduciary account records to an insurer; requiring  
 77 administrator withdrawals from a fiduciary account to  
 78 be made according to a specific written agreement;  
 79 providing that an insurer's designee may authorize  
 80 payment of claims; amending s. 626.884, F.S.; revising  
 81 an insurer's right of access to certain administrator  
 82 records; amending s. 626.89, F.S.; revising the  
 83 deadline for filing certain financial statements;  
 84 amending s. 626.931, F.S.; deleting provisions  
 85 requiring a surplus lines agent to file a quarterly  
 86 affidavit with the Florida Surplus Lines Service  
 87 Office; amending s. 626.932, F.S.; revising the due

Page 3 of 75

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22-01199A-14

20141260\_\_

88 date of surplus lines tax; amending ss. 626.935 and  
 89 626.936, F.S.; conforming provisions to changes made  
 90 by the act; amending s. 627.062, F.S.; authorizing the  
 91 Office of Insurance Regulation to use a straight  
 92 average of model results or output ranges to estimate  
 93 hurricane losses when determining whether the rates in  
 94 a rate filing are excessive, inadequate, or unfairly  
 95 discriminatory; amending s. 627.0628, F.S.; increasing  
 96 the length of time during which an insurer must adhere  
 97 to certain findings made by the Commission on  
 98 Hurricane Loss Projection Methodology with respect to  
 99 certain methods, principles, standards, models, or  
 100 output ranges used in a rate filing; providing that  
 101 the requirement to adhere to such findings does not  
 102 limit an insurer from using straight averages of model  
 103 results or output ranges under specified  
 104 circumstances; amending s. 627.0651, F.S.; revising  
 105 provisions for making and use of rates for motor  
 106 vehicle insurance; amending s. 627.072, F.S.;  
 107 authorizing retrospective rating plans relating to  
 108 workers' compensation and employer's liability  
 109 insurance to allow negotiations between certain  
 110 employers and insurers with respect to rating factors  
 111 used to calculate premiums; amending ss. 627.281 and  
 112 627.3518, F.S.; conforming cross-references; amending  
 113 s. 627.311, F.S.; providing that certain dividends or  
 114 premium refunds shall be retained by the joint  
 115 underwriting plan for future use; repealing s.  
 116 627.3519, F.S., relating to an annual report on the

Page 4 of 75

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22-01199A-14

20141260\_\_

117 aggregate report of maximum losses of the Florida  
 118 Hurricane Catastrophe Fund and Citizens Property  
 119 Insurance Corporation; amending s. 627.409, F.S.;  
 120 providing that a claim for residential property  
 121 insurance may not be denied based on certain credit  
 122 information; amending s. 627.4133, F.S.; extending the  
 123 period for prior notice required with respect to the  
 124 nonrenewal, cancellation, or termination of certain  
 125 insurance policies; deleting certain provisions that  
 126 require extended periods of prior notice with respect  
 127 to the nonrenewal, cancellation, or termination of  
 128 certain insurance policies; prohibiting the  
 129 cancellation of certain policies that have been in  
 130 effect for a specified amount of time, except under  
 131 certain circumstances; prohibiting the cancellation of  
 132 a policy or contract that has been in effect for a  
 133 specified amount of time based on certain credit  
 134 information; amending s. 627.4137, F.S.; adding  
 135 licensed company adjusters to the list of persons who  
 136 may respond to a claimant's written request for  
 137 information relating to liability insurance coverage;  
 138 amending s. 627.421, F.S.; authorizing a policyholder  
 139 of personal lines insurance to affirmatively elect  
 140 delivery of policy documents by electronic means;  
 141 amending s. 627.43141, F.S.; authorizing a notice of  
 142 change in policy terms to be sent in a separate  
 143 mailing to an insured under certain circumstances;  
 144 requiring an insurer to provide such notice to  
 145 insured's insurance agent; creating s. 627.4553, F.S.;

Page 5 of 75

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22-01199A-14

20141260\_\_

146 providing requirements for the recommendation to  
 147 surrender an annuity or life insurance policy;  
 148 amending s. 627.7015, F.S.; revising the rulemaking  
 149 authority of the department with respect to  
 150 qualifications and specified types of penalties  
 151 covered under the property insurance mediation  
 152 program; creating s. 627.70151, F.S.; providing  
 153 criteria for an insurer or policyholder to challenge  
 154 the impartiality of a loss appraisal umpire for  
 155 purposes of disqualifying such umpire; amending s.  
 156 627.706, F.S.; revising the definition of the term  
 157 "neutral evaluator"; amending s. 627.7074, F.S.;  
 158 revising notification requirements for participation  
 159 in the neutral evaluation program; providing grounds  
 160 for the department to deny an application, or suspend  
 161 or revoke certification, of a neutral evaluator;  
 162 requiring the department to adopt rules relating to  
 163 certification of neutral evaluators; amending s.  
 164 627.711, F.S.; revising verification requirements for  
 165 uniform mitigation verification forms; amending s.  
 166 627.736, F.S.; revising the time period for  
 167 applicability of certain Medicare fee schedules or  
 168 payment limitations; amending s. 627.744, F.S.;  
 169 revising preinsurance inspection requirements for  
 170 private passenger motor vehicles; amending s. 627.745,  
 171 F.S.; revising qualifications for approval as a  
 172 mediator by the department; providing grounds for the  
 173 department to deny an application, or suspend or  
 174 revoke approval of a mediator or certification of a

Page 6 of 75

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22-01199A-14

20141260\_\_

175 neutral evaluator; authorizing the department to adopt  
 176 rules; amending s. 627.782, F.S.; revising the date by  
 177 which title insurance agencies and certain insurers  
 178 must annually submit specified information to the  
 179 Office of Insurance Regulation; amending s. 627.841,  
 180 F.S.; providing that an insurance premium finance  
 181 company may impose a charge for payments returned,  
 182 declined, or unable to be processed due to  
 183 insufficient funds; amending s. 628.461, F.S.;;  
 184 revising filing requirements relating to the  
 185 acquisition of controlling stock; revising the amount  
 186 of outstanding voting securities of a domestic stock  
 187 insurer or a controlling company that a person is  
 188 prohibited from acquiring unless certain requirements  
 189 have been met; prohibiting persons acquiring a certain  
 190 percentage of voting securities from acquiring certain  
 191 securities; providing that a presumption of control  
 192 may be rebutted by filing a disclaimer of control;  
 193 providing filing requirements for the divestiture of  
 194 controlling interest in a domestic insurer; deleting a  
 195 definition; revising the content of the statement that  
 196 a person must file with the office in order to acquire  
 197 certain outstanding voting securities; amending s.  
 198 634.406, F.S.; revising criteria authorizing premiums  
 199 of certain service warranty associations to exceed  
 200 their specified net assets limitations; revising  
 201 requirements relating to contractual liability  
 202 policies that insure warranty associations; providing  
 203 effective dates.

Page 7 of 75

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22-01199A-14

20141260\_\_

204  
 205 Be It Enacted by the Legislature of the State of Florida:  
 206  
 207 Section 1. Section 554.1021, Florida Statutes, is reordered  
 208 and amended to read:  
 209 554.1021 Definitions.—As used in ss. 554.1011-554.115, the  
 210 term:  
 211 (3)(1) “Boiler” means a closed vessel in which water or  
 212 other liquid is heated, steam or vapor is generated, steam is  
 213 superheated, or any combination of these functions is  
 214 accomplished, under pressure or vacuum, for use external to  
 215 itself, by the direct application of energy from the combustion  
 216 of fuels or from electricity or solar energy. The term ~~“boiler”~~  
 217 includes fired units for heating or vaporizing liquids other  
 218 than water where such ~~these~~ units are separate from processing  
 219 systems and are complete within themselves. The varieties of  
 220 boilers are as follows:  
 221 (d)(a) “Power boiler” means a boiler in which steam or  
 222 other vapor is generated at a pressure exceeding ~~of more than~~ 15  
 223 psig.  
 224 (b) “High pressure, high temperature water boiler” means a  
 225 water boiler operating at pressures exceeding 160 psig or  
 226 temperatures exceeding 250 °F.  
 227 (a)(e) “Heating boiler” means a steam or vapor boiler  
 228 operating at pressures up to ~~not exceeding~~ 15 psig, or a hot  
 229 water boiler operating at pressures up to ~~not exceeding~~ 160 psig  
 230 or temperatures up to ~~not exceeding~~ 250 °F.  
 231 (c)(d) “Hot water supply boiler” means a boiler or a lined  
 232 storage water heater supplying heated water for use external to

Page 8 of 75

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22-01199A-14 20141260\_\_

233 itself operating at a pressure up to not exceeding 160 psig or  
 234 temperature up to not exceeding 250 °F.

235 (e) "Secondhand boiler" means a boiler that has changed  
 236 ownership and location subsequent to its original installation  
 237 and use.

238 ~~(8)(2)~~ "Public assembly locations" means include schools,  
 239 day care centers, community centers, churches, theaters,  
 240 hospitals, nursing and convalescent homes, stadiums, amusement  
 241 parks, and other locations open to the general public.

242 ~~(4)(3)~~ "Certificate inspection" means an inspection the  
 243 report of which is used by the chief inspector to determine  
 244 whether or not a certificate may be issued.

245 ~~(6)(4)~~ "Certificate of compliance" means a document issued  
 246 to the owner of a boiler which authorizes the owner to operate  
 247 the boiler, subject to any restrictions endorsed thereon.

248 (5) "Certificate of competency" means a document issued to  
 249 a person who has satisfied the minimum competency requirements  
 250 for boiler inspectors under this chapter ss. 554.1011-554.115.

251 ~~(7)(6)~~ "Department" means the Department of Financial  
 252 Services.

253 ~~(1)(7)~~ "A.S.M.E." means the American Society of Mechanical  
 254 Engineers.

255 (2) "Authorized inspection agency" means:

256 (a) A county, a municipality, or any other governmental  
 257 subdivision that, at a minimum, adopts and administers Section I  
 258 of the A.S.M.E. Boiler and Pressure Vessel Code as a legal  
 259 requirement and whose inspectors hold a valid certificate of  
 260 competency in accordance with s. 554.113; or

261 (b) An insurance company that is licensed or registered by

22-01199A-14 20141260\_\_

262 an appropriate authority of any state of the United States or  
 263 Canada and whose inspectors hold a certificate of competency in  
 264 accordance with s. 554.113.

265 Section 2. Section 554.107, Florida Statutes, is amended to  
 266 read:

267 554.107 Special inspectors.—

268 (1) Upon application by an authorized inspection agency ~~any~~  
 269 ~~company licensed to insure boilers in this state~~, the chief  
 270 inspector shall issue a certificate of competency as a special  
 271 inspector to an ~~any~~ inspector employed by the agency if he or  
 272 she ~~company~~, ~~provided that such inspector~~ satisfies the  
 273 competency requirements for inspectors as provided in s.  
 274 554.113.

275 (2) The certificate of competency of a special inspector  
 276 remains ~~shall remain~~ in effect only so long as the special  
 277 inspector is employed by an authorized inspection agency ~~a~~  
 278 ~~company licensed to insure boilers in this state~~. Upon  
 279 termination of employment with such agency ~~company~~, a special  
 280 inspector shall, in writing, notify the chief inspector of such  
 281 termination. ~~Such notice shall be given~~ within 15 days following  
 282 the date of termination.

283 Section 3. Subsection (1) of section 554.109, Florida  
 284 Statutes, is amended to read:

285 554.109 Exemptions.—

286 (1) An ~~Any~~ insurance company that insures ~~insuring~~ a boiler  
 287 located in a public assembly location in this state shall  
 288 inspect or contract with an authorized inspection agency to  
 289 inspect such boiler ~~so insured~~, and shall annually report to the  
 290 department the identity of an authorized inspection agency that

22-01199A-14 20141260\_\_

291 performs a required boiler inspection on behalf of the company.  
292 A any county, municipality city, town, or other governmental  
293 subdivision that which has adopted into law the Boiler and  
294 Pressure Vessel Code of the American Society of Mechanical  
295 Engineers and the National Board Inspection Code for the  
296 construction, installation, inspection, maintenance, and repair  
297 of boilers, regulating such boilers in public assembly  
298 locations, shall inspect such boilers so regulated, ~~provided~~  
299 ~~that~~ Such inspection shall be conducted by a special inspector  
300 licensed pursuant to ss. 554.1011-554.115. Upon filing of a  
301 report of satisfactory inspection with the department, such  
302 boiler is exempt from inspection by the department.

303 Section 4. Paragraph (b) of subsection (1) of section  
304 624.4625, Florida Statutes, is amended to read:

305 624.4625 Corporation not for profit self-insurance funds.-

306 (1) Notwithstanding any other provision of law, any two or  
307 more not-for-profit corporations ~~not for profit~~ located in and  
308 organized under the laws of this state may form a self-insurance  
309 fund for the purpose of pooling and spreading liabilities of its  
310 group members in any one or combination of property or casualty  
311 risk ~~if, provided the not-for-profit corporation not for profit~~  
312 self-insurance fund that is created:

313 (b) Requires for qualification that each participating  
314 member qualify as a publicly supported organization as evidenced  
315 by the participating member's most recently filed Internal  
316 Revenue Service Form 990 receive at least 75 percent of its  
317 ~~revenues from local, state, or federal governmental sources or a~~  
318 ~~combination of such sources.~~

319 Section 5. Paragraphs (a) and (c) of subsection (6) and

22-01199A-14 20141260\_\_

320 subsections (7) and (8) of section 624.501, Florida Statutes,  
321 are amended to read:

322 624.501 Filing, license, appointment, and miscellaneous  
323 fees.-The department, commission, or office, as appropriate,  
324 shall collect in advance, and persons so served shall pay to it  
325 in advance, fees, licenses, and miscellaneous charges as  
326 follows:

327 (6) Insurance representatives, property, marine, casualty,  
328 and surety insurance.

329 (a) Agent's original appointment and biennial renewal or  
330 continuation thereof, each insurer or unaffiliated agent making  
331 an appointment:

332 Appointment fee.....	\$42.00
333 State tax.....	12.00
334 County tax.....	6.00
335 Total.....	\$60.00

336 (c) Nonresident agent's original appointment and biennial  
337 renewal or continuation thereof, appointment fee, each insurer  
338 or unaffiliated agent making an appointment.....

339 (7) Life insurance agents.

340 (a) Agent's original appointment and biennial renewal or  
341 continuation thereof, each insurer or unaffiliated agent making  
342 an appointment:

343 Appointment fee.....	\$42.00
344 State tax.....	12.00
345 County tax.....	6.00
346 Total.....	\$60.00

347 (b) Nonresident agent's original appointment and biennial  
348 renewal or continuation thereof, appointment fee, each insurer

22-01199A-14 20141260\_\_

349 or unaffiliated agent making an appointment.....\$60.00

350 (8) Health insurance agents.

351 (a) Agent's original appointment and biennial renewal or

352 continuation thereof, each insurer or unaffiliated agent making

353 an appointment:

354 Appointment fee.....\$42.00

355 State tax.....12.00

356 County tax.....6.00

357 Total.....\$60.00

358 (b) Nonresident agent's original appointment and biennial

359 renewal or continuation thereof, appointment fee, each insurer

360 or unaffiliated agent making an appointment.....\$60.00

361 Section 6. Present subsection (18) of section 626.015,

362 Florida Statutes, is renumbered as subsection (19), and a new

363 subsection (18) is added to that section, to read:

364 626.015 Definitions.—As used in this part:

365 (18) "Unaffiliated insurance agent" means a licensed

366 insurance agent, except a limited lines agent, who is self-

367 appointed and who practices as an independent consultant in the

368 business of analyzing or abstracting insurance policies,

369 providing insurance advice or counseling, or making specific

370 recommendations or comparisons of insurance products for a fee

371 established in advance by written contract signed by the

372 parties. An unaffiliated insurance agent may not be affiliated

373 with an insurer, insurer-appointed insurance agent, or insurance

374 agency contracted with or employing insurer-appointed insurance

375 agents.

376 Section 7. Section 626.0428, Florida Statutes, is amended

377 to read:

22-01199A-14 20141260\_\_

378 626.0428 Agency personnel powers, duties, and limitations.—

379 (1) An individual employed by an agent or agency on salary

380 who devotes full time to clerical work, with incidental taking

381 of insurance applications or quoting or receiving premiums on

382 incoming inquiries in the office of the agent or agency, is not

383 deemed to be an agent or customer representative if his or her

384 compensation does not include in whole or in part any

385 commissions on such business and is not related to the

386 production of applications, insurance, or premiums.

387 (2) An employee or authorized representative located at a

388 designated branch of an agent or agency may not bind insurance

389 coverage unless licensed and appointed as an agent or customer

390 representative.

391 (3) An employee or authorized representative of an agent or

392 agency may not initiate contact with any person for the purpose

393 of soliciting insurance unless licensed and appointed as an

394 agent or customer representative. As to title insurance, an

395 employee of an agent or agency may not initiate contact with any

396 individual proposed insured for the purpose of soliciting title

397 insurance unless licensed as a title insurance agent or exempt

398 from such licensure pursuant to s. 626.8417(4).

399 (4) (a) Each place of business established by an agent or

400 agency, firm, corporation, or association must be in the active

401 full-time charge of a licensed and appointed agent holding the

402 required agent licenses to transact the lines of insurance being

403 handled at the location.

404 (b) Notwithstanding paragraph (a), the licensed agent in

405 charge of an insurance agency may also be the agent in charge of

406 additional branch office locations of the agency if insurance



22-01199A-14 20141260\_\_

407 activities requiring licensure as an insurance agent do not  
 408 occur at any location when the agent is not physically present  
 409 and unlicensed employees at the location do not engage in  
 410 insurance activities requiring licensure as an insurance agent  
 411 or customer representative.

412 (c) An insurance agency and each branch place of business  
 413 of an insurance agency shall designate an agent in charge and  
 414 file the name and license number of the agent in charge and the  
 415 physical address of the insurance agency location with the  
 416 department and the department's website. The designation of the  
 417 agent in charge may be changed at the option of the agency. A  
 418 change of the designated agent in charge is effective upon  
 419 notice to the department. Notice to the department must be  
 420 provided within 30 days after such change.

421 (d) An insurance agency location may not conduct the  
 422 business of insurance unless an agent in charge is designated  
 423 and employed by the agency at all times. If the agent in charge  
 424 designated with the department leaves the agency's employment  
 425 for any reason and the agency fails to designate another agent  
 426 in charge within 30 days as provided in paragraph (c) and such  
 427 failure continues for 90 days, the agency license shall  
 428 automatically expire on the 91st day after the last date of  
 429 employment of the last designated agent in charge.

430 (e) For purposes of this subsection, an "agent in charge"  
 431 is the licensed and appointed agent responsible for the  
 432 supervision of all individuals within an insurance agency  
 433 location, regardless of whether the agent in charge handles a  
 434 specific transaction or deals with the general public in the  
 435 solicitation or negotiation of insurance contracts or the

Page 15 of 75

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22-01199A-14 20141260\_\_

436 collection or accounting of money.

437 (f) An agent in charge of an insurance agency is  
 438 accountable for the wrongful acts, misconduct, or violations of  
 439 this code committed by the licensee or by any person under his  
 440 or her supervision while acting on behalf of the agency.  
 441 However, an agent in charge is not criminally liable for any act  
 442 unless the agent in charge personally committed the act or knew  
 443 or should have known of the act and of the facts constituting a  
 444 violation of this code.

445 Section 8. Effective January 1, 2015, paragraph (b) of  
 446 subsection (1) and subsection (7) of section 626.112, Florida  
 447 Statutes, are amended to read:

448 626.112 License and appointment required; agents, customer  
 449 representatives, adjusters, insurance agencies, service  
 450 representatives, managing general agents.—

451 (1)

452 (b) Except as provided in subsection (6) or in applicable  
 453 department rules, and in addition to other conduct described in  
 454 this chapter with respect to particular types of agents, a  
 455 license as an insurance agent, service representative, customer  
 456 representative, or limited customer representative is required  
 457 in order to engage in the solicitation of insurance. Effective  
 458 October 1, 2014, limited customer representative licenses may  
 459 not be issued. For purposes of this requirement, as applicable  
 460 to ~~any of~~ the license types described in this section, the  
 461 solicitation of insurance is the attempt to persuade any person  
 462 to purchase an insurance product by:

463 1. Describing the benefits or terms of insurance coverage,  
 464 including premiums or rates of return;

Page 16 of 75

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22-01199A-14

20141260\_\_

465 2. Distributing an invitation to contract to prospective  
 466 purchasers;

467 3. Making general or specific recommendations as to  
 468 insurance products;

469 4. Completing orders or applications for insurance  
 470 products;

471 5. Comparing insurance products, advising as to insurance  
 472 matters, or interpreting policies or coverages; or

473 6. Offering or attempting to negotiate on behalf of another  
 474 person a viatical settlement contract as defined in s. 626.9911.  
 475

476 However, an employee leasing company licensed under pursuant to  
 477 chapter 468 which is seeking to enter into a contract with an  
 478 employer that identifies products and services offered to  
 479 employees may deliver proposals for the purchase of employee  
 480 leasing services to prospective clients of the employee leasing  
 481 company setting forth the terms and conditions of doing  
 482 business; classify employees as permitted by s. 468.529; collect  
 483 information from prospective clients and other sources as  
 484 necessary to perform due diligence on the prospective client and  
 485 to prepare a proposal for services; provide and receive  
 486 enrollment forms, plans, and other documents; and discuss or  
 487 explain in general terms the conditions, limitations, options,  
 488 or exclusions of insurance benefit plans available to the client  
 489 or employees of the employee leasing company were the client to  
 490 contract with the employee leasing company. Any advertising  
 491 materials or other documents describing specific insurance  
 492 coverages must identify and be from a licensed insurer or its  
 493 licensed agent or a licensed and appointed agent employed by the

Page 17 of 75

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22-01199A-14

20141260\_\_

494 employee leasing company. The employee leasing company may not  
 495 advise or inform the prospective business client or individual  
 496 employees of specific coverage provisions, exclusions, or  
 497 limitations of particular plans. As to clients for which the  
 498 employee leasing company is providing services pursuant to s.  
 499 468.525(4), the employee leasing company may engage in  
 500 activities permitted by ss. 626.7315, 626.7845, and 626.8305,  
 501 subject to the restrictions specified in those sections. If a  
 502 prospective client requests more specific information concerning  
 503 the insurance provided by the employee leasing company, the  
 504 employee leasing company must refer the prospective business  
 505 client to the insurer or its licensed agent or to a licensed and  
 506 appointed agent employed by the employee leasing company.

507 (7) (a) An ~~Effective October 1, 2006, no~~ individual, firm,  
 508 partnership, corporation, association, or ~~any~~ other entity may  
 509 not shall act in its own name or under a trade name, directly or  
 510 indirectly, as an insurance agency, unless it possesses ~~complies~~  
 511 ~~with s. 626.172 with respect to possessing~~ an insurance agency  
 512 license issued pursuant to s. 626.172 for each place of business  
 513 at which it engages in ~~any~~ activity that which may be performed  
 514 only by a licensed insurance agent. However, an insurance agency  
 515 that is owned and operated by a single licensed agent conducting  
 516 business in his or her individual name and not employing or  
 517 otherwise using the services of or appointing other licensees is  
 518 exempt from the agency licensing requirements of this  
 519 subsection.

520 (b) A branch place of business which is established by a  
 521 licensed agency is considered a branch agency and is not  
 522 required to be licensed if it transacts business under the same

Page 18 of 75

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22-01199A-14 20141260\_\_

523 name and federal tax identification number as the licensed  
 524 agency, has designated a licensed agent in charge of the  
 525 location as required by s. 626.0428, and has submitted the  
 526 address and telephone number of the location to the department  
 527 for inclusion in the licensing record of the licensed agency  
 528 within 30 days after insurance transactions begin at the  
 529 location Each agency engaged in business in this state before  
 530 January 1, 2003, which is wholly owned by insurance agents  
 531 currently licensed and appointed under this chapter, each  
 532 incorporated agency whose voting shares are traded on a  
 533 securities exchange, each agency designated and subject to  
 534 supervision and inspection as a branch office under the rules of  
 535 the National Association of Securities Dealers, and each agency  
 536 whose primary function is offering insurance as a service or  
 537 member benefit to members of a nonprofit corporation may file an  
 538 application for registration in lieu of licensure in accordance  
 539 with s. 626.172(3). Each agency engaged in business before  
 540 October 1, 2006, shall file an application for licensure or  
 541 registration on or before October 1, 2006.

542 (c) ~~1.~~ If an agency is required to be licensed but fails to  
 543 file an application for licensure in accordance with this  
 544 section, the department shall impose on the agency an  
 545 administrative penalty in an amount of up to \$10,000.

546 2. If an agency is eligible for registration but fails to  
 547 file an application for registration or an application for  
 548 licensure in accordance with this section, the department shall  
 549 impose on the agency an administrative penalty in an amount of  
 550 up to \$5,000.

551 (d) ~~(b)~~ Effective October 1, 2015, the department must

22-01199A-14 20141260\_\_

552 automatically convert the registration of an approved a  
 553 registered insurance agency to shall, as a condition precedent  
 554 to continuing business, obtain an insurance agency license if  
 555 the department finds that, with respect to any majority owner,  
 556 partner, manager, director, officer, or other person who manages  
 557 or controls the agency, any person has:

558 1. ~~Been found guilty of, or has pleaded guilty or nolo~~  
 559 ~~contendere to, a felony in this state or any other state~~  
 560 ~~relating to the business of insurance or to an insurance agency,~~  
 561 ~~without regard to whether a judgment of conviction has been~~  
 562 ~~entered by the court having jurisdiction of the cases.~~

563 2. ~~Employed any individual in a managerial capacity or in a~~  
 564 ~~capacity dealing with the public who is under an order of~~  
 565 ~~revocation or suspension issued by the department. An insurance~~  
 566 ~~agency may request, on forms prescribed by the department,~~  
 567 ~~verification of any person's license status. If a request is~~  
 568 ~~mailed within 5 working days after an employee is hired, and the~~  
 569 ~~employee's license is currently suspended or revoked, the agency~~  
 570 ~~shall not be required to obtain a license, if the unlicensed~~  
 571 ~~person's employment is immediately terminated.~~

572 3. ~~Operated the agency or permitted the agency to be~~  
 573 ~~operated in violation of s. 626.747.~~

574 4. ~~With such frequency as to have made the operation of the~~  
 575 ~~agency hazardous to the insurance-buying public or other~~  
 576 ~~persons:~~

577 a. ~~Solicited or handled controlled business. This~~  
 578 ~~subparagraph shall not prohibit the licensing of any lending or~~  
 579 ~~financing institution or creditor, with respect to insurance~~  
 580 ~~only, under credit life or disability insurance policies of~~

22-01199A-14

20141260\_\_

581 ~~borrowers from the institutions, which policies are subject to~~  
 582 ~~part IX of chapter 627.~~

583 ~~b. Misappropriated, converted, or unlawfully withheld~~  
 584 ~~moneys belonging to insurers, insureds, beneficiaries, or others~~  
 585 ~~and received in the conduct of business under the license.~~

586 ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~  
 587 ~~unlawfully divided or offered to divide commissions with~~  
 588 ~~another.~~

589 ~~d. Misrepresented any insurance policy or annuity contract,~~  
 590 ~~or used deception with regard to any policy or contract, done~~  
 591 ~~either in person or by any form of dissemination of information~~  
 592 ~~or advertising.~~

593 ~~e. Violated any provision of this code or any other law~~  
 594 ~~applicable to the business of insurance in the course of dealing~~  
 595 ~~under the license.~~

596 ~~f. Violated any lawful order or rule of the department.~~

597 ~~g. Failed or refused, upon demand, to pay over to any~~  
 598 ~~insurer he or she represents or has represented any money coming~~  
 599 ~~into his or her hands belonging to the insurer.~~

600 ~~h. Violated the provision against twisting as defined in s.~~  
 601 ~~626.9541(1)(1).~~

602 ~~i. In the conduct of business, engaged in unfair methods of~~  
 603 ~~competition or in unfair or deceptive acts or practices, as~~  
 604 ~~prohibited under part IX of this chapter.~~

605 ~~j. Willfully overinsured any property insurance risk.~~

606 ~~k. Engaged in fraudulent or dishonest practices in the~~  
 607 ~~conduct of business arising out of activities related to~~  
 608 ~~insurance or the insurance agency.~~

609 ~~l. Demonstrated lack of fitness or trustworthiness to~~

Page 21 of 75

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22-01199A-14

20141260\_\_

610 ~~engage in the business of insurance arising out of activities~~  
 611 ~~related to insurance or the insurance agency.~~

612 ~~m. Authorized or knowingly allowed individuals to transact~~  
 613 ~~insurance who were not then licensed as required by this code.~~

614 ~~5. Knowingly employed any person who within the preceding 3~~  
 615 ~~years has had his or her relationship with an agency terminated~~  
 616 ~~in accordance with paragraph (d).~~

617 ~~6. Willfully circumvented the requirements or prohibitions~~  
 618 ~~of this code.~~

619 Section 9. Subsections (2), (3), and (4) of section  
 620 626.172, Florida Statutes, are amended to read:

621 626.172 Application for insurance agency license.—

622 (2) An application for an insurance agency license must  
 623 shall be signed by the owner or owners of the agency. If the  
 624 agency is incorporated, the application must shall be signed by  
 625 the president and secretary of the corporation. An insurance  
 626 agency may permit a third party to complete, submit, and sign an  
 627 application on the insurance agency's behalf; however, the  
 628 insurance agency is responsible for ensuring that the  
 629 information on the application is true and correct and is  
 630 accountable for any misstatements or misrepresentations. The  
 631 application for an insurance agency license must shall include:

632 (a) The name of each majority owner, partner, officer, and  
 633 director of the insurance agency.

634 (b) The residence address of each person required to be  
 635 listed in the application under paragraph (a).

636 (c) The name, principal business street address, and e-mail  
 637 address of the insurance agency and the name, address, and e-  
 638 mail address of the agency's registered agent or person or

Page 22 of 75

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22-01199A-14 20141260\_\_

639 company authorized to accept service on behalf of the agency ~~its~~  
640 ~~principal business address.~~

641 (d) The name, physical address, e-mail address, and  
642 telephone number ~~location~~ of each branch agency and the date  
643 that the branch location begins transacting insurance ~~office and~~  
644 ~~the name under which each agency office conducts or will conduct~~  
645 ~~business.~~

646 (e) The name of each agent to be in full-time charge of an  
647 agency office and specification of which office, including  
648 branch locations.

649 (f) The fingerprints of each of the following:

- 650 1. A sole proprietor;
- 651 2. Each partner;
- 652 3. Each owner of an unincorporated agency;
- 653 4. Each owner who directs or participates in the management  
654 or control of an incorporated agency whose shares are not traded  
655 on a securities exchange;
- 656 5. The president, senior vice presidents, treasurer,  
657 secretary, and directors of the agency; and
- 658 6. Any other person who directs or participates in the  
659 management or control of the agency, whether through the  
660 ownership of voting securities, by contract, by ownership of  
661 agency bank accounts, or otherwise.

662  
663 Fingerprints must be taken by a law enforcement agency or other  
664 entity approved by the department and must be accompanied by the  
665 fingerprint processing fee specified in s. 624.501. Fingerprints  
666 ~~must shall~~ be processed in accordance with s. 624.34. However,  
667 fingerprints need not be filed for an any individual who is

22-01199A-14 20141260\_\_

668 currently licensed and appointed under this chapter. This  
669 paragraph does not apply to corporations whose voting shares are  
670 traded on a securities exchange.

671 (g) Such additional information as the department requires  
672 by rule to ascertain the trustworthiness and competence of  
673 persons required to be listed on the application and to  
674 ascertain that such persons meet the requirements of this code.  
675 However, the department may not require that credit or character  
676 reports be submitted for persons required to be listed on the  
677 application.

678 ~~(3)(h) Beginning October 1, 2005, The department must shall~~  
679 ~~accept the uniform application for nonresident agency licensure.~~  
680 ~~The department may adopt by rule revised versions of the uniform~~  
681 ~~application.~~

682 ~~(3) The department shall issue a registration as an~~  
683 ~~insurance agency to any agency that files a written application~~  
684 ~~with the department and qualifies for registration. The~~  
685 ~~application for registration shall require the agency to provide~~  
686 ~~the same information required for an agency licensed under~~  
687 ~~subsection (2), the agent identification number for each owner~~  
688 ~~who is a licensed agent, proof that the agency qualifies for~~  
689 ~~registration as provided in s. 626.112(7), and any other~~  
690 ~~additional information that the department determines is~~  
691 ~~necessary in order to demonstrate that the agency qualifies for~~  
692 ~~registration. The application must be signed by the owner or~~  
693 ~~owners of the agency. If the agency is incorporated, the~~  
694 ~~application must be signed by the president and the secretary of~~  
695 ~~the corporation. An agent who owns the agency need not file~~  
696 ~~fingerprints with the department if the agent obtained a license~~

22-01199A-14 20141260\_\_

697 ~~under this chapter and the license is currently valid.~~

698 ~~(a) If an application for registration is denied, the~~  
 699 ~~agency must file an application for licensure no later than 30~~  
 700 ~~days after the date of the denial of registration.~~

701 ~~(b) A registered insurance agency must file an application~~  
 702 ~~for licensure no later than 30 days after the date that any~~  
 703 ~~person who is not a licensed and appointed agent in this state~~  
 704 ~~acquires any ownership interest in the agency. If an agency~~  
 705 ~~fails to file an application for licensure in compliance with~~  
 706 ~~this paragraph, the department shall impose an administrative~~  
 707 ~~penalty in an amount of up to \$5,000 on the agency.~~

708 ~~(c) Sections 626.6115 and 626.6215 do not apply to agencies~~  
 709 ~~registered under this subsection.~~

710 (4) The department must ~~shall~~ issue a license ~~or~~  
 711 ~~registration~~ to each agency upon approval of the application,  
 712 and each agency location must ~~shall~~ display the license ~~or~~  
 713 ~~registration~~ prominently in a manner that makes it clearly  
 714 visible to any customer or potential customer who enters the  
 715 agency location.

716 Section 10. Present subsection (6) of section 626.311,  
 717 Florida Statutes, is redesignated as subsection (7), and a new  
 718 subsection (6) is added to that section, to read:

719 626.311 Scope of license.—

720 (6) An agent who appoints his or her license as an  
 721 unaffiliated insurance agent may not hold an appointment from an  
 722 insurer for any license he or she holds; transact, solicit, or  
 723 service an insurance contract on behalf of an insurer; interfere  
 724 with commissions received or to be received by an insurer-  
 725 appointed insurance agent or an insurance agency contracted with

22-01199A-14 20141260\_\_

726 or employing insurer-appointed insurance agents; or receive  
 727 compensation or any other thing of value from an insurer, an  
 728 insurer-appointed insurance agent, or an insurance agency  
 729 contracted with or employing insurer-appointed insurance agents  
 730 for any transaction or referral occurring after the date of  
 731 appointment as an unaffiliated insurance agent. An unaffiliated  
 732 insurance agent may continue to receive commissions on sales  
 733 that occurred before the date of appointment as an unaffiliated  
 734 insurance agent if the receipt of such commissions is disclosed  
 735 when making recommendations or evaluating products for a client  
 736 that involve products of the entity from which the commissions  
 737 are received.

738 Section 11. Paragraph (d) of subsection (1) of section  
 739 626.321, Florida Statutes, is amended to read:

740 626.321 Limited licenses.—

741 (1) The department shall issue to a qualified applicant a  
 742 license as agent authorized to transact a limited class of  
 743 business in any of the following categories of limited lines  
 744 insurance:

745 (d) Motor vehicle rental insurance.—

746 1. License covering only insurance of the risks set forth  
 747 in this paragraph when offered, sold, or solicited with and  
 748 incidental to the rental or lease of a motor vehicle and which  
 749 applies only to the motor vehicle that is the subject of the  
 750 lease or rental agreement and the occupants of the motor  
 751 vehicle:

752 a. Excess motor vehicle liability insurance providing  
 753 coverage in excess of the standard liability limits provided by  
 754 the lessor in the lessor's lease to a person renting or leasing

22-01199A-14

20141260\_\_

755 a motor vehicle from the licensee's employer for liability  
756 arising in connection with the negligent operation of the leased  
757 or rented motor vehicle.

758 b. Insurance covering the liability of the lessee to the  
759 lessor for damage to the leased or rented motor vehicle.

760 c. Insurance covering the loss of or damage to baggage,  
761 personal effects, or travel documents of a person renting or  
762 leasing a motor vehicle.

763 d. Insurance covering accidental personal injury or death  
764 of the lessee and any passenger who is riding or driving with  
765 the covered lessee in the leased or rented motor vehicle.

766 2. Insurance under a motor vehicle rental insurance license  
767 may be issued only if the lease or rental agreement is for up to  
768 ~~no more than~~ 60 days, the lessee is not provided coverage for  
769 more than 60 consecutive days per lease period, and the lessee  
770 is given written notice that his or her personal insurance  
771 policy providing coverage on an owned motor vehicle may provide  
772 coverage of such risks and that the purchase of the insurance is  
773 not required in connection with the lease or rental of a motor  
774 vehicle. If the lease is extended beyond 60 days, the coverage  
775 may be extended ~~one time only~~ once for up to a period not to  
776 ~~exceed an additional~~ 60 days. Insurance may be provided to the  
777 lessee as an additional insured on a policy issued to the  
778 licensee's employer.

779 3. The license may be issued only to the full-time salaried  
780 employee of a licensed general lines agent or to a business  
781 entity that offers motor vehicles for rent or lease if insurance  
782 sales activities authorized by the license are in connection  
783 with and incidental to the rental or lease of a motor vehicle.

Page 27 of 75

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22-01199A-14

20141260\_\_

784 a. A license issued to a business entity that offers motor  
785 vehicles for rent or lease encompasses each office, branch  
786 office, employee, authorized representative located at a  
787 designated branch, or place of business making use of the  
788 entity's business name in order to offer, solicit, and sell  
789 insurance pursuant to this paragraph.

790 b. The application for licensure must list the name,  
791 address, and phone number for each office, branch office, or  
792 place of business which ~~that~~ is to be covered by the license.  
793 The licensee shall notify the department of the name, address,  
794 and phone number of any new location that is to be covered by  
795 the license before the new office, branch office, or place of  
796 business engages in the sale of insurance pursuant to this  
797 paragraph. The licensee must notify the department within 30  
798 days after closing or terminating an office, branch office, or  
799 place of business. Upon receipt of the notice, the department  
800 shall delete the office, branch office, or place of business  
801 from the license.

802 c. A licensed and appointed entity is directly responsible  
803 and accountable for all acts of the licensee's employees.

804 Section 12. Section 626.382, Florida Statutes, is amended  
805 to read:

806 626.382 Continuation, expiration of license; insurance  
807 agencies.—The license of an any insurance agency ~~shall be issued~~  
808 ~~for a period of 3 years and~~ shall continue in force until  
809 canceled, suspended, or ~~revoked,~~ or until it is otherwise  
810 terminated or becomes expired by operation of law. ~~A license may~~  
811 ~~be renewed by submitting a renewal request to the department on~~  
812 ~~a form adopted by department rule.~~

Page 28 of 75

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22-01199A-14

20141260\_\_

813 Section 13. Section 626.601, Florida Statutes, is amended  
814 to read:

815 626.601 Improper conduct; investigation inquiry;  
816 fingerprinting.-

817 (1) The department or office may, upon its own motion or  
818 upon a written complaint signed by an ~~any~~ interested person and  
819 filed with the department or office, inquire into the ~~any~~  
820 alleged improper conduct of any licensed, approved, or certified  
821 licensee, insurance agency, agent, adjuster, service  
822 representative, managing general agent, customer representative,  
823 title insurance agent, title insurance agency, mediator, neutral  
824 evaluator, navigator, continuing education course provider,  
825 instructor, school official, or monitor group under this code.  
826 The department or office may thereafter initiate an  
827 investigation of ~~any~~ such individual or entity licensee if it  
828 has reasonable cause to believe that the individual or entity  
829 licensee has violated any provision of the insurance code.  
830 During the course of its investigation, the department or office  
831 shall contact the individual or entity licensee being  
832 investigated unless it determines that contacting such  
833 individual or entity person could jeopardize the successful  
834 completion of the investigation or cause injury to the public.

835 (2) In the investigation by the department or office of the  
836 alleged misconduct, the individual or entity licensee shall, if  
837 ~~whenever so~~ required by the department or office, open the  
838 individual's or entity's ~~cause his or her~~ books and records ~~to~~  
839 ~~be open~~ for inspection for the purpose of such investigation  
840 inquiries.

841 (3) ~~The~~ Complaints against an individual or entity ~~any~~

22-01199A-14

20141260\_\_

842 ~~licensee~~ may be informally alleged and are not required to  
843 include ~~need not be in any such~~ language as is necessary to  
844 charge a crime on an indictment or information.

845 (4) The expense for any hearings or investigations  
846 conducted pursuant to this section ~~under this law~~, as well as  
847 the fees and mileage of witnesses, may be paid out of the  
848 appropriate fund.

849 (5) If the department or office, after investigation, has  
850 reason to believe that an individual ~~a licensee~~ may have been  
851 found guilty of or pleaded guilty or nolo contendere to a felony  
852 or a crime related to the business of insurance in this or any  
853 other state or jurisdiction, the department or office may  
854 require the individual licensee to file with the department or  
855 office a complete set of his or her fingerprints, ~~which shall be~~  
856 accompanied by the fingerprint processing fee set forth in s.  
857 624.501. The fingerprints shall be taken by an authorized law  
858 enforcement agency or other department-approved entity.

859 (6) The complaint and any information obtained pursuant to  
860 the investigation by the department or office are confidential  
861 and ~~are~~ exempt from ~~the provisions of~~ s. 119.07, unless the  
862 department or office files a formal administrative complaint,  
863 emergency order, or consent order against the individual or  
864 entity licensee. ~~Nothing in~~ This subsection does not shall be  
865 ~~construed to~~ prevent the department or office from disclosing  
866 the complaint or such information as it deems necessary to  
867 conduct the investigation, to update the complainant as to the  
868 status and outcome of the complaint, or to share such  
869 information with any law enforcement agency or other regulatory  
870 body.



22-01199A-14

20141260\_\_

871 Section 14. Effective January 1, 2015, section 626.747,  
 872 Florida Statutes, is repealed.

873 Section 15. Effective January 1, 2015, subsection (1) of  
 874 section 626.8411, Florida Statutes, is amended to read:

875 626.8411 Application of Florida Insurance Code provisions  
 876 to title insurance agents or agencies.—

877 (1) The following provisions ~~of part II~~ applicable to  
 878 general lines agents or agencies also apply to title insurance  
 879 agents or agencies:

880 (a) Section 626.734, relating to liability of certain  
 881 agents.

882 (b) Section 626.0428(4)(a) and (b) ~~626.747~~, relating to  
 883 branch agencies.

884 (c) Section 626.749, relating to place of business in  
 885 residence.

886 (d) Section 626.753, relating to sharing of commissions.

887 (e) Section 626.754, relating to rights of agent following  
 888 termination of appointment.

889 Section 16. Paragraph (c) of subsection (2) and subsection  
 890 (3) of section 626.8805, Florida Statutes, are amended to read:

891 626.8805 Certificate of authority to act as administrator.—

892 (2) The administrator shall file with the office an  
 893 application for a certificate of authority upon a form to be  
 894 adopted by the commission and furnished by the office, which  
 895 application shall include or have attached the following  
 896 information and documents:

897 (c) The names, addresses, official positions, and  
 898 professional qualifications of the individuals employed or  
 899 retained by the administrator who are responsible for the

22-01199A-14

20141260\_\_

900 conduct of the affairs of the administrator, including all  
 901 members of the board of directors, board of trustees, executive  
 902 committee, or other governing board or committee, and the  
 903 principal officers in the case of a corporation ~~or~~ the partners  
 904 or members in the case of a partnership or association, ~~and any~~  
 905 ~~other person who exercises control or influence over the affairs~~  
 906 of the administrator.

907 (3) The applicant shall make available for inspection by  
 908 the office copies of all contracts relating to services provided  
 909 by the administrator to with insurers or other persons using  
 910 ~~utilizing~~ the services of the administrator.

911 Section 17. Subsections (1) and (3) of section 626.8817,  
 912 Florida Statutes, are amended to read:

913 626.8817 Responsibilities of insurance company with respect  
 914 to administration of coverage insured.—

915 (1) If an insurer uses the services of an administrator,  
 916 the insurer is responsible for determining the benefits, premium  
 917 rates, underwriting criteria, and claims payment procedures  
 918 applicable to the coverage and for securing reinsurance, if any.  
 919 The rules pertaining to these matters shall be provided, in  
 920 writing, by the insurer or its designee to the administrator.  
 921 The responsibilities of the administrator as to any of these  
 922 matters shall be set forth in ~~a~~ the written agreement binding  
 923 upon ~~between~~ the administrator and the insurer.

924 (3) ~~If in cases in which~~ an administrator administers  
 925 benefits for more than 100 certificateholders on behalf of an  
 926 insurer, the insurer shall, at least semiannually, conduct a  
 927 review of the operations of the administrator. At least one such  
 928 review must be an onsite audit of the operations of the

22-01199A-14 20141260\_\_

929 administrator. The insurer may contract with a qualified third  
 930 party to conduct such review.

931 Section 18. Subsections (1) and (4) of section 626.882,  
 932 Florida Statutes, are amended to read:

933 626.882 Agreement between administrator and insurer;  
 934 required provisions; maintenance of records.—

935 (1) A ~~Ne~~ person may not act as an administrator without a  
 936 written agreement, as required under s. 626.8817, which  
 937 specifies the rights, duties, and obligations of the ~~between~~  
 938 ~~such person as~~ administrator and an insurer.

939 (4) If a policy is issued to a trustee or trustees, a copy  
 940 of the trust agreement and any amendments to that agreement  
 941 shall be furnished to the insurer or its designee by the  
 942 administrator and shall be retained as part of the official  
 943 records of both the administrator and the insurer for the  
 944 duration of the policy and for 5 years thereafter.

945 Section 19. Subsections (3), (4), and (5) of section  
 946 626.883, Florida Statutes, are amended to read:

947 626.883 Administrator as intermediary; collections held in  
 948 fiduciary capacity; establishment of account; disbursement;  
 949 payments on behalf of insurer.—

950 (3) If charges or premiums deposited in a fiduciary account  
 951 have been collected on behalf of or for more than one insurer,  
 952 the administrator shall keep records clearly recording the  
 953 deposits in and withdrawals from such account on behalf of or  
 954 for each insurer. The administrator shall, upon request of an  
 955 insurer or its designee, furnish such insurer or designee with  
 956 copies of records pertaining to deposits and withdrawals on  
 957 behalf of or for such insurer.

22-01199A-14 20141260\_\_

958 (4) The administrator may not pay any claim by withdrawals  
 959 from a fiduciary account. Withdrawals from such account shall be  
 960 made as provided in the written agreement required under ss.  
 961 626.8817 and 626.882 ~~between the administrator and the insurer~~  
 962 for any of the following:

963 (a) Remittance to an insurer entitled to such remittance.

964 (b) Deposit in an account maintained in the name of such  
 965 insurer.

966 (c) Transfer to and deposit in a claims-paying account,  
 967 with claims to be paid as provided by such insurer.

968 (d) Payment to a group policyholder for remittance to the  
 969 insurer entitled to such remittance.

970 (e) Payment to the administrator of the commission, fees,  
 971 or charges of the administrator.

972 (f) Remittance of return premium to the person or persons  
 973 entitled to such ~~return~~ premium.

974 (5) All claims paid by the administrator from funds  
 975 collected on behalf of the insurer shall be paid only on drafts  
 976 of, and as authorized by, such insurer or its designee.

977 Section 20. Subsection (3) of section 626.884, Florida  
 978 Statutes, is amended to read:

979 626.884 Maintenance of records by administrator; access;  
 980 confidentiality.—

981 (3) The insurer shall retain the right of continuing access  
 982 to books and records maintained by the administrator sufficient  
 983 to permit the insurer to fulfill all of its contractual  
 984 obligations to insured persons, subject to any restrictions in  
 985 the written agreement pertaining to ~~between the insurer and the~~  
 986 ~~administrator~~ on the proprietary rights of the parties in such

22-01199A-14 20141260\_\_

987 books and records.

988 Section 21. Subsections (1) and (2) of section 626.89,

989 Florida Statutes, are amended to read:

990 626.89 Annual financial statement and filing fee; notice of

991 change of ownership.—

992 (1) Each authorized administrator shall file with the

993 office a full and true statement of its financial condition,

994 transactions, and affairs. The statement shall be filed annually

995 on or before April ~~March~~ 1 or within such extension of time

996 ~~therefor~~ as the office for good cause may have granted and shall

997 be for the preceding calendar year or for the preceding fiscal

998 year if the administrator's accounting is on a fiscal-year

999 basis. The statement shall be in such form and contain such

1000 matters as the commission prescribes and shall be verified by at

1001 least two officers of the ~~such~~ administrator. ~~An administrator~~

1002 ~~whose sole stockholder is an association representing health~~

1003 ~~care providers which is not an affiliate of an insurer, an~~

1004 ~~administrator of a pooled governmental self-insurance program,~~

1005 ~~or an administrator that is a university may submit the~~

1006 ~~preceding fiscal year's statement within 2 months after its~~

1007 ~~fiscal year end.~~

1008 (2) Each authorized administrator shall also file an

1009 audited financial statement performed by an independent

1010 certified public accountant. The audited financial statement

1011 shall be filed with the office on or before July ~~June~~ 1 for the

1012 preceding calendar or fiscal year ending ~~December 31~~. ~~An~~

1013 ~~administrator whose sole stockholder is an association~~

1014 ~~representing health care providers which is not an affiliate of~~

1015 ~~an insurer, an administrator of a pooled governmental self-~~

22-01199A-14 20141260\_\_

1016 ~~insurance program, or an administrator that is a university may~~

1017 ~~submit the preceding fiscal year's audited financial statement~~

1018 ~~within 5 months after the end of its fiscal year. An audited~~

1019 ~~financial statement prepared on a consolidated basis must~~

1020 ~~include a columnar consolidating or combining worksheet that~~

1021 ~~must be filed with the statement and must comply with the~~

1022 ~~following:~~

1023 (a) Amounts shown on the consolidated audited financial

1024 statement must be shown on the worksheet;

1025 (b) Amounts for each entity must be stated separately; and

1026 (c) Explanations of consolidating and eliminating entries

1027 must be included.

1028 Section 22. Section 626.931, Florida Statutes, is amended

1029 to read:

1030 626.931 ~~Agent affidavit and~~ Insurer reporting

1031 requirements.—

1032 ~~(1) Each surplus lines agent shall on or before the 45th~~

1033 ~~day following each calendar quarter file with the Florida~~

1034 ~~Surplus Lines Service Office an affidavit, on forms as~~

1035 ~~prescribed and furnished by the Florida Surplus Lines Service~~

1036 ~~Office, stating that all surplus lines insurance transacted by~~

1037 ~~him or her during such calendar quarter has been submitted to~~

1038 ~~the Florida Surplus Lines Service Office as required.~~

1039 ~~(2) The affidavit of the surplus lines agent shall include~~

1040 ~~efforts made to place coverages with authorized insurers and the~~

1041 ~~results thereof.~~

1042 (1)(3) Each foreign insurer accepting premiums shall, on or

1043 before the end of the month following each calendar quarter,

1044 file with the Florida Surplus Lines Service Office a verified

22-01199A-14 20141260\_\_

1045 report of all surplus lines insurance transacted by such insurer  
 1046 for insurance risks located in this state during the such  
 1047 calendar quarter.

1048 (2)-(4) Each alien insurer accepting premiums shall, on or  
 1049 before June 30 of each year, file with the Florida Surplus Lines  
 1050 Service Office a verified report of all surplus lines insurance  
 1051 transacted by such insurer for insurance risks located in this  
 1052 state during the preceding calendar year.

1053 (3)-(5) The department may waive the filing requirements  
 1054 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

1055 (4)-(6) Each insurer's report and supporting information  
 1056 shall be in a computer-readable format as determined by the  
 1057 Florida Surplus Lines Service Office or ~~shall~~ be submitted on  
 1058 forms prescribed by the Florida Surplus Lines Service Office and  
 1059 ~~shall~~ show for each applicable agent:

1060 (a) A listing of all policies, certificates, cover notes,  
 1061 or other forms of confirmation of insurance coverage or any  
 1062 substitutions thereof or endorsements thereto and the  
 1063 identifying number; and

1064 (b) Any additional information required by the department  
 1065 or Florida Surplus Lines Service Office.

1066 Section 23. Paragraph (a) of subsection (2) of section  
 1067 626.932, Florida Statutes, is amended to read:

1068 626.932 Surplus lines tax.—

1069 (2) (a) The surplus lines agent shall make payable to the  
 1070 department the tax related to each calendar quarter's business  
 1071 as reported to the Florida Surplus Lines Service Office, and  
 1072 remit the tax to the Florida Surplus Lines Service Office on or  
 1073 before the 45th day after each calendar quarter ~~at the same time~~

22-01199A-14 20141260\_\_

1074 ~~as provided for the filing of the quarterly affidavit, under s.~~  
 1075 ~~626.931.~~ The Florida Surplus Lines Service Office shall forward  
 1076 to the department the taxes and any interest collected pursuant  
 1077 to paragraph (b), within 10 days after ~~of~~ receipt.

1078 Section 24. Subsection (1) of section 626.935, Florida  
 1079 Statutes, is amended to read:

1080 626.935 Suspension, revocation, or refusal of surplus lines  
 1081 agent's license.—

1082 (1) The department shall deny an application for, suspend,  
 1083 revoke, or refuse to renew the appointment of a surplus lines  
 1084 agent and all other licenses and appointments held by the  
 1085 licensee under this code, on any of the following grounds:

1086 (a) Removal of the licensee's office from the licensee's  
 1087 state of residence.

1088 (b) Removal of the accounts and records of his or her  
 1089 surplus lines business from this state or the licensee's state  
 1090 of residence during the period when such accounts and records  
 1091 are required to be maintained under s. 626.930.

1092 (c) Closure of the licensee's office for more than 30  
 1093 consecutive days.

1094 ~~(d) Failure to make and file his or her affidavit or~~  
 1095 ~~reports when due as required by s. 626.931.~~

1096 (d)-(e) Failure to pay the tax or service fee on surplus  
 1097 lines premiums, as provided in the Surplus Lines Law.

1098 (e)-(f) Suspension, revocation, or refusal to renew or  
 1099 continue the license or appointment as a general lines agent,  
 1100 service representative, or managing general agent.

1101 (f)-(g) Lack of qualifications as for an original surplus  
 1102 lines agent's license.

22-01199A-14

20141260\_\_

1103 ~~(g)(h)~~ Violation of this Surplus Lines Law.  
 1104 ~~(h)(i)~~ ~~For~~ Any other applicable cause for which the license  
 1105 of a general lines agent could be suspended, revoked, or refused  
 1106 under s. 626.611 or s. 626.621.

1107 Section 25. Subsection (1) of section 626.936, Florida  
 1108 Statutes, is amended to read:

1109 626.936 Failure to file reports or pay tax or service fee;  
 1110 administrative penalty.—

1111 (1) A ~~Any~~ licensed surplus lines agent who neglects to file  
 1112 a report ~~or an affidavit~~ in the form and within the time  
 1113 required under ~~or provided for in~~ the Surplus Lines Law may be  
 1114 fined up to \$50 per day for each day the neglect continues,  
 1115 beginning the day after the report ~~or affidavit~~ was due until  
 1116 the date the report ~~or affidavit~~ is received. All sums collected  
 1117 under this section shall be deposited into the Insurance  
 1118 Regulatory Trust Fund.

1119 Section 26. Paragraph (b) of subsection (2) of section  
 1120 627.062, Florida Statutes, is amended to read:

1121 627.062 Rate standards.—

1122 (2) As to all such classes of insurance:

1123 (b) Upon receiving a rate filing, the office shall review  
 1124 the filing to determine whether the ~~if~~ a rate is excessive,  
 1125 inadequate, or unfairly discriminatory. In making that  
 1126 determination, the office shall, in accordance with generally  
 1127 accepted and reasonable actuarial techniques, consider the  
 1128 following factors:

- 1129 1. Past and prospective loss experience within and without
- 1130 this state.
- 1131 2. Past and prospective expenses.

Page 39 of 75

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22-01199A-14

20141260\_\_

1132 3. The degree of competition among insurers for the risk  
 1133 insured.

1134 4. Investment income reasonably expected by the insurer,  
 1135 consistent with the insurer's investment practices, from  
 1136 investable premiums anticipated in the filing, plus any other  
 1137 expected income from currently invested assets representing the  
 1138 amount expected on unearned premium reserves and loss reserves.  
 1139 The commission may adopt rules using reasonable techniques of  
 1140 actuarial science and economics to specify the manner in which  
 1141 insurers calculate investment income attributable to classes of  
 1142 insurance written in this state and the manner in which  
 1143 investment income is used to calculate insurance rates. Such  
 1144 manner must contemplate allowances for an underwriting profit  
 1145 factor and full consideration of investment income that ~~which~~  
 1146 produce a reasonable rate of return; however, investment income  
 1147 from invested surplus may not be considered.

1148 5. The reasonableness of the judgment reflected in the  
 1149 filing.

1150 6. Dividends, savings, or unabsorbed premium deposits  
 1151 allowed or returned to Florida policyholders, members, or  
 1152 subscribers.

1153 7. The adequacy of loss reserves.

1154 8. The cost of reinsurance. The office may not disapprove a  
 1155 rate as excessive solely due to the insurer's ~~insurer~~ having  
 1156 obtained catastrophic reinsurance to cover the insurer's  
 1157 estimated 250-year probable maximum loss or any lower level of  
 1158 loss.

1159 9. Trend factors, including trends in actual losses per  
 1160 insured unit for the insurer making the filing.

Page 40 of 75

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22-01199A-14

20141260\_\_

1161 10. Conflagration and catastrophe hazards, if applicable.  
 1162 11. Projected hurricane losses, if applicable, which must  
 1163 be estimated using a model or method, or a straight average of  
 1164 model results or output ranges, which are independently found to  
 1165 be acceptable or reliable by the Florida Commission on Hurricane  
 1166 Loss Projection Methodology, and as further provided in s.  
 1167 627.0628.

1168 12. A reasonable margin for underwriting profit and  
 1169 contingencies.

1170 13. The cost of medical services, if applicable.

1171 14. Other relevant factors that affect the frequency or  
 1172 severity of claims or expenses.

1173 Section 27. Paragraph (d) of subsection (3) of section  
 1174 627.0628, Florida Statutes, is amended to read:

1175 627.0628 Florida Commission on Hurricane Loss Projection  
 1176 Methodology; public records exemption; public meetings  
 1177 exemption.-

1178 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.-

1179 (d) With respect to a rate filing under s. 627.062, an  
 1180 insurer shall employ and may not modify or adjust actuarial  
 1181 methods, principles, standards, models, or output ranges found  
 1182 by the commission to be accurate or reliable in determining  
 1183 hurricane loss factors for use in a rate filing under s.  
 1184 627.062. An insurer shall employ and may not modify or adjust  
 1185 models found by the commission to be accurate or reliable in  
 1186 determining probable maximum loss levels pursuant to paragraph  
 1187 (b) with respect to a rate filing under s. 627.062 made more  
 1188 than 180 ~~60~~ days after the commission has made such findings.  
 1189 This paragraph does not prohibit an insurer from using a

Page 41 of 75

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22-01199A-14

20141260\_\_

1190 straight average of model results or output ranges or using  
 1191 straight averages for the purposes of a rate filing under s.  
 1192 627.062.

1193 Section 28. Subsection (8) of section 627.0651, Florida  
 1194 Statutes, is amended to read:

1195 627.0651 Making and use of rates for motor vehicle  
 1196 insurance.-

1197 (8) Rates are not unfairly discriminatory if averaged  
 1198 broadly among members of a group; nor are rates unfairly  
 1199 discriminatory even though they are lower than rates for  
 1200 nonmembers of the group. However, such rates are unfairly  
 1201 discriminatory if they are not actuarially measurable and  
 1202 credible and sufficiently related to actual or expected loss and  
 1203 expense experience of the group so as to ensure ~~assure~~ that  
 1204 nonmembers of the group are not unfairly discriminated against.  
 1205 New programs or changes to existing programs which result in at  
 1206 least ~~Use of~~ a single United States Postal Service zip code as a  
 1207 rating territory shall be deemed submitted pursuant to paragraph  
 1208 (1) (a). A rating territory must incorporate sufficient actual or  
 1209 expected loss and loss adjustment expense experience so as to be  
 1210 actuarially measurable and credible and not unfairly  
 1211 discriminatory.

1212 Section 29. Present subsections (2) through (4) of section  
 1213 627.072, Florida Statutes, are redesignated as subsections (3)  
 1214 through (5), respectively, and a new subsection (2) is added to  
 1215 that section, to read:

1216 627.072 Making and use of rates.-

1217 (2) A retrospective rating plan may contain a provision  
 1218 that allows for the negotiation of premium between the employer

Page 42 of 75

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22-01199A-14 20141260\_\_

1219 and the insurer for employers having exposure in more than one  
 1220 state, an estimated annual standard premium in this state of  
 1221 \$175,000, and an estimated annual countrywide standard premium  
 1222 of \$1 million or more for workers' compensation.

1223 Section 30. Subsection (2) of section 627.281, Florida  
 1224 Statutes, is amended to read:

1225 627.281 Appeal from rating organization; workers'  
 1226 compensation and employer's liability insurance filings.-

1227 (2) If the ~~such~~ appeal is based on ~~upon~~ the failure of the  
 1228 rating organization to make a filing on behalf of a ~~such~~ member  
 1229 or subscriber which is based on a system of expense provisions  
 1230 which differs, in accordance with the right granted in s.  
 1231 627.072(3) ~~627.072(2)~~, differs from the system of expense  
 1232 provisions included in a filing made by the rating organization,  
 1233 the office shall, if it grants the appeal, order the rating  
 1234 organization to make the requested filing for use by the  
 1235 appellant. In deciding such appeal, the office shall apply the  
 1236 applicable standards set forth in ss. 627.062 and 627.072.

1237 Section 31. Paragraph (h) of subsection (5) of section  
 1238 627.311, Florida Statutes, is amended to read:

1239 627.311 Joint underwriters and joint reinsurers; public  
 1240 records and public meetings exemptions.-

1241 (5)

1242 (h) Any premium or assessments collected by the plan in  
 1243 excess of the amount necessary to fund projected ultimate  
 1244 incurred losses and expenses of the plan and not paid to  
 1245 insureds of the plan in conjunction with loss prevention or  
 1246 dividend programs shall be retained by the plan for future use.  
 1247 Any state funds received by the plan in excess of the amount

22-01199A-14 20141260\_\_

1248 necessary to fund deficits in subplan D or any tier shall be  
 1249 returned to the state. Any dividend or premium refund that  
 1250 cannot be paid to a former insured of the plan because the  
 1251 former insured cannot be reasonably located shall be retained by  
 1252 the plan for future use.

1253 Section 32. Subsection (9) of section 627.3518, Florida  
 1254 Statutes, is amended to read:

1255 627.3518 Citizens Property Insurance Corporation  
 1256 policyholder eligibility clearinghouse program.-The purpose of  
 1257 this section is to provide a framework for the corporation to  
 1258 implement a clearinghouse program by January 1, 2014.

1259 (9) The 45-day notice of nonrenewal requirement set forth  
 1260 in s. 627.4133(2)(b)4. ~~627.4133(2)(b)4.b.~~ applies when a policy  
 1261 is nonrenewed by the corporation because the risk has received  
 1262 an offer of coverage pursuant to this section which renders the  
 1263 risk ineligible for coverage by the corporation.

1264 Section 33. Section 627.3519, Florida Statutes, is  
 1265 repealed.

1266 Section 34. Section 627.409, Florida Statutes, is amended  
 1267 to read:

1268 627.409 Representations in applications; warranties.-

1269 (1) Any statement or description made by or on behalf of an  
 1270 insured or annuitant in an application for an insurance policy  
 1271 or annuity contract, or in negotiations for a policy or  
 1272 contract, is a representation and ~~is~~ not a warranty. Except as  
 1273 provided in subsection (3), a misrepresentation, omission,  
 1274 concealment of fact, or incorrect statement may prevent recovery  
 1275 under the contract or policy only if any of the following apply:

1276 (a) The misrepresentation, omission, concealment, or

22-01199A-14 20141260\_\_

1277 statement is fraudulent or is material ~~either~~ to the acceptance  
1278 of the risk or to the hazard assumed by the insurer.

1279 (b) If the true facts had been known to the insurer  
1280 pursuant to a policy requirement or other requirement, the  
1281 insurer in good faith would not have issued the policy or  
1282 contract, would not have issued it at the same premium rate,  
1283 would not have issued a policy or contract in as large an  
1284 amount, or would not have provided coverage with respect to the  
1285 hazard resulting in the loss.

1286 (2) A breach or violation by the insured of a any warranty,  
1287 condition, or provision of a any wet marine or transportation  
1288 insurance policy, contract of insurance, endorsement, or  
1289 application ~~therefor~~ does not void the policy or contract, or  
1290 constitute a defense to a loss thereon, unless such breach or  
1291 violation increased the hazard by any means within the control  
1292 of the insured.

1293 (3) For residential property insurance, if a policy or  
1294 contract is in effect for more than 90 days, a claim filed by  
1295 the insured may not be denied based on credit information  
1296 available in public records.

1297 Section 35. Paragraph (b) of subsection (2) of section  
1298 627.4133, Florida Statutes, is amended to read:

1299 627.4133 Notice of cancellation, nonrenewal, or renewal  
1300 premium.—

1301 (2) With respect to a any personal lines or commercial  
1302 residential property insurance policy, including a, but not  
1303 ~~limited to, any~~ homeowner's, mobile home owner's, farmowner's,  
1304 condominium association, condominium unit owner's, apartment  
1305 building, or other policy covering a residential structure or

22-01199A-14 20141260\_\_

1306 its contents:

1307 (b) The insurer shall give the first-named insured written  
1308 notice of nonrenewal, cancellation, or termination at least 120  
1309 ~~100~~ days before the effective date of the nonrenewal,  
1310 cancellation, or termination. ~~However, the insurer shall give at~~  
1311 ~~least 100 days' written notice, or written notice by June 1,~~  
1312 ~~whichever is earlier, for any nonrenewal, cancellation, or~~  
1313 ~~termination that would be effective between June 1 and November~~  
1314 ~~30.~~ The notice must include the reason or reasons for the  
1315 nonrenewal, cancellation, or termination, except that:

1316 1. The insurer shall give the first-named insured written  
1317 notice of nonrenewal, cancellation, or termination at least 120  
1318 days prior to the effective date of the nonrenewal,  
1319 cancellation, or termination for a first-named insured whose  
1320 residential structure has been insured by that insurer or an  
1321 affiliated insurer for at least a 5-year period immediately  
1322 prior to the date of the written notice.

1323 1.2. If cancellation is for nonpayment of premium, at least  
1324 10 days' written notice of cancellation accompanied by the  
1325 reason therefor must be given. As used in this subparagraph, the  
1326 term "nonpayment of premium" means failure of the named insured  
1327 to discharge when due her or his obligations for paying the  
1328 premium in connection with the payment of premiums on a policy  
1329 or an any installment of such premium, whether the premium is  
1330 payable directly to the insurer or its agent or indirectly under  
1331 any premium finance plan or extension of credit, or failure to  
1332 maintain membership in an organization if such membership is a  
1333 condition precedent to insurance coverage. The term also means  
1334 the failure of a financial institution to honor an insurance



22-01199A-14 20141260\_\_  
 1335 applicant's check after delivery to a licensed agent for payment  
 1336 of a premium, even if the agent has previously delivered or  
 1337 transferred the premium to the insurer. If a dishonored check  
 1338 represents the initial premium payment, the contract and all  
 1339 contractual obligations are void ab initio unless the nonpayment  
 1340 is cured within the earlier of 5 days after actual notice by  
 1341 certified mail is received by the applicant or 15 days after  
 1342 notice is sent to the applicant by certified mail or registered  
 1343 mail, ~~and~~ If the contract is void, any premium received by the  
 1344 insurer from a third party must be refunded to that party in  
 1345 full.

1346 ~~2.3.~~ If ~~such~~ cancellation or termination occurs during the  
 1347 first 90 days the insurance is in force and the insurance is  
 1348 canceled or terminated for reasons other than nonpayment of  
 1349 premium, at least 20 days' written notice of cancellation or  
 1350 termination accompanied by the reason therefor must be given  
 1351 unless there has been a material misstatement or  
 1352 misrepresentation or failure to comply with the underwriting  
 1353 requirements established by the insurer.

1354 3. After the policy has been in effect for 90 days, the  
 1355 insurer may not cancel the policy unless there has been a  
 1356 material misstatement, a nonpayment of premium, a failure to  
 1357 comply with underwriting requirements established by the insurer  
 1358 within 90 days after the date of effectuation of coverage, or a  
 1359 substantial change in the risk covered by the policy or the  
 1360 cancellation is for all insureds under such policies for a class  
 1361 of insureds. This subparagraph does not apply to individually  
 1362 rated risks having a policy term of less than 90 days.

1363 4. After a policy or contract has been in effect for 90

22-01199A-14 20141260\_\_  
 1364 days, the insurer may not cancel or terminate the policy or  
 1365 contract based on credit information available in public  
 1366 records. The requirement for providing written notice by June 1  
 1367 of any nonrenewal that would be effective between June 1 and  
 1368 November 30 does not apply to the following situations, but the  
 1369 insurer remains subject to the requirement to provide such  
 1370 notice at least 100 days before the effective date of  
 1371 nonrenewal:

1372 a. A policy that is nonrenewed due to a revision in the  
 1373 coverage for sinkhole losses and catastrophic ground cover  
 1374 collapse pursuant to s. 627.706.

1375 ~~5.b.~~ A policy that is nonrenewed by Citizens Property  
 1376 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
 1377 that has been assumed by an authorized insurer offering  
 1378 replacement coverage to the policyholder is exempt from the  
 1379 notice requirements of paragraph (a) and this paragraph. In such  
 1380 cases, the corporation must give the named insured written  
 1381 notice of nonrenewal at least 45 days before the effective date  
 1382 of the nonrenewal.

1383  
 1384 ~~After the policy has been in effect for 90 days, the policy may~~  
 1385 ~~not be canceled by the insurer unless there has been a material~~  
 1386 ~~misstatement, a nonpayment of premium, a failure to comply with~~  
 1387 ~~underwriting requirements established by the insurer within 90~~  
 1388 ~~days after the date of effectuation of coverage, or a~~  
 1389 ~~substantial change in the risk covered by the policy or if the~~  
 1390 ~~cancellation is for all insureds under such policies for a given~~  
 1391 ~~class of insureds. This paragraph does not apply to individually~~  
 1392 ~~rated risks having a policy term of less than 90 days.~~

22-01199A-14

20141260\_\_

1393 ~~6.5-~~ Notwithstanding any other ~~provision of law~~, an insurer  
 1394 may cancel or nonrenew a property insurance policy after at  
 1395 least 45 days' notice if the office finds that the early  
 1396 cancellation of some or all of the insurer's policies is  
 1397 necessary to protect the best interests of the public or  
 1398 policyholders and the office approves the insurer's plan for  
 1399 early cancellation or nonrenewal of some or all of its policies.  
 1400 The office may base such finding upon the financial condition of  
 1401 the insurer, lack of adequate reinsurance coverage for hurricane  
 1402 risk, or other relevant factors. The office may condition its  
 1403 finding on the consent of the insurer to be placed under  
 1404 administrative supervision pursuant to s. 624.81 or to the  
 1405 appointment of a receiver under chapter 631.

1406 ~~7.6-~~ A policy covering both a home and a motor vehicle may  
 1407 be nonrenewed for any reason applicable to ~~either~~ the property  
 1408 or motor vehicle insurance after providing 90 days' notice.

1409 Section 36. Subsection (1) of section 627.4137, Florida  
 1410 Statutes, is amended to read:

1411 627.4137 Disclosure of certain information required.—

1412 (1) Each insurer that provides ~~which does~~ or may provide  
 1413 liability insurance coverage to pay all or a portion of a any  
 1414 claim ~~that which~~ might be made shall ~~provide~~, within 30 days  
 1415 ~~after~~ of the written request of the claimant, provide a  
 1416 statement, under oath, of a corporate officer or the insurer's  
 1417 claims manager, ~~or~~ superintendent, or licensed company adjuster  
 1418 setting forth the following information with regard to each  
 1419 known policy of insurance, including excess or umbrella  
 1420 insurance:

1421 (a) The name of the insurer.

Page 49 of 75

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22-01199A-14

20141260\_\_

1422 (b) The name of each insured.

1423 (c) The limits of the liability coverage.

1424 (d) A statement of any policy or coverage defense that the  
 1425 ~~which such~~ insurer reasonably believes is available to the such  
 1426 insurer at the time of filing such statement.

1427 (e) A copy of the policy.

1428

1429 ~~In addition,~~ The insured, or her or his insurance agent, upon  
 1430 written request of the claimant or the claimant's attorney,  
 1431 shall also disclose the name and coverage of each known insurer  
 1432 to the claimant and ~~shall~~ forward the such request for  
 1433 information ~~as~~ required by this subsection to all affected  
 1434 insurers. The insurer shall ~~then~~ supply the required information  
 1435 ~~required in this subsection~~ to the claimant within 30 days after  
 1436 ~~of~~ receipt of such request.

1437 Section 37. Subsection (1) of section 627.421, Florida  
 1438 Statutes, is amended to read:

1439 627.421 Delivery of policy.—

1440 (1) Subject to the insurer's requirement as to payment of  
 1441 premium, every policy shall be mailed, delivered, or  
 1442 electronically transmitted to the insured or to the person  
 1443 entitled thereto ~~within not later than~~ 60 days after the  
 1444 effectuation of coverage. Notwithstanding any other provision of  
 1445 law, an insurer may allow a policyholder of personal lines  
 1446 insurance to affirmatively elect delivery of the policy  
 1447 documents, including policies, endorsements, notices, or other  
 1448 documents, by electronic means in lieu of delivery by mail.  
 1449 Electronic transmission of a policy for commercial risks,  
 1450 including, but not limited to, workers' compensation and

Page 50 of 75

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22-01199A-14

20141260\_\_

1451 employers' liability, commercial automobile liability,  
 1452 commercial automobile physical damage, commercial lines  
 1453 residential property, commercial nonresidential property, farm  
 1454 owners' insurance, and the types of commercial lines risks set  
 1455 forth in s. 627.062(3)(d), ~~constitute shall constitute~~ delivery  
 1456 to the insured or to the person entitled to delivery, unless the  
 1457 insured or the person entitled to delivery communicates to the  
 1458 insurer in writing or electronically that he or she does not  
 1459 agree to delivery by electronic means. Electronic transmission  
 1460 ~~must shall~~ include a notice to the insured or to the person  
 1461 entitled to delivery of a policy of his or her right to receive  
 1462 the policy via United States mail rather than via electronic  
 1463 transmission. A paper copy of the policy shall be provided to  
 1464 the insured or to the person entitled to delivery at his or her  
 1465 request.

1466 Section 38. Subsection (2) of section 627.43141, Florida  
 1467 Statutes, is amended to read:

1468 627.43141 Notice of change in policy terms.-

1469 (2) A renewal policy may contain a change in policy terms.  
 1470 If a renewal policy contains ~~does contain~~ such change, the  
 1471 insurer must give the named insured written notice of the  
 1472 change, which may ~~must~~ be enclosed along with the written notice  
 1473 of renewal premium required by ss. 627.4133 and 627.728 or be  
 1474 sent in a separate notice that complies with the nonrenewal  
 1475 mailing time requirement for that particular line of business.  
 1476 The insurer must also provide a sample copy of the notice to the  
 1477 insured's insurance agent before or at the same time that notice  
 1478 is given to the insured. Such notice shall be entitled "Notice  
 1479 of Change in Policy Terms."

Page 51 of 75

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22-01199A-14

20141260\_\_

1480 Section 39. Section 627.4553, Florida Statutes, is created  
 1481 to read:

1482 627.4553 Recommendations to surrender.-If an insurance  
 1483 agent recommends the surrender of an annuity or life insurance  
 1484 policy containing a cash value and is not recommending that the  
 1485 proceeds from the surrender be used to fund or purchase another  
 1486 annuity or life insurance policy, before execution of the  
 1487 surrender, the insurance agent, or the insurance company if no  
 1488 agent is involved, shall provide, on a form adopted by rule by  
 1489 the department, information concerning the annuity or policy to  
 1490 be surrendered, including the amount of any surrender charge,  
 1491 the loss of any minimum interest rate guarantees, the amount of  
 1492 any tax consequences resulting from the surrender, the amount of  
 1493 any forfeited death benefit, and the value of any other  
 1494 investment performance guarantees being forfeited as a result of  
 1495 the surrender. This section also applies to a person performing  
 1496 insurance agent activities pursuant to an exemption from  
 1497 licensure under this part.

1498 Section 40. Paragraph (b) of subsection (4) of section  
 1499 627.7015, Florida Statutes, is amended to read:

1500 627.7015 Alternative procedure for resolution of disputed  
 1501 property insurance claims.-

1502 (4) The department shall adopt by rule a property insurance  
 1503 mediation program to be administered by the department or its  
 1504 designee. The department may also adopt special rules which are  
 1505 applicable in cases of an emergency within the state. The rules  
 1506 shall be modeled after practices and procedures set forth in  
 1507 mediation rules of procedure adopted by the Supreme Court. The  
 1508 rules ~~must shall~~ provide ~~for~~:

Page 52 of 75

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22-01199A-14

20141260\_\_

1509 (b) Qualifications, denial of application, suspension,  
 1510 revocation of approval, and other penalties for ~~of~~ mediators as  
 1511 provided in s. 627.745 and in the Florida Rules ~~for of~~ Certified  
 1512 and ~~Court-Appointed Court-Appointed~~ Mediators, ~~and for such~~  
 1513 ~~other individuals as are qualified by education, training, or~~  
 1514 ~~experience as the department determines to be appropriate.~~

1515 Section 41. Section 627.70151, Florida Statutes, is created  
 1516 to read:

1517 627.70151 Appraisal; conflicts of interest.-An insurer that  
 1518 offers residential coverage, as defined in s. 627.4025, or a  
 1519 policyholder that uses an appraisal clause in the property  
 1520 insurance contract to establish a process for estimating or  
 1521 evaluating the amount of the loss through the use of an  
 1522 impartial umpire may challenge the umpire's impartiality and  
 1523 disqualify the proposed umpire only if:

1524 (1) A familial relationship within the third degree exists  
 1525 between the umpire and a party or a representative of a party;

1526 (2) The umpire has previously represented a party or a  
 1527 representative of a party in a professional capacity in the same  
 1528 or a substantially related matter;

1529 (3) The umpire has represented another person in a  
 1530 professional capacity on the same or a substantially related  
 1531 matter, which includes the claim, same property, or an adjacent  
 1532 property and that other person's interests are materially  
 1533 adverse to the interests of any party; or

1534 (4) The umpire has worked as an employer or employee of a  
 1535 party within the preceding 5 years.

1536 Section 42. Paragraph (c) of subsection (2) of section  
 1537 627.706, Florida Statutes, is amended to read:

22-01199A-14

20141260\_\_

1538 627.706 Sinkhole insurance; catastrophic ground cover  
 1539 collapse; definitions.-

1540 (2) As used in ss. 627.706-627.7074, and as used in  
 1541 connection with any policy providing coverage for a catastrophic  
 1542 ground cover collapse or for sinkhole losses, the term:

1543 (c) "Neutral evaluator" means a professional engineer or a  
 1544 professional geologist who has completed a course of study in  
 1545 alternative dispute resolution designed or approved by the  
 1546 department for use in the neutral evaluation process, ~~and~~ who is  
 1547 determined by the department to be fair and impartial, and who  
 1548 is not otherwise ineligible for certification as provided in s.  
 1549 627.7074.

1550 Section 43. Subsections (3), (7), and (18) of section  
 1551 627.7074, Florida Statutes, are amended to read:

1552 627.7074 Alternative procedure for resolution of disputed  
 1553 sinkhole insurance claims.-

1554 (3) Following the receipt of the report required ~~provided~~  
 1555 under s. 627.7073 or the denial of a claim for a sinkhole loss,  
 1556 the insurer shall notify the policyholder of his or her right to  
 1557 participate in the neutral evaluation program under this section  
 1558 if coverage is available under the policy and the claim was  
 1559 submitted within the timeframe provided in s. 627.706(5).

1560 Neutral evaluation supersedes the alternative dispute resolution  
 1561 process under s. 627.7015 but does not invalidate the appraisal  
 1562 clause of the insurance policy. The insurer shall provide to the  
 1563 policyholder the consumer information pamphlet prepared by the  
 1564 department pursuant to subsection (1) electronically or by  
 1565 United States mail.

1566 (7) Upon receipt of a request for neutral evaluation, the

22-01199A-14 20141260\_\_

1567 department shall provide the parties a list of certified neutral  
1568 evaluators. The department shall allow the parties to submit  
1569 requests for disqualifying ~~to disqualify~~ evaluators on the list  
1570 for cause.

1571 (a) The department shall disqualify neutral evaluators for  
1572 cause based only on any of the following grounds:

1573 1. A familial relationship exists between the neutral  
1574 evaluator and either party or a representative of either party  
1575 within the third degree.

1576 2. The proposed neutral evaluator has, in a professional  
1577 capacity, previously represented either party or a  
1578 representative of either party, in the same or a substantially  
1579 related matter.

1580 3. The proposed neutral evaluator has, in a professional  
1581 capacity, represented another person in the same or a  
1582 substantially related matter and that person's interests are  
1583 materially adverse to the interests of the parties. The term  
1584 "substantially related matter" means participation by the  
1585 neutral evaluator on the same claim, property, or adjacent  
1586 property.

1587 4. The proposed neutral evaluator has, within the preceding  
1588 5 years, worked as an employer or employee of a any party to the  
1589 case.

1590 (b) The department shall deny an application, or suspend or  
1591 revoke the certification, of a neutral evaluator to serve in the  
1592 neutral evaluator capacity if the department finds that one or  
1593 more of the following grounds exist:

1594 1. Lack of one or more of the qualifications for  
1595 certification specified in this section.

Page 55 of 75

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22-01199A-14 20141260\_\_

1596 2. Material misstatement, misrepresentation, or fraud in  
1597 obtaining or attempting to obtain the certification.

1598 3. Demonstrated lack of fitness or trustworthiness to act  
1599 as a neutral evaluator.

1600 4. Fraudulent or dishonest practices in the conduct of an  
1601 evaluation or in the conduct of business in the financial  
1602 services industry.

1603 5. Violation of any provision of this code or of a lawful  
1604 order or rule of the department or aiding, instructing, or  
1605 encouraging another party to commit such violation.

1606 (c) (b) The parties shall appoint a neutral evaluator from  
1607 the department list and promptly inform the department. If the  
1608 parties cannot agree to a neutral evaluator within 14 business  
1609 days, the department shall appoint a neutral evaluator from the  
1610 list of certified neutral evaluators. The department shall allow  
1611 each party to disqualify two neutral evaluators without cause.  
1612 Upon selection or appointment, the department shall promptly  
1613 refer the request to the neutral evaluator.

1614 (d) (e) Within 14 business days after the referral, the  
1615 neutral evaluator shall notify the policyholder and the insurer  
1616 of the date, time, and place of the neutral evaluation  
1617 conference. The conference may be held by telephone, if feasible  
1618 and desirable. The neutral evaluator shall make reasonable  
1619 efforts to hold the conference within 90 days after the receipt  
1620 of the request by the department. Failure of the neutral  
1621 evaluator to hold the conference within 90 days does not  
1622 invalidate either party's right to neutral evaluation or to a  
1623 neutral evaluation conference held outside this timeframe.

1624 (18) The department shall adopt rules of procedure for the

Page 56 of 75

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22-01199A-14 20141260\_\_

1625 neutral evaluation process and for certifying, denying or  
 1626 suspending the certification of, and revoking certification as,  
 1627 a neutral evaluator.

1628 Section 44. Subsection (8) of section 627.711, Florida  
 1629 Statutes, is amended to read:

1630 627.711 Notice of premium discounts for hurricane loss  
 1631 mitigation; uniform mitigation verification inspection form.—

1632 (8) At its expense, the insurer may require that a uniform  
 1633 mitigation verification form provided by a policyholder, a  
 1634 policyholder's agent, or an authorized mitigation inspector or  
 1635 inspection company be independently verified by an inspector, an  
 1636 inspection company, or an independent third-party quality  
 1637 assurance provider that which possesses a quality assurance  
 1638 program before accepting the uniform mitigation verification  
 1639 form as valid. The insurer may exempt from additional  
 1640 independent verification any uniform mitigation verification  
 1641 form provided by a policyholder, a policyholder's agent, an  
 1642 authorized mitigation inspector, or an inspection company that  
 1643 possesses a quality assurance program that meets the standards  
 1644 established by the insurer. A uniform mitigation verification  
 1645 form provided by a policyholder, a policyholder's agent, an  
 1646 authorized mitigation inspector, or an inspection company to  
 1647 Citizens Property Insurance Corporation is not subject to  
 1648 additional verification, and the property is not subject to  
 1649 reinspection by the corporation, absent material changes to the  
 1650 structure for the term stated on the form if the form signed by  
 1651 a qualified inspector was submitted to, reviewed, and verified  
 1652 by a quality assurance program approved by the corporation  
 1653 before submission to the corporation.

Page 57 of 75

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22-01199A-14 20141260\_\_

1654 Section 45. Paragraph (a) of subsection (5) of section  
 1655 627.736, Florida Statutes, is amended to read:

1656 627.736 Required personal injury protection benefits;  
 1657 exclusions; priority; claims.—

1658 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1659 (a) A physician, hospital, clinic, or other person or  
 1660 institution lawfully rendering treatment to an injured person  
 1661 for a bodily injury covered by personal injury protection  
 1662 insurance may charge the insurer and injured party only a  
 1663 reasonable amount pursuant to this section for the services and  
 1664 supplies rendered, and the insurer providing such coverage may  
 1665 directly pay for such charges ~~directly to the such~~ person or  
 1666 institution lawfully rendering ~~such~~ treatment if the insured  
 1667 receiving such treatment or his or her guardian has  
 1668 countersigned the properly completed invoice, bill, or claim  
 1669 form approved by the office upon which such charges are to be  
 1670 paid ~~for~~ as having actually been rendered, to the best knowledge  
 1671 of the insured or his or her guardian. However, such a charge  
 1672 may not exceed the amount the person or institution customarily  
 1673 charges for like services or supplies. In determining whether a  
 1674 charge for a particular service, treatment, or otherwise is  
 1675 reasonable, consideration may be given to evidence of usual and  
 1676 customary charges and payments accepted by the provider involved  
 1677 in the dispute, reimbursement levels in the community and  
 1678 various federal and state medical fee schedules applicable to  
 1679 motor vehicle and other insurance coverages, and other  
 1680 information relevant to the reasonableness of the reimbursement  
 1681 ~~for the service, treatment, or supply.~~

1682 1. The insurer may limit reimbursement to 80 percent of the

Page 58 of 75

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22-01199A-14

20141260\_\_

1683 following schedule of maximum charges:

- 1684 a. For emergency transport and treatment by providers  
1685 licensed under chapter 401, 200 percent of Medicare.
- 1686 b. For emergency services and care provided by a hospital  
1687 licensed under chapter 395, 75 percent of the hospital's usual  
1688 and customary charges.
- 1689 c. For emergency services and care as defined by s. 395.002  
1690 provided in a facility licensed under chapter 395 rendered by a  
1691 physician or dentist, and related hospital inpatient services  
1692 rendered by a physician or dentist, the usual and customary  
1693 charges in the community.
- 1694 d. For hospital inpatient services, other than emergency  
1695 services and care, 200 percent of the Medicare Part A  
1696 prospective payment applicable to the specific hospital  
1697 providing the inpatient services.
- 1698 e. For hospital outpatient services, other than emergency  
1699 services and care, 200 percent of the Medicare Part A Ambulatory  
1700 Payment Classification for the specific hospital providing the  
1701 outpatient services.
- 1702 f. For all other medical services, supplies, and care, 200  
1703 percent of the allowable amount under:
- 1704 (I) The participating physicians fee schedule of Medicare  
1705 Part B, except as provided in sub-sub-subparagraphs (II) and  
1706 (III).
- 1707 (II) Medicare Part B, in the case of services, supplies,  
1708 and care provided by ambulatory surgical centers and clinical  
1709 laboratories.
- 1710 (III) The Durable Medical Equipment Prosthetics/Orthotics  
1711 and Supplies fee schedule of Medicare Part B, in the case of

Page 59 of 75

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22-01199A-14

20141260\_\_

1712 durable medical equipment.

1713

1714 However, if such services, supplies, or care is not reimbursable  
1715 under Medicare Part B, as provided in this sub-subparagraph, the  
1716 insurer may limit reimbursement to 80 percent of the maximum  
1717 reimbursable allowance under workers' compensation, as  
1718 determined under s. 440.13 and rules adopted thereunder which  
1719 are in effect at the time such services, supplies, or care is  
1720 provided. Services, supplies, or care that is not reimbursable  
1721 under Medicare or workers' compensation is not required to be  
1722 reimbursed by the insurer.

1723 2. For purposes of subparagraph 1., the applicable fee  
1724 schedule or payment limitation under Medicare is the fee  
1725 schedule or payment limitation in effect on March 1 of the year  
1726 in which the services, supplies, or care is rendered and for the  
1727 area in which such services, supplies, or care is rendered, and  
1728 the applicable fee schedule or payment limitation applies from  
1729 March 1 until the last day of February ~~throughout the remainder~~  
1730 ~~of the following~~ that year, notwithstanding any subsequent  
1731 change made to the fee schedule or payment limitation, except  
1732 that it may not be less than the allowable amount under the  
1733 applicable schedule of Medicare Part B for 2007 for medical  
1734 services, supplies, and care subject to Medicare Part B.

1735 3. Subparagraph 1. does not allow the insurer to apply a  
1736 ~~any~~ limitation on the number of treatments or other utilization  
1737 limits that apply under Medicare or workers' compensation. An  
1738 insurer that applies the allowable payment limitations of  
1739 subparagraph 1. must reimburse a provider who lawfully provided  
1740 care or treatment under the scope of his or her license,

Page 60 of 75

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22-01199A-14

20141260\_\_

1741 regardless of whether such provider is entitled to reimbursement  
 1742 under Medicare due to restrictions or limitations on the types  
 1743 or discipline of health care providers who may be reimbursed for  
 1744 particular procedures or procedure codes. However, subparagraph  
 1745 1. does not prohibit an insurer from using the Medicare coding  
 1746 policies and payment methodologies of the federal Centers for  
 1747 Medicare and Medicaid Services, including applicable modifiers,  
 1748 to determine the appropriate amount of reimbursement for medical  
 1749 services, supplies, or care if the coding policy or payment  
 1750 methodology does not constitute a utilization limit.

1751 4. If an insurer limits payment as authorized by  
 1752 subparagraph 1., the person providing such services, supplies,  
 1753 or care may not bill or attempt to collect from the insured any  
 1754 amount in excess of such limits, except for amounts that are not  
 1755 covered by the insured's personal injury protection coverage due  
 1756 to the coinsurance amount or maximum policy limits.

1757 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as  
 1758 authorized by this paragraph only if the insurance policy  
 1759 includes a notice at the time of issuance or renewal that the  
 1760 insurer may limit payment pursuant to the schedule of charges  
 1761 specified in this paragraph. A policy form approved by the  
 1762 office satisfies this requirement. If a provider submits a  
 1763 charge for an amount less than the amount allowed under  
 1764 subparagraph 1., the insurer may pay the amount of the charge  
 1765 submitted.

1766 Section 46. Subsection (1) and paragraphs (a) and (b) of  
 1767 subsection (2) of section 627.744, Florida Statutes, are amended  
 1768 to read:

1769 627.744 Required preinsurance inspection of private

Page 61 of 75

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22-01199A-14

20141260\_\_

1770 passenger motor vehicles.-

1771 (1) A private passenger motor vehicle insurance policy  
 1772 providing physical damage coverage, including collision or  
 1773 comprehensive coverage, may not be issued in this state unless  
 1774 the insurer has inspected the motor vehicle in accordance with  
 1775 this section. Physical damage coverage on a motor vehicle may  
 1776 not be suspended during the term of the policy due to the  
 1777 applicant's failure to provide required documents. However,  
 1778 payment of a claim may be conditioned upon the insurer's receipt  
 1779 of the required documents, and physical damage loss occurring  
 1780 after the effective date of coverage is not payable until the  
 1781 documents are provided to the insurer.

1782 (2) This section does not apply:

1783 (a) To a policy for a policyholder who has been insured for  
 1784 2 years or longer, without interruption, under a private  
 1785 passenger motor vehicle policy that ~~which~~ provides physical  
 1786 damage coverage for any vehicle, if the agent of the insurer  
 1787 verifies the previous coverage.

1788 (b) To a new, unused motor vehicle purchased or leased from  
 1789 a licensed motor vehicle dealer or leasing company, if the  
 1790 insurer is provided with:

1791 1. A bill of sale, ~~or~~ buyer's order, or lease agreement  
 1792 that ~~which~~ contains a full description of the motor vehicle,  
 1793 ~~including all options and accessories;~~ or

1794 2. A copy of the title or registration that ~~which~~  
 1795 establishes transfer of ownership from the dealer or leasing  
 1796 company to the customer and a copy of the window sticker ~~or the~~  
 1797 ~~dealer invoice showing the itemized options and equipment and~~  
 1798 ~~the total retail price of the vehicle.~~

Page 62 of 75

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22-01199A-14

20141260\_\_

1799  
 1800 ~~For the purposes of this paragraph, the physical damage coverage~~  
 1801 ~~on the motor vehicle may not be suspended during the term of the~~  
 1802 ~~policy due to the applicant's failure to provide the required~~  
 1803 ~~documents. However, payment of a claim is conditioned upon the~~  
 1804 ~~receipt by the insurer of the required documents, and no~~  
 1805 ~~physical damage loss occurring after the effective date of the~~  
 1806 ~~coverage is payable until the documents are provided to the~~  
 1807 ~~insurer.~~

1808 Section 47. Paragraph (b) of subsection (3) of section  
 1809 627.745, Florida Statutes, is amended, present subsections (4)  
 1810 and (5) of that section are redesignated as subsections (5) and  
 1811 (6), respectively, and a new subsection (4) is added to that  
 1812 section, to read:

1813 627.745 Mediation of claims.—

1814 (3)

1815 (b) To qualify for approval as a mediator, an individual a  
 1816 ~~person~~ must meet one of the following qualifications:

1817 1. Possess an active certification as a Florida Supreme  
 1818 Court certified circuit court mediator. A circuit court mediator  
 1819 whose certification is in a lapsed, suspended, or decertified  
 1820 status is not eligible to participate in the program a masters  
 1821 or doctorate degree in psychology, counseling, business,  
 1822 accounting, or economics, be a member of The Florida Bar, be  
 1823 licensed as a certified public accountant, or demonstrate that  
 1824 the applicant for approval has been actively engaged as a  
 1825 qualified mediator for at least 4 years prior to July 1, 1990.

1826 2. Be an approved department mediator as of July 1, 2014,  
 1827 and have conducted at least one mediation on behalf of the

22-01199A-14

20141260\_\_

1828 ~~department within the 4 years immediately preceding that the~~  
 1829 ~~date the application for approval is filed with the department,~~  
 1830 ~~have completed a minimum of a 40-hour training program approved~~  
 1831 ~~by the department and successfully passed a final examination~~  
 1832 ~~included in the training program and approved by the department.~~  
 1833 ~~The training program shall include and address all of the~~  
 1834 ~~following:~~

1835 ~~a. Mediation theory.~~

1836 ~~b. Mediation process and techniques.~~

1837 ~~c. Standards of conduct for mediators.~~

1838 ~~d. Conflict management and intervention skills.~~

1839 ~~e. Insurance nomenclature.~~

1840 (4) The department shall deny an application, or suspend or  
 1841 revoke its approval of a mediator or certification of a neutral  
 1842 evaluator to serve in such capacity, if the department finds  
 1843 that any of the following grounds exist:

1844 (a) Lack of one or more of the qualifications for approval  
 1845 or certification specified in this section.

1846 (b) Material misstatement, misrepresentation, or fraud in  
 1847 obtaining, or attempting to obtain, the approval or  
 1848 certification.

1849 (c) Demonstrated lack of fitness or trustworthiness to act  
 1850 as a mediator or neutral evaluator.

1851 (d) Fraudulent or dishonest practices in the conduct of  
 1852 mediation or neutral evaluation or in the conduct of business in  
 1853 the financial services industry.

1854 (e) Violation of any provision of this code or of a lawful  
 1855 order or rule of the department, violation of the Florida Rules  
 1856 of Certified and Court Appointed Mediators, or aiding,

22-01199A-14 20141260\_\_

1857 instructing, or encouraging another party in committing such a  
1858 violation.

1859  
1860 The department may adopt rules to administer this subsection.

1861 Section 48. Subsection (8) of section 627.782, Florida  
1862 Statutes, is amended to read:

1863 627.782 Adoption of rates.—

1864 (8) Each title insurance agency and insurer licensed to do  
1865 business in this state and each insurer's direct or retail  
1866 business in this state shall maintain and submit information,  
1867 including revenue, loss, and expense data, as the office  
1868 determines necessary to assist in the analysis of title  
1869 insurance premium rates, title search costs, and the condition  
1870 of the title insurance industry in this state. This information  
1871 must be transmitted to the office annually by May ~~March~~ 31 of  
1872 the year after the reporting year. The commission shall adopt  
1873 rules regarding the collection and analysis of the data from the  
1874 title insurance industry.

1875 Section 49. Subsection (4) of section 627.841, Florida  
1876 Statutes, is amended to read:

1877 627.841 Delinquency, collection, cancellation, and payment  
1878 ~~check~~ return charge ~~charges~~; attorney ~~attorney's~~ fees.—

1879 (4) ~~If in the event that~~ a payment is made to a premium  
1880 finance company by debit, credit, electronic funds transfer,  
1881 check, or draft and such payment the instrument is returned,  
1882 declined, or cannot be processed due to ~~because of~~ insufficient  
1883 funds ~~to pay it~~, the premium finance company may, if the premium  
1884 finance agreement so provides, impose a return payment charge of  
1885 \$15.

22-01199A-14 20141260\_\_

1886 Section 50. Subsections (1), (3), (10), and (12) of section  
1887 628.461, Florida Statutes, are amended to read:

1888 628.461 Acquisition of controlling stock.—

1889 (1) A person may not, individually or in conjunction with  
1890 an ~~any~~ affiliated person of such person, acquire directly or  
1891 indirectly, conclude a tender offer or exchange offer for, enter  
1892 into any agreement to exchange securities for, or otherwise  
1893 finally acquire 10 ~~5~~ percent or more of the outstanding voting  
1894 securities of a domestic stock insurer or of a controlling  
1895 company, unless:

1896 (a) The person or affiliated person has filed with the  
1897 office and sent to the insurer and controlling company a letter  
1898 of notification regarding the transaction or proposed  
1899 transaction within ~~no later than~~ 5 days after any form of tender  
1900 offer or exchange offer is proposed, or within ~~no later than~~ 5  
1901 days after the acquisition of the securities if no tender offer  
1902 or exchange offer is involved. The notification must be provided  
1903 on forms prescribed by the commission containing information  
1904 determined necessary to understand the transaction and identify  
1905 all purchasers and owners involved;

1906 (b) The person or affiliated person has filed with the  
1907 office a statement as specified in subsection (3). The statement  
1908 must be completed and filed within 30 days after:

1909 1. Any definitive acquisition agreement is entered;  
1910 2. Any form of tender offer or exchange offer is proposed;  
1911 or

1912 3. The acquisition of the securities, if no definitive  
1913 acquisition agreement, tender offer, or exchange offer is  
1914 involved; and

22-01199A-14

20141260\_\_

1915 (c) The office has approved the tender or exchange offer,  
 1916 or acquisition if no tender offer or exchange offer is involved,  
 1917 and approval is in effect.

1918  
 1919 ~~In lieu of a filing as required under this subsection, a party~~  
 1920 ~~acquiring less than 10 percent of the outstanding voting~~  
 1921 ~~securities of an insurer may file a disclaimer of affiliation~~  
 1922 ~~and control. The disclaimer shall fully disclose all material~~  
 1923 ~~relationships and basis for affiliation between the person and~~  
 1924 ~~the insurer as well as the basis for disclaiming the affiliation~~  
 1925 ~~and control. After a disclaimer has been filed, the insurer~~  
 1926 ~~shall be relieved of any duty to register or report under this~~  
 1927 ~~section which may arise out of the insurer's relationship with~~  
 1928 ~~the person unless and until the office disallows the disclaimer.~~  
 1929 ~~The office shall disallow a disclaimer only after furnishing all~~  
 1930 ~~parties in interest with notice and opportunity to be heard and~~  
 1931 ~~after making specific findings of fact to support the~~  
 1932 ~~disallowance. A filing as required under this subsection must be~~  
 1933 made as to any acquisition that equals or exceeds 10 percent of  
 1934 the outstanding voting securities.

1935 (3) The statement to be filed with the office under  
 1936 subsection (1) and furnished to the insurer and controlling  
 1937 company ~~must shall~~ contain the following information and any  
 1938 additional information ~~as~~ the office deems necessary to  
 1939 determine the character, experience, ability, and other  
 1940 qualifications of the person or affiliated person of such person  
 1941 for the protection of the policyholders and shareholders of the  
 1942 insurer and the public:

1943 (a) The identity of, and the background information

Page 67 of 75

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22-01199A-14

20141260\_\_

1944 specified in subsection (4) on, each natural person by whom, or  
 1945 on whose behalf, the acquisition is to be made; and, if the  
 1946 acquisition is to be made by, or on behalf of, a corporation,  
 1947 association, or trust, as to the corporation, association, or  
 1948 trust and as to any person who ~~controls either~~ directly or  
 1949 indirectly controls the corporation, association, or trust, the  
 1950 identity of, and the background information specified in  
 1951 subsection (4) on, each director, officer, trustee, or other  
 1952 natural person performing duties similar to those of a director,  
 1953 officer, or trustee for the corporation, association, or trust;

1954 (b) The source and amount of the funds or other  
 1955 consideration used, or to be used, in making the acquisition;

1956 (c) Any plans or proposals that ~~which~~ such persons may have  
 1957 made to liquidate such insurer, to sell any of its assets or  
 1958 merge or consolidate it with any person, or to make any other  
 1959 major change in its business or corporate structure or  
 1960 management; and any plans or proposals that ~~which~~ such persons  
 1961 may have made to liquidate any controlling company of such  
 1962 insurer, to sell any of its assets or merge or consolidate it  
 1963 with any person, or to make any other major change in its  
 1964 business or corporate structure or management;

1965 (d) The number of shares or other securities which the  
 1966 person or affiliated person of such person proposes to acquire,  
 1967 the terms of the proposed acquisition, and the manner in which  
 1968 the securities are to be acquired; ~~and~~

1969 (e) Information as to any contract, arrangement, or  
 1970 understanding with any party with respect to any of the  
 1971 securities of the insurer or controlling company, including, but  
 1972 not limited to, information relating to the transfer of any of

Page 68 of 75

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22-01199A-14 20141260\_\_

1973 the securities, option arrangements, puts or calls, or the  
1974 giving or withholding of proxies, which information names the  
1975 party with whom the contract, arrangement, or understanding has  
1976 been entered into and gives the details thereof;

1977 (f) Effective January 1, 2015, an agreement by the person  
1978 required to file the statement that the person will provide the  
1979 annual report specified in s. 628.801(2) if control exists; and

1980 (g) Effective January 1, 2015, an acknowledgement by the  
1981 person required to file the statement that the person and all  
1982 subsidiaries within the person's control in the insurance  
1983 holding company system shall provide, as necessary, information  
1984 to the office upon a request to evaluate enterprise risk to the  
1985 insurer.

1986 (10) Upon notification to the office by the domestic stock  
1987 insurer or a controlling company that any person or any  
1988 affiliated person of such person has acquired 10 5 percent or  
1989 more of the outstanding voting securities of the domestic stock  
1990 insurer or controlling company without complying with ~~the~~  
1991 ~~provisions of~~ this section, the office shall order that the  
1992 person and any affiliated person of such person cease  
1993 acquisition of any further securities of the domestic stock  
1994 insurer or controlling company; however, the person or any  
1995 affiliated person of such person may request a proceeding, which  
1996 ~~proceeding~~ shall be convened within 7 days after the rendering  
1997 of the order for the sole purpose of determining whether the  
1998 person, individually or in connection with an ~~any~~ affiliated  
1999 person of such person, has acquired 10 5 percent or more of the  
2000 outstanding voting securities of a domestic stock insurer or  
2001 controlling company. Upon the failure of the person or

Page 69 of 75

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22-01199A-14 20141260\_\_

2002 affiliated person to request a hearing within 7 days, or upon a  
2003 determination at a hearing convened pursuant to this subsection  
2004 that the person or affiliated person has acquired voting  
2005 securities of a domestic stock insurer or controlling company in  
2006 violation of this section, the office may order the person and  
2007 affiliated person to divest themselves of any voting securities  
2008 so acquired.

2009 (12) (a) A presumption of control may be rebutted by filing  
2010 a disclaimer of control. Any person may file a disclaimer of  
2011 control with the office. The disclaimer must fully disclose all  
2012 material relationships and bases for affiliation between the  
2013 person and the insurer as well as the basis for disclaiming the  
2014 affiliation. After a disclaimer is filed, the insurer is  
2015 relieved of any duty to register or report under this section,  
2016 which may arise out of the insurer's relationship with the  
2017 person, unless the office disallows the disclaimer. An  
2018 affiliated person of a party acquiring less than 20 percent of  
2019 the outstanding voting securities of an insurer that has filed a  
2020 Schedule 13G with the Securities and Exchange Commission  
2021 pursuant to Rules 13d-1(b) or 13d-1(c) under the Securities  
2022 Exchange Act of 1934, as amended, with respect to the securities  
2023 of the party acquiring voting securities of an insurer shall  
2024 automatically, without further action of the department, be  
2025 deemed to have filed a disclaimer of affiliation and control  
2026 pursuant to this paragraph. For the purpose of this section, the  
2027 term "affiliated person" of another person means:

- 2028 ~~1. The spouse of such other person;~~
- 2029 ~~2. The parents of such other person and their lineal~~
- 2030 ~~descendants and the parents of such other person's spouse and~~

Page 70 of 75

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22-01199A-14

20141260\_\_

2031 ~~their lineal descendants;~~

2032 ~~3. Any person who directly or indirectly owns or controls,~~  
 2033 ~~or holds with power to vote, 5 percent or more of the~~  
 2034 ~~outstanding voting securities of such other person;~~

2035 ~~4. Any person 5 percent or more of the outstanding voting~~  
 2036 ~~securities of which are directly or indirectly owned or~~  
 2037 ~~controlled, or held with power to vote, by such other person;~~

2038 ~~5. Any person or group of persons who directly or~~  
 2039 ~~indirectly control, are controlled by, or are under common~~  
 2040 ~~control with such other person;~~

2041 ~~6. Any officer, director, partner, copartner, or employee~~  
 2042 ~~of such other person;~~

2043 ~~7. If such other person is an investment company, any~~  
 2044 ~~investment adviser of such company or any member of an advisory~~  
 2045 ~~board of such company;~~

2046 ~~8. If such other person is an unincorporated investment~~  
 2047 ~~company not having a board of directors, the depositor of such~~  
 2048 ~~company; or~~

2049 ~~9. Any person who has entered into an agreement, written or~~  
 2050 ~~unwritten, to act in concert with such other person in acquiring~~  
 2051 ~~or limiting the disposition of securities of a domestic stock~~  
 2052 ~~insurer or controlling company.~~

2053 (b) Any controlling person of a domestic insurer who seeks  
 2054 to divest the person's controlling interest in the domestic  
 2055 insurer in any manner shall file with the office, with a copy to  
 2056 the insurer, of the person's proposed divestiture at least 30  
 2057 days before the cessation of control. The office shall determine  
 2058 those instances in which the party seeking to divest or to  
 2059 acquire a controlling interest in an insurer must file for and

22-01199A-14

20141260\_\_

2060 obtain approval of the transaction. The information remains  
 2061 confidential until the conclusion of the transaction unless the  
 2062 office, in its discretion, determines that confidential  
 2063 treatment interferes with enforcement of this section. If the  
 2064 statement required under subsection (1) is otherwise filed, this  
 2065 paragraph does not apply. For the purposes of this section, the  
 2066 term "controlling company" means any corporation, trust, or  
 2067 association owning, directly or indirectly, 25 percent or more  
 2068 of the voting securities of one or more domestic stock insurance  
 2069 companies.

2070 Section 51. Subsections (6) and (7) of section 634.406,  
 2071 Florida Statutes, are amended to read:

2072 634.406 Financial requirements.-

2073 (6) An association that which holds a license under this  
 2074 part and which does not hold any other license under this  
 2075 chapter may allow its premiums for service warranties written  
 2076 under this part to exceed the ratio to net assets limitations of  
 2077 this section if the association meets all of the following  
 2078 conditions:

2079 (a) Maintains net assets of at least \$750,000.

2080 (b) Uses ~~Utilizes~~ a contractual liability insurance policy  
 2081 approved by the office ~~that;~~ which

2082 1. Reimburses the service warranty association for 100  
 2083 percent of its claims liability and is issued by an insurer that  
 2084 maintains a policyholder surplus of at least \$100 million; or

2085 2. Complies with subsection (3) and is issued by an insurer  
 2086 that maintains a policyholder surplus of at least \$200 million.

2087 (c) The insurer issuing the contractual liability insurance  
 2088 policy:

22-01199A-14 20141260\_\_

2089 1. Maintains a policyholder surplus of at least \$100  
 2090 million.  
 2091 1.2. Is rated "A" or higher by A.M. Best Company or an  
 2092 equivalent rating by another national rating service acceptable  
 2093 to the office.  
 2094 3. Is in no way affiliated with the warranty association.  
 2095 2.4. In conjunction with the warranty association's filing  
 2096 of the quarterly and annual reports, provides, on a form  
 2097 prescribed by the commission, a statement certifying the gross  
 2098 written premiums in force reported by the warranty association  
 2099 and a statement that all of the warranty association's gross  
 2100 written premium in force is covered under the contractual  
 2101 liability policy, regardless of whether ~~or not~~ it has been  
 2102 reported.  
 2103 (7) A contractual liability policy must insure 100 percent  
 2104 of an association's claims exposure under all of the  
 2105 association's service warranty contracts, wherever written,  
 2106 unless all of the following are satisfied:  
 2107 (a) The contractual liability policy contains a clause that  
 2108 specifically names the service warranty contract holders as sole  
 2109 beneficiaries of the contractual liability policy and claims are  
 2110 paid directly to the person making a claim under the contract;  
 2111 (b) The contractual liability policy meets all other  
 2112 requirements of this part, including subsection (3) of this  
 2113 section, which are not inconsistent with this subsection;  
 2114 (c) The association has been in existence for at least 5  
 2115 years or the association is a wholly owned subsidiary of a  
 2116 corporation that has been in existence and has been licensed as  
 2117 a service warranty association in the state for at least 5

Page 73 of 75

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22-01199A-14 20141260\_\_

2118 years, and:  
 2119 1. Is listed and traded on a recognized stock exchange, is  
 2120 listed in NASDAQ (National Association of Security Dealers  
 2121 Automated Quotation system) and publicly traded in the over-the-  
 2122 counter securities market, is required to file either of Form  
 2123 10-K, Form 100, or Form 20-C with the United States Securities  
 2124 and Exchange Commission, or has American Depository Receipts  
 2125 listed on a recognized stock exchange and publicly traded or is  
 2126 the wholly owned subsidiary of a corporation that is listed and  
 2127 traded on a recognized stock exchange, is listed in NASDAQ  
 2128 (National Association of Security Dealers Automated Quotation  
 2129 system) and publicly traded in the over the counter securities  
 2130 market, is required to file Form 10 K, Form 100, or Form 20 G  
 2131 with the United States Securities and Exchange Commission, or  
 2132 has American Depository Receipts listed on a recognized stock  
 2133 exchange and is publicly traded;  
 2134 2. Maintains outstanding debt obligations, if any, rated in  
 2135 the top four rating categories by a recognized rating service;  
 2136 3. Has and maintains at all times a minimum net worth of  
 2137 not less than \$10 million as evidenced by audited financial  
 2138 statements prepared by an independent certified public  
 2139 accountant in accordance with generally accepted accounting  
 2140 principles and submitted to the office annually; and  
 2141 4. Is authorized to do business in this state; and  
 2142 (d) The insurer issuing the contractual liability policy:  
 2143 1. Maintains and has maintained for the preceding 5 years,  
 2144 policyholder surplus of at least \$100 million and is rated "A"  
 2145 or higher by A.M. Best Company or has an equivalent rating by  
 2146 another rating company acceptable to the office;

Page 74 of 75

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22-01199A-14

20141260\_\_

2147 ~~2. Holds a certificate of authority to do business in this~~  
2148 ~~state and is approved to write this type of coverage; and~~

2149 ~~3. Acknowledges to the office quarterly that it insures all~~  
2150 ~~of the association's claims exposure under contracts delivered~~  
2151 ~~in this state.~~

2152  
2153 ~~If all the preceding conditions are satisfied, then the scope of~~  
2154 ~~coverage under a contractual liability policy shall not be~~  
2155 ~~required to exceed an association's claims exposure under~~  
2156 ~~service warranty contracts delivered in this state.~~

2157 Section 52. Except as otherwise expressly provided in this  
2158 act, this act shall take effect July 1, 2014.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/20/14  
Meeting Date

Topic line 1536  
Notification of policyholder

Bill Number 1268  
(if applicable)

Name Jeff Pridde

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Professional Geologist

Address 1345 Old Village Rd  
Street

Phone 850-264-8215

Tallahassee, FL 32312  
City State Zip

E-mail ERCFLA@live.com

Speaking:  For  Against  Information

Representing myself

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**

S-001 (10/20/11)



THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14

Meeting Date

Topic \_\_\_\_\_

Bill Number SB1260  
*(if applicable)*

Name DONOVAN BROWN

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title \_\_\_\_\_

Address 215 S. MONROE ST., SUITE 720

Phone 850.681.2615

Street

TALLAHASSEE, FL 32301

City

State

Zip

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing \_\_\_\_\_

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19-14  
Meeting Date

Topic Public Adjusters / Policyholder rights Bill Number 1260  
Name Steve Geller Amendment Barcode 460094  
(if applicable)  
(if applicable)

Job Title Atty  
Address 100 W. Cypress Creek Rd. Ste. 700 Phone 954-491-1120  
Street  
St. Legerdale FL 33309 E-mail Steve.Geller@bmlaw.com  
City State Zip

Speaking:  For  Against  Information

Representing Florida Association of Public Ins. Adjusters

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/14  
Meeting Date

Topic Insurance

Bill Number SB 1260  
*(if applicable)*

Name Laura Pearce

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title General Counsel

Address \_\_\_\_\_  
*Street*

Phone \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Fla. Association of Insurance Agents

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

**THE FLORIDA SENATE**  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-19-14

Meeting Date

Topic SB 1260

Bill Number SB 1260  
(if applicable)

Name Logan McFaddin

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Director, Legislative Affairs

Address 400 N Monroe St

Phone 413-2863

Street

Tallahassee FL 32399

City

State

Zip

E-mail Logan.McFaddin@myfloridaleg.com

Speaking:  For  Against  Information

Representing CFO's office

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**



THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/19/2014  
Meeting Date

Topic \_\_\_\_\_ Bill Number SB 1260  
Name Mark Delegal Amendment Barcode 460094  
Job Title Retained Coun (if applicable)  
Address 315 S. Calhoun St. #600 Phone 224-7000  
Street Tallahassee State FL Zip 32301  
City State Zip E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing State Farm Insurance Companies

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB 1274

INTRODUCER: Banking and Insurance Committee and Senator Hays

SUBJECT: Citizens Property Insurance Corporation

DATE: March 27, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Matiyow	Knudson	BI	Fav/CS
2.			CA	
3.			RC	

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1274 allows certain properties with new construction to be exempt from the prohibition on coverage from Citizens within the Coastal Barrier Resources System. The exemption applies to properties located within counties the Office of Insurance Regulation (OIR) determines Citizens is providing more than 75 percent of the policies for each line of business written by Citizens.

The bill allows Citizens to submit an alternative study to the OIR for the purposes of allowing additional windstorm mitigation discounts. Upon approval by the OIR Citizens must, in their next rate filing, include the mitigation discounts provided by the study. The bill allows the Financial Services Commission to make an addendum to the uniform mitigation verification form. The addendum to the form is to be used in counties whose building code has been verified to be more stringent than the highest code recognized by the form.

The bill prohibits a certified wind mitigation inspector from paying any referral fees or other forms of compensation to an insurance agent, broker or insurance agency employee that recommends an inspector's services to an insured. The bill also prohibits an insurance agent, broker or insurance agency employee from accepting any referral fees or other forms of compensation from a certified wind mitigation inspector.

## II. Present Situation:

### **Citizens Property Insurance Corporation (Citizens)**

Citizens Property Insurance Corporation (Citizens) is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary admitted market.<sup>1</sup> Citizens is not a private insurance company.<sup>2</sup> Citizens was statutorily created in 2002 when the Florida Legislature combined the state's two insurers of last resort, the Florida Residential Property and Casualty Joint Underwriting Association (RPCJUA) and the Florida Windstorm Underwriting Association (FWUA). Citizens operates in accordance with the provisions in s. 627.351(6), F.S., and is governed by an eight member Board of Governors<sup>3</sup> (board) that administers its Plan of Operations, which is reviewed and approved by the Financial Services Commission. The Governor, President of the Senate, Speaker of the House of Representatives, and Chief Financial Officer each appoints two members to the board. Citizens is subject to regulation by the Florida Office of Insurance Regulation.

Citizens offers property insurance in three separate accounts. Each account is a separate statutory account with separate calculations of surplus and deficits.<sup>4</sup> Assets may not be commingled or used to fund losses in another account.<sup>5</sup>

The Personal Lines Account (PLA) offers personal lines residential policies that provide comprehensive, multiperil coverage statewide, except for those areas contained in the Coastal Account. The PLA also writes policies that exclude coverage for wind in areas contained within the Coastal Account. Personal lines residential coverage consists of the types of coverage provided by homeowner's, mobile home owner's, dwelling, tenant's, and condominium unit owner's policies.

The Commercial Lines Account (CLA) offers commercial lines residential and nonresidential policies that provide basic perils coverage statewide, except for those areas contained in the Coastal Account. The CLA also writes policies that exclude coverage for wind in areas contained within the Coastal Account. Commercial lines coverage includes commercial residential policies covering condominium associations, homeowners' associations, and apartment buildings. The coverage also includes commercial nonresidential policies covering business properties.

The Coastal Account offers personal residential, commercial residential and commercial non-residential policies in coastal areas of the state. Citizens must offer policies that solely cover the peril of wind (wind only policies) and may offer multiperil policies.<sup>6</sup>

---

<sup>1</sup> Admitted market means insurance companies licensed to transact insurance in Florida.

<sup>2</sup> s. 627.351(6)(a)1., F.S. Citizens is also subject to regulation by the Office of Insurance Regulation.

<sup>3</sup> The Governor, the Chief Financial Officer, the President of the Senate and the Speaker of the House of Representatives.

<sup>4</sup> The Personal Lines Account and the Commercial Lines account are combined for credit and Florida Hurricane Catastrophe Fund coverage.

<sup>5</sup> s. 627.351(6)(b)2b., F.S.

<sup>6</sup> In August of 2007, Citizens began offering personal and commercial residential multiperil policies in this limited eligibility area. Additionally, near the end of 2008, Citizens began offering commercial non-residential multiperil policies in this account.



Eligibility for Citizens coverage is at times restricted, or alternatively, the amount of coverage provided by Citizens is limited. Personal lines residential structures are ineligible for Citizens if they have an insured value of \$1 million or greater.<sup>7</sup> The eligibility threshold for such policies will be reduced annually in \$100,000 increments until it reaches \$700,000, effective January 1, 2017. Citizens will insure commercial residential properties at unlimited values. Citizens writes only the first \$1 million of commercial non-residential wind-only coverage and the first \$2.5 million of commercial non-residential multi-peril policies.

### **Citizens Rates**

Rates for Citizens coverage are required to be actuarially sound,<sup>8</sup> except that Citizens may not implement a rate increase that exceeds 10 percent for any single policy other than sinkhole coverage,<sup>9</sup> excluding coverage changes and surcharges.<sup>10</sup> The 10 percent limitation on rate increases is referred to as the Citizens rate “glide path” to achieving actuarially sound rates.<sup>11</sup> The implementation of this increase ceases when Citizens has achieved actuarially sound rates. In addition to the overall glide path rate increase, Citizens can increase its rates to recover the additional reimbursement premium that it incurs as a result of the annual cash build-up factor added to the price of the mandatory layer of the FHCF coverage, pursuant to s. 215.555(5)(b), F.S.

### **Eligibility for Insurance in Citizens**

Current law requires Citizens to provide a procedure for determining the eligibility of a potential risk for insurance in Citizens and provides specific eligibility requirements based on premium amounts, value of the property insured, and the location of the property. Risks not meeting the statutory eligibility requirements cannot be insured by Citizens. Citizens has additional eligibility requirements set out in their underwriting rules. These rules, which are approved by the OIR, give flexibility for Citizens to denote some risks as uninsurable based on factors not enumerated in statute, such as age of home, condition and age of roof, vacant property, certain seasonal occupancy, and type of electrical wiring.

### ***Eligibility Based on Premium Amount***

Under current law, an applicant for residential insurance cannot buy insurance in Citizens if an admitted insurer in the private market offers the applicant insurance for a premium that does not exceed the Citizens premium by 15 percent or more.<sup>12</sup> In addition, the coverage offered by the private insurer must be comparable to Citizens’ coverage.

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<sup>7</sup> s. 627.351(6)(a)3.a., F.S.

<sup>8</sup> s. 627.351(6)(n)1., F.S.

<sup>9</sup> s. 627.351(6)(n)6., F.S.

<sup>10</sup> s. 627.351(6)(n), F.S.

<sup>11</sup> With the enactment of Chapter 2007-001, L.O.F., from January 25, 2007, to January 1, 2010, Citizens rates were fixed by statute at the rates that were in effect on December 31, 2006. The Legislature also rescinded a Citizens rate increase that had taken effect January 1, 2007, and resulted in a statewide average rate increase of 12 percent for policies in the personal lines account and 21.4 percent for policies in the high risk account (since renamed the coastal account).

<sup>12</sup> s. 627.351(6)(c)5., F.S.

Under current law, a residential policyholder cannot renew insurance in Citizens if an insurer in the private market offers to insure the property at a premium equal to or less than the Citizens' renewal premium. The insurance from the private market insurer must be comparable to the insurance from Citizens in order for the renewal premium eligibility requirement to apply.<sup>13</sup>

### ***Eligibility Based on Value of Property Insured***

In addition to the eligibility restrictions based on premium amount, current law provides eligibility restrictions for homes and condominium units based on the value of the property insured.<sup>14</sup> Structures with a dwelling replacement cost or a condominium unit that has a dwelling and contents replacement cost of:

- \$1 million or more cannot obtain insurance in Citizens starting January 1, 2014, but property insured by Citizens for \$1 million or more on December 31, 2013, can remain insured in Citizens until the policy expires in 2014, but cannot be renewed.
- \$900,000 or more cannot obtain insurance in Citizens starting January 1, 2015, but property insured for \$900,000 or more on December 31, 2014, can remain insured in Citizens until the policy expires in 2015, but cannot be renewed.
- \$800,000 or more cannot obtain insurance in Citizens starting January 1, 2016, but property insured for \$800,000 or more on December 31, 2015, can remain insured in Citizens until the policy expires in 2016, but cannot be renewed.
- \$700,000 or more cannot obtain insurance in Citizens starting January 1, 2017, but property insured for \$700,000 or more on December 31, 2016, can remain insured in Citizens until the policy expires in 2017, but cannot be renewed.

However, Citizens is allowed to insure structures with a dwelling replacement cost or a condominium unit with a dwelling and contents replacement cost of \$1 million or less in counties the OIR determines is non-competitive.

Citizens does not have any eligibility restrictions based on the value of the property insured for condominium association, homeowner association, or apartment building policies. Citizens has multiple eligibility and coverage restrictions for commercial businesses, depending on where the business is located and the type of policy the business purchases from Citizens. These restrictions are contained in the underwriting rules of Citizens, not in the statute.

### ***Eligibility Based on Location of Property***

Current law also provides an eligibility restriction for insurance in Citizens based on the location of the property. Major structures for which a building permit for new construction or a substantial improvement of the structure is applied for on or after July 1, 2014, , and which are located seaward of the coastal construction control line or within the Coastal Barrier Resources System (CBRS) are ineligible for insurance in Citizens. The definition of "major structure" in s. 161.54, F.S., is the one that applies to Citizens' eligibility and is very broad, encompassing all residential and commercial buildings. The definition specifies it covers houses, mobile homes, apartment buildings, condominiums, hotels, motels, and restaurants. The definition of "substantial improvement" in s. 161.54, F.S., is the one that applies to Citizens' eligibility.

---

<sup>13</sup> s. 627.351(6)(c)5., F.S.

<sup>14</sup> s. 627.351(6)(a)3., F.S.

Generally, this definition makes any repair, reconstruction, rehabilitation, or improvement to a structure that costs 50 percent or more of the market value of the structure to be a “substantial improvement.” The statutory definition contains additional parameters and guidance and exclusions.

### ***Statewide Impact of Citizens’ Eligibility Based on Location of Property***

Citizens has identified approximately 100,000 parcels of land statewide completely within the CBRS or seaward of the coastal construction control line. Under current law, these parcels are ineligible for insurance in Citizens if:

- The parcel is currently improved (i.e., developed) and the structure located on the parcel is substantially improved with a building permit applied for on or after July 1, 2014, or
- If the parcel is currently unimproved (i.e., vacant), but is later developed with a building permit applied for on or after July 1, 2014.

Of the 100,000 total parcels of land completely within the CBRS or seaward of the coastal construction control line, Citizens currently writes 25,000 policies statewide insuring structures on these parcels. Thus, any substantial improvement to these 25,000 properties where a building permit is applied for on or after July 1, 2014, would keep them from continuing to be insured by Citizens.

Citizens identified another 80,000-100,000 properties it currently insures that could be moved within the CBRS or the control line if the boundaries of these areas change. This would prevent these properties from keeping insurance in Citizens if they are substantially improved with a building permit applied for on or after July 1, 2014.

### ***Monroe County Impact of the Application of the CBRS Eligibility Restriction***

There is no coastal construction control line in Monroe County. Thus, the provision in current law relating to eligibility for Citizens insurance for property located in the CBRS is the only applicable provision for Monroe County.

Monroe County has the following types of property located in whole or in part in the CBRS:

- 83 parcels are privately owned and improved (i.e., developed) and are completely contained within the CBRS.
- 1,239 parcels are privately owned and unimproved (i.e., vacant) and are completely contained within the CBRS.
- 573 parcels are privately owned and improved and intersect the CBRS in some manner (but are not wholly in the CBRS).
- 1,311 parcels are privately owned and unimproved and intersect the CBRS in some manner (but are not wholly in the CBRS).

### ***Alternate Mitigation Study***

Section 627.0629(1), F.S., requires rate filings for residential property insurance to include actuarially reasonable mitigation discounts. The OIR determines the amount of the discount. The

current OIR administrative rule<sup>15</sup> relating to mitigation discount amounts allows insurance companies to modify the amounts if the insurer provides a detailed alternate study supporting the modification and allows the OIR to review all assumptions used in the study. To date, the OIR has approved alternate discount studies for three insurers. The OIR is currently reviewing alternate studies for two more insurers.<sup>16</sup>

### **Uniform Mitigation Verification Inspection Form**

Section 627.0629, F.S., requires rate filings for residential property insurance to include actuarially reasonable discounts, credits, or other rate differentials, or appropriate reductions in deductibles to consumers who implement windstorm damage mitigation techniques to their properties. The windstorm mitigation measures that must be evaluated for purposes of mitigation discounts include fixtures or construction techniques that enhance roof strength; roof covering performance; roof-to-wall strength; wall-to-floor foundation strength; opening protections; and window, door, and skylight strength.

Section 627.711, F.S., requires insurers to clearly notify an applicant or policyholder of a personal lines residential property insurance policy of the availability and range of each premium discount, credit, other rate differential, or reduction in deductibles, for wind mitigation. The notice must be provided when the policy is issued and upon each renewal. The notification must be done on a form developed by the Office of Insurance Regulation, known as the Notice of Premium Discounts for Hurricane Loss Mitigation.

To qualify for a hurricane premium discount, consumers must submit a completed Uniform Mitigation Verification Inspection Form developed by rule by the Financial Services Commission.<sup>17</sup> The current uniform mitigation form recognizes the Florida Building Code adopted in 2001 or later and the South Florida Building Code adopted in 1994. All insurers are required to use this form when factoring discounts for wind insurance.

### **Certified Wind Mitigation Inspector**

Under current law an insurer must accept a uniform mitigation verification form signed by an authorized mitigation inspector. Those who qualify as an authorized mitigation inspector include:

- A home inspector licensed under s. 468.8314, F.S., who has completed at least 3 hours of hurricane mitigation training approved by the Construction Industry Licensing Board which includes hurricane mitigation techniques and compliance with the uniform mitigation verification form and completion of a proficiency exam;
- A building code inspector certified under s. 468.607, F.S.;
- A general, building, or residential contractor licensed under s. 489.111, F.S.;
- A professional engineer licensed under s. 471.015, F.S.;
- A professional architect licensed under s. 481.213, F.S.; or
- Any other individual or entity recognized by the insurer as possessing the necessary qualifications to properly complete a uniform mitigation verification form.

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<sup>15</sup> Rule 69O-170.017, F.A.C.

<sup>16</sup> Information received from the OIR on file with the Banking & Insurance Committee Staff.

<sup>17</sup> Rule 69O-170.0155, F.A.C.

A person who is authorized to sign a mitigation verification form must inspect the structures referenced by the form personally, not through employees or other persons, and must certify or attest to personal inspection of the structures referenced by the form. However, licensed engineers under s. 471.015, F.S., and licensed contractors s. 489.111, F.S., may authorize a direct employee, who is not an independent contractor, and who possesses the requisite skill, knowledge and experience, to conduct a mitigation verification inspection. Insurers shall have the right to request and obtain information regarding any authorized employee's qualifications prior to accepting a mitigation verification form.

An authorized mitigation inspector that signs a uniform mitigation form and a direct employee authorized to conduct mitigation verification inspections may not commit misconduct when performing an inspection. Misconduct occurs when an authorized mitigation inspector signs a uniform mitigation verification form that:

- Falsely indicates that he or she personally inspected the structures referenced by the form;
- Falsely indicates the existence of a feature which entitles an insured to a mitigation discount which the inspector knows does not exist or did not personally inspect;
- Contains erroneous information due to the gross negligence of the inspector; or
- Contains a pattern of demonstrably false information regarding the existence of mitigation features that could give an insured a false evaluation of the ability of the structure to withstand major damage from a hurricane endangering the safety of the insured's life and property.

The licensing board of an authorized mitigation inspector may commence disciplinary proceedings and impose administrative fines and other sanctions for such misconduct violations.

In 2013, the Department of Business and Professional Regulation (DBPR) issued declaratory statement 2013-04045. The statement concluded licensed home inspectors authorized to complete mitigation inspections are not prohibited under current law from paying referral fees to insurance agents and brokers who recommend their services. The DBPR declaratory statement clarifies that s. 468.8319(1)(h), F.S., only prohibits licensed home inspectors from paying referral fees to licensed real estate agents and licensed real estate brokers.

### **III. Effect of Proposed Changes:**

#### **Exemption to the prohibition on coverage by Citizens within a CBRS (Section 1)**

In 2013, the Florida Legislature required properties located within the Coastal Barrier Resources System to be ineligible for coverage from Citizens if a building permit for new construction was applied for after July 1, 2014. The bill would exempt from this prohibition all properties located in a CBRS within a county the OIR determines Citizens provides more than 75 percent of the policies for each line of business Citizens writes.

#### **Alternate study relating to mitigation discounts**

Citizens currently does not have an alternate study relating to mitigation discounts. However, Citizens has provided funding for a study of Monroe County to the non-profit group Fair

Insurance Rates in Monroe (FIRM).<sup>18</sup> To date FIRM has not completed their study. When such a study is complete the bill allows Citizens to submit the alternative study to OIR and if approved must, in their next rate filing, include the mitigation discounts provided by the study.

#### **Addendum to the uniform mitigation verification form (Section 2)**

The bill allows the Financial Services Commission to create an addendum to the uniform mitigation verification form. The addendum is to help policyholders located in counties with a verified stronger building code than currently utilized for the form to receive greater mitigation credits than allowed by the current form.

#### **Prohibition on referral fees paid by wind mitigation inspectors**

The bill prohibits a certified wind mitigation inspector from paying any referral fees or other forms of compensation to an insurance agent, broker or insurance agency employee that recommends an inspector's services to an insured. Additionally, the bill prohibits an insurance agent, broker or insurance agency employee from accepting any referral fees or other forms of compensation from a certified wind mitigation inspector.

#### **Effective Date (Section 3)**

The effective date of the bill is July 1, 2014.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Fiscal Impact Statement:**

##### **A. Tax/Fee Issues:**

None.

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<sup>18</sup> Rate Study Funding Agreement entered into by Fair Insurance Rates in Monroe (FIRM) and Citizens on file with the Banking & Insurance Committee Staff.

**B. Private Sector Impact:**

Property owners with new construction located in a CBRS in a county where the OIR determines Citizens is writing more than 75 percent of the policies for a particular line of business, will be able to be insured by Citizens. This exemption included current policyholders with Citizens who make substantial improvements to their insured structure after July 1, 2014.

Citizen's policyholders could receive greater mitigation discounts if a study is submitted and approved by the OIR concluding such discounts are warranted.

If the PSC amends the uniform mitigation form to recognize counties with stronger building codes, it will allow Citizens policyholders in such counties to receive greater mitigation credits than allowed by the current form.

Certified wind mitigation inspectors will be prohibited from paying referral fees to an insurance agent, broker or company employee that recommends an inspector's services to an insured. Additionally, an insurance agent, broker or company employee is prohibited from accepting any referral fees or other forms of compensation from a certified wind mitigation inspector.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

It is unclear how OIR will determine a county is non-competitive with regards to commercial policies as OIR currently does not collect market share data on commercial-lines policies issued in the state. Additionally, it is unclear if policies written by surplus lines insurers will be included in the calculation of Citizens market share with regards to determining competitiveness within a county.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 627.351, 627.711.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Banking and Insurance on March 25, 2014:**

The CS:

- Requires the Office of Insurance Regulation (OIR) to determine non-competitive counties with regards to exempting properties within Coastal Barrier Resources System from the prohibition of coverage with Citizens.
- Changes the market share formula for Citizens that the OIR is to use when determining that a county is non-competitive.
- Allows Citizens to submit an alternative study to OIR regarding windstorm mitigation. Upon approval by the OIR, Citizens must include mitigation discounts provided by the study in their next rate filing.
- Allows the Financial Services Commission to make an addendum to the uniform mitigation verification form. The addendum to the form is to be used in counties whose building code has been verified to be more stringent than the highest code recognized by the form.
- Prohibits a certified wind mitigation inspector from paying any referral fees or other forms of compensation to an insurance agent, broker or company employee that recommends an inspectors services to an insured.
- Prohibits an insurance agent, broker or company employee from accepting any referral fees or other forms of compensation from a certified wind mitigation inspector.

- B. **Amendments:**

None.





462194

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/25/2014	.	
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The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Paragraphs (a) and (n) of subsection (6) of  
section 627.351, Florida Statutes, are amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(a) The public purpose of this subsection is to ensure that  
there is an orderly market for property insurance for residents



462194

11 and businesses of this state.

12 1. The Legislature finds that private insurers are  
13 unwilling or unable to provide affordable property insurance  
14 coverage in this state to the extent sought and needed. The  
15 absence of affordable property insurance threatens the public  
16 health, safety, and welfare and ~~likewise threatens~~ the economic  
17 health of the state. The state therefore has a compelling public  
18 interest and a public purpose to assist in assuring that  
19 property in the state is insured and that it is insured at  
20 affordable rates so as to facilitate the remediation,  
21 reconstruction, and replacement of damaged or destroyed property  
22 in order to reduce or avoid the negative effects on otherwise  
23 ~~resulting to~~ the public health, safety, and welfare, to the  
24 economy of the state, and to the revenues of the state and local  
25 governments which are needed to provide for the public welfare.  
26 It is necessary, therefore, to provide affordable property  
27 insurance to applicants who are in good faith entitled to  
28 procure insurance through the voluntary market but are unable to  
29 do so. The Legislature intends, therefore, that affordable  
30 property insurance be provided and that it continue to be  
31 provided, as long as necessary, through Citizens Property  
32 Insurance Corporation, a government entity that is an integral  
33 part of the state, ~~and that is~~ not a private insurance company.  
34 To that end, the corporation shall strive to increase the  
35 availability of affordable property insurance in this state,  
36 while achieving efficiencies and economies, and while providing  
37 service to policyholders, applicants, and agents which is no  
38 less than the quality generally provided in the voluntary  
39 market, for the achievement of the foregoing public purposes.



462194

40 Because it is essential for this government entity to have the  
41 maximum financial resources to pay claims following a  
42 catastrophic hurricane, it is further the intent of the  
43 Legislature that the corporation continue to be an integral part  
44 of the state, ~~and~~ that the income of the corporation be exempt  
45 from federal income taxation, and that interest on the debt  
46 obligations issued by the corporation be exempt from federal  
47 income taxation.

48       2. The Residential Property and Casualty Joint Underwriting  
49 Association originally created by this statute shall be known as  
50 the Citizens Property Insurance Corporation. The corporation  
51 shall provide insurance for residential and commercial property,  
52 for applicants who are entitled, but, in good faith, are unable  
53 to procure insurance through the voluntary market. The  
54 corporation shall operate pursuant to a plan of operation  
55 approved by order of the Financial Services Commission. The plan  
56 is subject to continuous review by the commission. The  
57 commission may, by order, withdraw approval of all or part of a  
58 plan if the commission determines that conditions have changed  
59 since approval was granted and that the purposes of the plan  
60 require changes in the plan. For the purposes of this  
61 subsection, residential coverage includes both personal lines  
62 residential coverage, which consists of the type of coverage  
63 provided by homeowner's, mobile home owner's, dwelling,  
64 tenant's, condominium unit owner's, and similar policies; and  
65 commercial lines residential coverage, which consists of the  
66 type of coverage provided by condominium association, apartment  
67 building, and similar policies.

68       3. With respect to coverage for personal lines residential



462194

69 structures:

70 a. Effective January 1, 2014, a structure that has a  
71 dwelling replacement cost of \$1 million or more, or a single  
72 condominium unit that has a combined dwelling and contents  
73 replacement cost of \$1 million or more is not eligible for  
74 coverage by the corporation. Such dwellings insured by the  
75 corporation on December 31, 2013, may continue to be covered by  
76 the corporation until the end of the policy term. The office  
77 shall approve the method used by the corporation for valuing the  
78 dwelling replacement costs under ~~cost for the purposes of~~ this  
79 subparagraph. If a policyholder is insured by the corporation  
80 before being determined to be ineligible pursuant to this  
81 subparagraph and such policyholder files a lawsuit challenging  
82 the determination, the policyholder may remain insured by the  
83 corporation until the conclusion of the litigation.

84 b. Effective January 1, 2015, a structure that has a  
85 dwelling replacement cost of \$900,000 or more, or a single  
86 condominium unit that has a combined dwelling and contents  
87 replacement cost of \$900,000 or more, is not eligible for  
88 coverage by the corporation. Such dwellings insured by the  
89 corporation on December 31, 2014, may continue to be covered by  
90 the corporation only until the end of the policy term.

91 c. Effective January 1, 2016, a structure that has a  
92 dwelling replacement cost of \$800,000 or more, or a single  
93 condominium unit that has a combined dwelling and contents  
94 replacement cost of \$800,000 or more, is not eligible for  
95 coverage by the corporation. Such dwellings insured by the  
96 corporation on December 31, 2015, may continue to be covered by  
97 the corporation until the end of the policy term.



462194

98           d. Effective January 1, 2017, a structure that has a  
99 dwelling replacement cost of \$700,000 or more, or a single  
100 condominium unit that has a combined dwelling and contents  
101 replacement cost of \$700,000 or more, is not eligible for  
102 coverage by the corporation. Such dwellings insured by the  
103 corporation on December 31, 2016, may continue to be covered by  
104 the corporation until the end of the policy term.

105  
106 The requirements of sub-subparagraphs b.-d. do not apply in  
107 counties where the office determines there is not a reasonable  
108 degree of competition. In such counties a personal lines  
109 residential structure that has a dwelling replacement cost of  
110 less than \$1 million, or a single condominium unit that has a  
111 combined dwelling and contents replacement cost of less than \$1  
112 million, is eligible for coverage by the corporation.

113           4. It is the intent of the Legislature that policyholders,  
114 applicants, and agents of the corporation receive service and  
115 treatment of the highest possible level but never less than that  
116 generally provided in the voluntary market. It is also intended  
117 that the corporation be held to service standards no less than  
118 those applied to insurers in the voluntary market by the office  
119 with respect to responsiveness, timeliness, customer courtesy,  
120 and overall dealings with policyholders, applicants, or agents  
121 of the corporation.

122           5.a. Effective January 1, 2009, a personal lines  
123 residential structure that is located in the "wind-borne debris  
124 region," as defined in s. 1609.2, International Building Code  
125 (2006), and that has an insured value on the structure of  
126 \$750,000 or more is not eligible for coverage by the corporation



462194

127 unless the structure has opening protections as required under  
128 the Florida Building Code for a newly constructed residential  
129 structure in that area. A residential structure is deemed to  
130 comply with this sub-subparagraph ~~subparagraph~~ if it has  
131 shutters or opening protections on all openings and if such  
132 opening protections complied with the Florida Building Code at  
133 the time they were installed.

134 b. Any major structure as defined in s. 161.54(6) (a) for  
135 which a permit is applied on or after July 1, 2014, for new  
136 construction or substantial improvement as defined in s.  
137 161.54~~(12)~~ is not eligible for coverage by the corporation if  
138 the structure is seaward of the coastal construction control  
139 line established pursuant to s. 161.053 or is within the Coastal  
140 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
141 3510. This sub-subparagraph does not apply to substantial  
142 improvement of major structures located in a county where the  
143 office determines that the corporation issues 75 percent or more  
144 of the total of the number of policies for each line of personal  
145 residential, commercial residential, and commercial  
146 nonresidential insurance.

147 (n)~~1~~. Rates for coverage provided by the corporation must  
148 be actuarially sound and subject to s. 627.062, except as  
149 otherwise provided in this paragraph.

150 1. The corporation shall file its recommended rates with  
151 the office at least annually. The corporation shall provide any  
152 additional information regarding the rates which the office  
153 requires. The office shall consider the recommendations of the  
154 board and issue a final order establishing the rates for the  
155 corporation within 45 days after the recommended rates are



462194

156 filed. The corporation may not pursue an administrative  
157 challenge or judicial review of the final order of the office.

158 2. In addition to the rates otherwise determined pursuant  
159 to this paragraph, the corporation shall impose and collect an  
160 amount equal to the premium tax provided in s. 624.509 to  
161 augment the financial resources of the corporation.

162 3. After the public hurricane loss-projection model under  
163 s. 627.06281 has been found to be accurate and reliable by the  
164 Florida Commission on Hurricane Loss Projection Methodology, the  
165 model shall serve as the minimum benchmark for determining the  
166 windstorm portion of the corporation's rates. This subparagraph  
167 does not require or allow the corporation to adopt rates lower  
168 than the rates otherwise required or allowed by this paragraph.

169 4. The rate filings for the corporation which were approved  
170 by the office and took effect January 1, 2007, are rescinded,  
171 except for those rates that were lowered. As soon as possible,  
172 the corporation shall begin using the lower rates that were in  
173 effect on December 31, 2006, and provide refunds to  
174 policyholders who paid higher rates as a result of that rate  
175 filing. The rates in effect on December 31, 2006, remain in  
176 effect for the 2007 and 2008 calendar years except for any rate  
177 change that results in a lower rate. The next rate change that  
178 may increase rates shall take effect pursuant to a new rate  
179 filing recommended by the corporation and established by the  
180 office, subject to this paragraph.

181 5. Beginning on July 15, 2009, and annually thereafter, the  
182 corporation must make a recommended actuarially sound rate  
183 filing for each personal and commercial line of business it  
184 writes, to be effective no earlier than January 1, 2010.



462194

185           6. Beginning on or after January 1, 2010, and  
186 notwithstanding the board's recommended rates and the office's  
187 final order regarding the corporation's filed rates under  
188 subparagraph 1., the corporation shall annually implement a rate  
189 increase which, except for sinkhole coverage, does not exceed 10  
190 percent for any single policy issued by the corporation,  
191 excluding coverage changes and surcharges.

192           7. The corporation may also implement an increase to  
193 reflect the effect on the corporation of the cash buildup factor  
194 pursuant to s. 215.555(5)(b).

195           8. The corporation's implementation of rates as prescribed  
196 in subparagraph 6. shall cease for any line of business written  
197 by the corporation upon the corporation's implementation of  
198 actuarially sound rates. Thereafter, the corporation shall  
199 annually make a recommended actuarially sound rate filing for  
200 each commercial and personal line of business the corporation  
201 writes.

202           9. The corporation must submit any alternate study relating  
203 to windstorm mitigation discounts to the office. Upon the  
204 office's approval of the alternate study, the corporation must  
205 include the discounts provided by the study in the next filing  
206 of its recommended rates.

207           Section 2. Subsection (2) of section 627.711, Florida  
208 Statutes, is amended, present subsections (6), (7), and (8) of  
209 that section are renumbered as subsections (7), (8), and (9),  
210 respectively, and a new subsection (6) is added to that section,  
211 to read:

212           627.711 Notice of premium discounts for hurricane loss  
213 mitigation; uniform mitigation verification inspection form.—





462194

214           (2) (a) The Financial Services Commission shall, by rule,  
215 develop ~~by rule~~ a uniform mitigation verification inspection  
216 form that shall be used by all insurers when submitted by  
217 policyholders for the purpose of factoring discounts for wind  
218 insurance. The commission may develop an addendum to the form  
219 for use in a county that has adopted a building code that is  
220 stricter than the building code recognized by the uniform  
221 mitigation form. In developing the form, the commission shall  
222 seek input from insurance, construction, and building code  
223 representatives. ~~Further,~~ The commission shall also provide  
224 guidance as to the length of time the inspection results are  
225 valid. An insurer shall accept as valid a uniform mitigation  
226 verification form signed by the following authorized mitigation  
227 inspectors:

228           1. A home inspector licensed under s. 468.8314 who has  
229 completed at least 3 hours of hurricane mitigation training  
230 approved by the Construction Industry Licensing Board, which  
231 includes hurricane mitigation techniques and compliance with the  
232 uniform mitigation verification form and completion of a  
233 proficiency exam;

234           2. A building code inspector certified under s. 468.607;

235           3. A general, building, or residential contractor licensed  
236 under s. 489.111;

237           4. A professional engineer licensed under s. 471.015;

238           5. A professional architect licensed under s. 481.213; or

239           6. Any other individual or entity recognized by the insurer  
240 as possessing the necessary qualifications to properly complete  
241 a uniform mitigation verification form.

242           (b) An insurer may, but is not required to, accept a form



462194

243 from any other person possessing qualifications and experience  
244 acceptable to the insurer.

245 (6) (a) An authorized mitigation inspector may not directly  
246 or indirectly offer or deliver any compensation, inducement, or  
247 reward to an insurance broker or insurance agent for the  
248 referral of the owner of the inspected property to the inspector  
249 or the inspection company. Section 455.227(1) (k) applies to  
250 applicable licensees in violation of this paragraph.

251 (b) An insurance broker or insurance agent may not directly  
252 or indirectly receive or accept any compensation, inducement, or  
253 reward from an authorized mitigation inspector for the referral  
254 of the owner of the inspected property to the inspector or the  
255 inspection company. Section 626.6215(5) (d) applies to a  
256 violation of this paragraph

257 Section 3. This act shall take effect July 1, 2014.

258  
259 ===== T I T L E A M E N D M E N T =====

260 And the title is amended as follows:

261 Delete everything before the enacting clause  
262 and insert:

263 A bill to be entitled

264 An act relating to Citizens Property Insurance  
265 Corporation; amending s. 627.351, F.S.; providing  
266 exemptions from the restriction on obtaining coverage  
267 from the corporation for substantial improvement to  
268 major structures under certain conditions; requiring  
269 the corporation to submit any alternate study relating  
270 to windstorm mitigation discounts to the office and,  
271 if approved, including the discounts in its next rate



462194

272 filing; amending s. 627.711, F.S.; authorizing the  
273 corporation to create an addendum to the uniform  
274 mitigation verification form for use by counties under  
275 certain circumstances; prohibiting a mitigation  
276 inspector from paying an insurance broker or agent for  
277 referrals and an insurance broker from receiving such  
278 compensation; providing an effective date.



707654

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/25/2014	.	
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The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment to Amendment (462194) (with title amendment)**

Delete lines 247 - 251

and insert:

reward to an insurance broker, an insurance agent, or an employee of an insurance agency for referral of the owner of the inspected property to the inspector or the inspection company.  
Section 455.227(1)(k) applies to licensees in violation of this paragraph.



707654

11           (b) An insurance broker, insurance agent, or employee of an  
12 insurance agency may not directly

13  
14 ===== T I T L E   A M E N D M E N T =====

15 And the title is amended as follows:

16           Delete lines 276 - 277

17 and insert:

18           inspector from paying for referrals from an insurance  
19           broker, insurance agent, or employee of an insurance  
20           agency and a broker, agent, or employee from receiving  
21           such



959002

LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
03/25/2014	.	
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The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 154 - 157

and insert:

Section 2. Paragraph (c) is added to subsection (2) of section 627.711, Florida Statutes, and subsection (9) is added to that section, to read:

627.711 Notice of premium discounts for hurricane loss mitigation; uniform mitigation verification inspection form.—

(2)



959002

11           (c) An authorized mitigation inspector may not offer or  
12 deliver any compensation, inducement, or reward to an insurance  
13 broker or insurance agent for the referral of the owner of the  
14 inspected property to the inspector or the inspection company.

15  
16 ===== T I T L E   A M E N D M E N T =====

17 And the title is amended as follows:

18           Delete line 7

19 and insert:

20           amending s. 627.711, F.S.; prohibiting a mitigation  
21           inspector from paying any compensation to an insurance  
22           broker or agent for referrals; authorizing the  
23           corporation to create

By Senator Hays

11-01315-14

20141274\_\_

A bill to be entitled

An act relating to Citizens Property Insurance Corporation; amending s. 627.351, F.S.; providing exemptions from the restriction on obtaining coverage from Citizens Property Insurance Corporation for major structures under certain conditions; amending s. 627.711, F.S.; authorizing the corporation to create an addendum to the uniform mitigation verification form for use by counties under certain circumstances; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (a) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(a) The public purpose of this subsection is to ensure that there is an orderly market for property insurance for residents and businesses of this state.

1. The Legislature finds that private insurers are unwilling or unable to provide affordable property insurance coverage in this state to the extent sought and needed. The absence of affordable property insurance threatens the public health, safety, and welfare and likewise threatens the economic health of the state. The state therefore has a compelling public interest and a public purpose to assist in assuring that property in the state is insured and that it is insured at affordable rates so as to facilitate the remediation,

Page 1 of 6

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

11-01315-14

20141274\_\_

reconstruction, and replacement of damaged or destroyed property in order to reduce or avoid the negative effects otherwise resulting to the public health, safety, and welfare, to the economy of the state, and to the revenues of the state and local governments which are needed to provide for the public welfare. It is necessary, therefore, to provide affordable property insurance to applicants who are in good faith entitled to procure insurance through the voluntary market but are unable to do so. The Legislature intends, therefore, that affordable property insurance be provided and that it continue to be provided, as long as necessary, through Citizens Property Insurance Corporation, a government entity that is an integral part of the state, and that is not a private insurance company. To that end, the corporation shall strive to increase the availability of affordable property insurance in this state, while achieving efficiencies and economies, and while providing service to policyholders, applicants, and agents which is no less than the quality generally provided in the voluntary market, for the achievement of the foregoing public purposes. Because it is essential for this government entity to have the maximum financial resources to pay claims following a catastrophic hurricane, it is the intent of the Legislature that the corporation continue to be an integral part of the state and that the income of the corporation be exempt from federal income taxation and that interest on the debt obligations issued by the corporation be exempt from federal income taxation.

2. The Residential Property and Casualty Joint Underwriting Association originally created by this statute shall be known as the Citizens Property Insurance Corporation. The corporation

Page 2 of 6

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.



11-01315-14 20141274\_\_

59 shall provide insurance for residential and commercial property,  
 60 for applicants who are entitled, but, in good faith, are unable  
 61 to procure insurance through the voluntary market. The  
 62 corporation shall operate pursuant to a plan of operation  
 63 approved by order of the Financial Services Commission. The plan  
 64 is subject to continuous review by the commission. The  
 65 commission may, by order, withdraw approval of all or part of a  
 66 plan if the commission determines that conditions have changed  
 67 since approval was granted and that the purposes of the plan  
 68 require changes in the plan. For the purposes of this  
 69 subsection, residential coverage includes both personal lines  
 70 residential coverage, which consists of the type of coverage  
 71 provided by homeowner's, mobile home owner's, dwelling,  
 72 tenant's, condominium unit owner's, and similar policies; and  
 73 commercial lines residential coverage, which consists of the  
 74 type of coverage provided by condominium association, apartment  
 75 building, and similar policies.

76 3. With respect to coverage for personal lines residential  
 77 structures:

78 a. Effective January 1, 2014, a structure that has a  
 79 dwelling replacement cost of \$1 million or more, or a single  
 80 condominium unit that has a combined dwelling and contents  
 81 replacement cost of \$1 million or more is not eligible for  
 82 coverage by the corporation. Such dwellings insured by the  
 83 corporation on December 31, 2013, may continue to be covered by  
 84 the corporation until the end of the policy term. The office  
 85 shall approve the method used by the corporation for valuing the  
 86 dwelling replacement cost for the purposes of this subparagraph.  
 87 If a policyholder is insured by the corporation before being

11-01315-14 20141274\_\_

88 determined to be ineligible pursuant to this subparagraph and  
 89 such policyholder files a lawsuit challenging the determination,  
 90 the policyholder may remain insured by the corporation until the  
 91 conclusion of the litigation.

92 b. Effective January 1, 2015, a structure that has a  
 93 dwelling replacement cost of \$900,000 or more, or a single  
 94 condominium unit that has a combined dwelling and contents  
 95 replacement cost of \$900,000 or more, is not eligible for  
 96 coverage by the corporation. Such dwellings insured by the  
 97 corporation on December 31, 2014, may continue to be covered by  
 98 the corporation only until the end of the policy term.

99 c. Effective January 1, 2016, a structure that has a  
 100 dwelling replacement cost of \$800,000 or more, or a single  
 101 condominium unit that has a combined dwelling and contents  
 102 replacement cost of \$800,000 or more, is not eligible for  
 103 coverage by the corporation. Such dwellings insured by the  
 104 corporation on December 31, 2015, may continue to be covered by  
 105 the corporation until the end of the policy term.

106 d. Effective January 1, 2017, a structure that has a  
 107 dwelling replacement cost of \$700,000 or more, or a single  
 108 condominium unit that has a combined dwelling and contents  
 109 replacement cost of \$700,000 or more, is not eligible for  
 110 coverage by the corporation. Such dwellings insured by the  
 111 corporation on December 31, 2016, may continue to be covered by  
 112 the corporation until the end of the policy term.

113  
 114 The requirements of sub-subparagraphs b.-d. do not apply in  
 115 counties where the office determines there is not a reasonable  
 116 degree of competition. In such counties a personal lines

11-01315-14 20141274\_\_  
 117 residential structure that has a dwelling replacement cost of  
 118 less than \$1 million, or a single condominium unit that has a  
 119 combined dwelling and contents replacement cost of less than \$1  
 120 million, is eligible for coverage by the corporation.

121 4. It is the intent of the Legislature that policyholders,  
 122 applicants, and agents of the corporation receive service and  
 123 treatment of the highest possible level but never less than that  
 124 generally provided in the voluntary market. It is also intended  
 125 that the corporation be held to service standards no less than  
 126 those applied to insurers in the voluntary market by the office  
 127 with respect to responsiveness, timeliness, customer courtesy,  
 128 and overall dealings with policyholders, applicants, or agents  
 129 of the corporation.

130 5.a. Effective January 1, 2009, a personal lines  
 131 residential structure that is located in the "wind-borne debris  
 132 region," as defined in s. 1609.2, International Building Code  
 133 (2006), and that has an insured value on the structure of  
 134 \$750,000 or more is not eligible for coverage by the corporation  
 135 unless the structure has opening protections as required under  
 136 the Florida Building Code for a newly constructed residential  
 137 structure in that area. A residential structure is deemed to  
 138 comply with this subparagraph if it has shutters or opening  
 139 protections on all openings and if such opening protections  
 140 complied with the Florida Building Code at the time they were  
 141 installed.

142 b. Any major structure as defined in s. 161.54(6) (a) for  
 143 which a permit is applied on or after July 1, 2014, for new  
 144 construction or substantial improvement as defined in s.  
 145 161.54(12) is not eligible for coverage by the corporation if

11-01315-14 20141274\_\_  
 146 the structure is seaward of the coastal construction control  
 147 line established pursuant to s. 161.053 or is within the Coastal  
 148 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
 149 3510. The restrictions of this subparagraph imposed on major  
 150 structures located within the Coastal Barrier Resources System  
 151 do not apply in a county where the corporation provides  
 152 windstorm coverage on more than 75 percent of personal lines  
 153 residential policies.

154 Section 2. Subsection (9) is added to section 627.711,  
 155 Florida Statutes, to read:

156 627.711 Notice of premium discounts for hurricane loss  
 157 mitigation; uniform mitigation verification inspection form.-

158 (9) Citizens Property Insurance Corporation may create an  
 159 addendum to the uniform mitigation verification form for use by  
 160 a county when applying mitigation credits if that county has:

161 (a) Implemented a building code that is stronger than the  
 162 highest code recognized on the uniform mitigation verification  
 163 form; and

164 (b) Completed a study verifying the use of the stronger  
 165 code.

166 Section 3. This act shall take effect July 1, 2014.

# CourtSmart Tag Report

Room: EL 110

Caption: Senate Banking and Insurance

Case:

Judge:

Type:

Started: 3/19/2014 11:12:01 AM

Ends: 3/19/2014 12:29:47 PM

Length: 01:17:47

11:12:39 AM Meeting call to order by Chair Simmons - quorum present  
11:13:28 AM TAB 1 -SB 754 by--Sen. Bradley  
11:14:19 AM Sen. Bradley recognized to explain Substitute Amd. 493168  
11:17:34 AM w/o objection sub. amd. 493168 -- adopted  
11:18:36 AM Bonny Gordon, GEICO testified against bill  
11:22:30 AM Charles Holder, Director, Copart  
11:28:27 AM Mark Oliver, FL Area Mgr., Insurance Auto Auctions  
11:30:44 AM Jorge Confueme, Government Affairs Mgr., LKQ Corp.  
11:38:55 AM Brad Rutherford, Pres., Budget Auto Parts  
11:39:56 AM Jason Grady, Mgr. FADRA  
11:40:25 AM Steve Holland, President, Brandon Auto Salvage  
11:43:25 AM Jim Butler, Business Owner, Butler Auto Recycling, Inc.  
11:50:22 AM Motion for CS -- Senator Detert - w/o objection  
11:51:23 AM Roll call on CS/SB 754 -- favorable  
11:52:03 AM TAB 2 - SB 1344 - Sen. Braynon - Ins. Assoc. Appts.  
11:52:40 AM Senator's aide recognized to explain the bill  
11:53:12 AM Amd. 674386 -- w/o objection -- passed  
11:53:48 AM Amd. 477234 - without objection -- passed  
11:55:03 AM Motion for CS -- Sen. Montford -- passed  
11:55:22 AM Roll call on CS/S 1344 -- passed  
11:56:16 AM TA B 4 - SB 308 by Sen. Brandes - Public Assistance Fraud  
11:56:48 AM Sen. Brandes recognized to explain the bill  
11:57:36 AM Roll call on S 308 -- favorable  
11:58:22 AM TAB 5 - SB 1390 by Sen. Brandes - Bail Bond Premiums  
11:58:48 AM Sen. Brandes recognized to explain delete all amendment  
12:00:33 PM Sen. Brandes recognized to explain delete all amendment (880184)  
12:01:32 PM Sen. Brandes recognized to explain delete all amendment (880184)--w/o objection - adopted  
12:04:50 PM Motion for CS -- Senator Montford -- w/o adopted  
12:05:50 PM Roll call on CS/SB 1390 -- passed  
12:06:42 PM TAB 6 - SB 1260 by Sen. Brandes - Insurance  
12:07:11 PM Senator Brandes recognized to explain delete all amendment  
12:07:48 PM Amd. to Amd. 695086 (Sen. Richter) technical amendment -- w/o adopted  
12:08:30 PM Amd. to Amd. 322690 (Richter) without objection -- adopted  
12:09:19 PM Amd. to Amd. 833884 (Richter) without objection -- adopted  
12:10:08 PM Amd. to Amd. 736294 (late filed amd)(Richter) technical amd. - w/o adopted  
12:11:10 PM Late filed amd. by Sen. Margolia (460094)  
12:11:46 PM Senator Margolis recognized to explain late filed amendment 460094  
12:13:18 PM Senator Margolis recognized to explain late filed amendment 460094--no objection to late filed amendment  
12:19:40 PM Mark Delegal, State Farm Insurance Companies  
12:23:26 PM Steve Monte - OIR  
12:24:27 PM Roll call on Amd. - unfavorable  
12:25:26 PM Amd. 460094 - adopted as amended  
12:26:28 PM Steve Geller, Attorney, FI Assoc of Public Ins. Adjusters  
12:27:42 PM Jeff Priddle, Professional Geologist  
12:28:23 PM Motion for CS - Sen. Detert -- favorable  
12:28:35 PM Roll call on CS/S B 1260 -- favorable  
12:29:22 PM Motion to rise - Senator Negron



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Banking and Insurance, *Vice Chair*  
Appropriations Subcommittee on Criminal and  
Civil Justice  
Appropriations Subcommittee on Finance and Tax  
Children, Families, and Elder Affairs  
Ethics and Elections  
Gaming  
Transportation

### SENATOR JEFF CLEMENS

27th District

March 19, 2014

Senator David Simmons, Chair  
Committee on Banking and Insurance  
320 Knott Building  
404 S. Monroe Street  
Tallahassee, FL 32399-1100

Chair Simmons:

Please excuse my absence from the Committee on Banking and Insurance meeting on March 19, 2014.

Thank you, in advance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Clemens".

Senator Jeff Clemens  
Florida Senate District 27

#### REPLY TO:

- 508 Lake Avenue, Unit C, Lake Worth, Florida 33460 (561) 540-1140 FAX: (561) 540-1143
- 226 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5027

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore