

1                   A bill to be entitled  
2           An act relating to insurance; amending s. 215.555,  
3           F.S.; deleting the future repeal of an exemption of  
4           medical malpractice insurance premiums from emergency  
5           assessments imposed to fund certain obligations,  
6           costs, and expenses of the Florida Hurricane  
7           Catastrophe Fund and the Florida Hurricane Catastrophe  
8           Fund Finance Corporation; amending s. 316.646, F.S.;  
9           authorizing a uniform motor vehicle proof-of-insurance  
10          card to be in an electronic format; authorizing the  
11          Department of Highway Safety and Motor Vehicles to  
12          adopt rules; amending s. 320.02, F.S.; authorizing  
13          insurers to furnish uniform proof-of-purchase cards in  
14          an electronic format for use by insureds to prove the  
15          purchase of required insurance coverage when  
16          registering a motor vehicle; amending s. 624.413,  
17          F.S.; revising a specified time period applicable to a  
18          certified examination that must be filed by a foreign  
19          or alien insurer applying for a certificate of  
20          authority; amending s. 626.321, F.S.; providing that a  
21          limited license to offer motor vehicle rental  
22          insurance issued to a business that rents or leases  
23          motor vehicles encompasses the employees of such  
24          business; amending s. 626.601, F.S.; revising  
25          terminology relating to investigations conducted by  
26          the Department of Financial Services and the Office of  
27          Insurance Regulation with respect to individuals and  
28          entities involved in the insurance industry; amending

29 | s. 626.9914, F.S.; conforming a provision to changes  
30 | made by the act; amending s. 626.99175, F.S.; deleting  
31 | provisions requiring registration of life expectancy  
32 | providers; deleting procedures, qualifying criteria,  
33 | and violations with respect thereto; amending ss.  
34 | 626.9919, 626.992, 626.9925, and 626.99278, F.S.;  
35 | conforming provisions to changes made by the act;  
36 | amending s. 627.062, F.S.; requiring the Office of  
37 | Insurance Regulation to use certain models or averages  
38 | of certain models to estimate hurricane losses when  
39 | determining whether the rates in a rate filing are  
40 | excessive, inadequate, or unfairly discriminatory;  
41 | amending s. 627.0628, F.S.; increasing the length of  
42 | time during which an insurer must adhere to certain  
43 | findings made by the Commission on Hurricane Loss  
44 | Projection Methodology with respect to certain  
45 | methods, principles, standards, models, or output  
46 | ranges used in a rate finding; providing that the  
47 | requirement to adhere to such findings does not limit  
48 | an insurer from averaging together the results of  
49 | certain models or output ranges under specified  
50 | circumstances; amending s. 627.072, F.S.; authorizing  
51 | retrospective rating plans relating to workers'  
52 | compensation and employer's liability insurance to  
53 | allow negotiations between certain employers and  
54 | insurers with respect to rating factors used to  
55 | calculate premiums; amending s. 627.281, F.S.;  
56 | conforming a cross-reference; repealing s. 627.3519,

57 F.S., relating to an annual report from the Financial  
58 Services Commission to the Legislature of aggregate  
59 net probable maximum losses, financing options, and  
60 potential assessments of the Florida Hurricane  
61 Catastrophe Fund and Citizens Property Insurance  
62 Corporation; amending s. 627.4133, F.S.; deleting  
63 provisions that require extended periods of prior  
64 notice with respect to the nonrenewal, cancellation,  
65 or termination of certain insurance policies;  
66 prohibiting the cancellation of certain policies that  
67 have been in effect for a specified amount of time  
68 except under certain circumstances; amending s.  
69 627.4137, F.S.; adding licensed company adjusters to  
70 the list of persons who may respond to a claimant's  
71 written request for information relating to liability  
72 insurance coverage; amending s. 627.421, F.S.;  
73 authorizing the electronic delivery of certain  
74 insurance documents; amending s. 627.43141, F.S.;  
75 authorizing a notice of change in policy terms to be  
76 sent in a separate mailing to an insured under certain  
77 circumstances; requiring an insurer to provide such  
78 notice to insured's insurance agent; amending s.  
79 627.7015, F.S.; revising the rulemaking authority of  
80 the department with respect to qualifications and  
81 specified types of penalties covered under the  
82 property insurance mediation program; creating s.  
83 627.70151, F.S.; providing criteria for an insurer or  
84 policyholder to challenge the impartiality of a loss

85 appraisal umpire for purposes of disqualifying such  
86 umpire; amending s. 627.706, F.S.; authorizing the  
87 inclusion of deductibles applicable to sinkhole losses  
88 in property insurance policies covering nonresidential  
89 buildings; revising the definition of the term  
90 "neutral evaluator"; amending s. 627.7074, F.S.;  
91 requiring the department to adopt rules relating to  
92 certification of neutral evaluators; amending s.  
93 627.736, F.S.; revising the time period for  
94 applicability of certain Medicare fee schedules or  
95 payment limitations; amending s. 627.745, F.S.;  
96 revising qualifications for approval as a mediator by  
97 the department; providing grounds for the department  
98 to deny an application or revoke approval of a  
99 mediator or neutral evaluator; authorizing the  
100 department to adopt rules; amending s. 627.952, F.S.;  
101 deleting a fidelity bond requirement applicable to  
102 certain nonresident general lines agents who are  
103 licensed as surplus lines agents in another state;  
104 amending ss. 627.971 and 627.972, F.S.; including  
105 licensed mutual insurers in financial guaranty  
106 insurance corporations; amending s. 628.901, F.S.;  
107 revising the definition of the term "qualifying  
108 reinsurer parent company" to delete obsolete language;  
109 amending s. 628.909, F.S.; providing for applicability  
110 of certain provisions of the Insurance Code to  
111 specified captive insurers; amending s. 634.406, F.S.;  
112 revising criteria authorizing premiums of certain

113 service warranty associations to exceed their  
 114 specified net assets limitations; revising  
 115 requirements relating to contractual liability  
 116 policies that insure warranty associations; providing  
 117 an effective date.

118  
 119 Be It Enacted by the Legislature of the State of Florida:  
 120

121 Section 1. Paragraph (b) of subsection (6) of section  
 122 215.555, Florida Statutes, is amended to read:

123 215.555 Florida Hurricane Catastrophe Fund.—

124 (6) REVENUE BONDS.—

125 (b) Emergency assessments—

126 1. If the board determines that the amount of revenue  
 127 produced under subsection (5) is insufficient to fund the  
 128 obligations, costs, and expenses of the fund and the  
 129 corporation, including repayment of revenue bonds and that  
 130 portion of the debt service coverage not met by reimbursement  
 131 premiums, the board shall direct the Office of Insurance  
 132 Regulation to levy, by order, an emergency assessment on direct  
 133 premiums for all property and casualty lines of business in this  
 134 state, including property and casualty business of surplus lines  
 135 insurers regulated under part VIII of chapter 626, but not  
 136 including any workers' compensation premiums or medical  
 137 malpractice premiums. As used in this subsection, the term  
 138 "property and casualty business" includes all lines of business  
 139 identified on Form 2, Exhibit of Premiums and Losses, in the  
 140 annual statement required of authorized insurers by s. 624.424

141 and any rule adopted under this section, except for those lines  
142 identified as accident and health insurance and except for  
143 policies written under the National Flood Insurance Program. The  
144 assessment shall be specified as a percentage of direct written  
145 premium and is subject to annual adjustments by the board in  
146 order to meet debt obligations. The same percentage shall apply  
147 to all policies in lines of business subject to the assessment  
148 issued or renewed during the 12-month period beginning on the  
149 effective date of the assessment.

150 2. A premium is not subject to an annual assessment under  
151 this paragraph in excess of 6 percent of premium with respect to  
152 obligations arising out of losses attributable to any one  
153 contract year, and a premium is not subject to an aggregate  
154 annual assessment under this paragraph in excess of 10 percent  
155 of premium. An annual assessment under this paragraph shall  
156 continue as long as the revenue bonds issued with respect to  
157 which the assessment was imposed are outstanding, including any  
158 bonds the proceeds of which were used to refund the revenue  
159 bonds, unless adequate provision has been made for the payment  
160 of the bonds under the documents authorizing issuance of the  
161 bonds.

162 3. Emergency assessments shall be collected from  
163 policyholders. Emergency assessments shall be remitted by  
164 insurers as a percentage of direct written premium for the  
165 preceding calendar quarter as specified in the order from the  
166 Office of Insurance Regulation. The office shall verify the  
167 accurate and timely collection and remittance of emergency  
168 assessments and shall report the information to the board in a

169 form and at a time specified by the board. Each insurer  
170 collecting assessments shall provide the information with  
171 respect to premiums and collections as may be required by the  
172 office to enable the office to monitor and verify compliance  
173 with this paragraph.

174 4. With respect to assessments of surplus lines premiums,  
175 each surplus lines agent shall collect the assessment at the  
176 same time as the agent collects the surplus lines tax required  
177 by s. 626.932, and the surplus lines agent shall remit the  
178 assessment to the Florida Surplus Lines Service Office created  
179 by s. 626.921 at the same time as the agent remits the surplus  
180 lines tax to the Florida Surplus Lines Service Office. The  
181 emergency assessment on each insured procuring coverage and  
182 filing under s. 626.938 shall be remitted by the insured to the  
183 Florida Surplus Lines Service Office at the time the insured  
184 pays the surplus lines tax to the Florida Surplus Lines Service  
185 Office. The Florida Surplus Lines Service Office shall remit the  
186 collected assessments to the fund or corporation as provided in  
187 the order levied by the Office of Insurance Regulation. The  
188 Florida Surplus Lines Service Office shall verify the proper  
189 application of such emergency assessments and shall assist the  
190 board in ensuring the accurate and timely collection and  
191 remittance of assessments as required by the board. The Florida  
192 Surplus Lines Service Office shall annually calculate the  
193 aggregate written premium on property and casualty business,  
194 other than workers' compensation and medical malpractice,  
195 procured through surplus lines agents and insureds procuring  
196 coverage and filing under s. 626.938 and shall report the

197 information to the board in a form and at a time specified by  
198 the board.

199 5. Any assessment authority not used for a particular  
200 contract year may be used for a subsequent contract year. If,  
201 for a subsequent contract year, the board determines that the  
202 amount of revenue produced under subsection (5) is insufficient  
203 to fund the obligations, costs, and expenses of the fund and the  
204 corporation, including repayment of revenue bonds and that  
205 portion of the debt service coverage not met by reimbursement  
206 premiums, the board shall direct the Office of Insurance  
207 Regulation to levy an emergency assessment up to an amount not  
208 exceeding the amount of unused assessment authority from a  
209 previous contract year or years, plus an additional 4 percent  
210 provided that the assessments in the aggregate do not exceed the  
211 limits specified in subparagraph 2.

212 6. The assessments otherwise payable to the corporation  
213 under this paragraph shall be paid to the fund unless and until  
214 the Office of Insurance Regulation and the Florida Surplus Lines  
215 Service Office have received from the corporation and the fund a  
216 notice, which shall be conclusive and upon which they may rely  
217 without further inquiry, that the corporation has issued bonds  
218 and the fund has no agreements in effect with local governments  
219 under paragraph (c). On or after the date of the notice and  
220 until the date the corporation has no bonds outstanding, the  
221 fund shall have no right, title, or interest in or to the  
222 assessments, except as provided in the fund's agreement with the  
223 corporation.

224 7. Emergency assessments are not premium and are not



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225 subject to the premium tax, to the surplus lines tax, to any  
226 fees, or to any commissions. An insurer is liable for all  
227 assessments that it collects and must treat the failure of an  
228 insured to pay an assessment as a failure to pay the premium. An  
229 insurer is not liable for uncollectible assessments.

230 8. When an insurer is required to return an unearned  
231 premium, it shall also return any collected assessment  
232 attributable to the unearned premium. A credit adjustment to the  
233 collected assessment may be made by the insurer with regard to  
234 future remittances that are payable to the fund or corporation,  
235 but the insurer is not entitled to a refund.

236 9. When a surplus lines insured or an insured who has  
237 procured coverage and filed under s. 626.938 is entitled to the  
238 return of an unearned premium, the Florida Surplus Lines Service  
239 Office shall provide a credit or refund to the agent or such  
240 insured for the collected assessment attributable to the  
241 unearned premium before ~~prior to~~ remitting the emergency  
242 assessment collected to the fund or corporation.

243 ~~10. The exemption of medical malpractice insurance~~  
244 ~~premiums from emergency assessments under this paragraph is~~  
245 ~~repealed May 31, 2013, and medical malpractice insurance~~  
246 ~~premiums shall be subject to emergency assessments attributable~~  
247 ~~to loss events occurring in the contract years commencing on~~  
248 ~~June 1, 2013.~~

249 Section 2. Subsection (1) of section 316.646, Florida  
250 Statutes, is amended, and subsection (5) is added to that  
251 section, to read:

252 316.646 Security required; proof of security and display

253 | thereof; dismissal of cases.—

254 |       (1) Any person required by s. 324.022 to maintain property  
 255 | damage liability security, required by s. 324.023 to maintain  
 256 | liability security for bodily injury or death, or required by s.  
 257 | 627.733 to maintain personal injury protection security on a  
 258 | motor vehicle shall have in his or her immediate possession at  
 259 | all times while operating such motor vehicle proper proof of  
 260 | maintenance of the required security. Such proof shall be a  
 261 | uniform proof-of-insurance card, in paper or electronic format,  
 262 | in a form prescribed by the department, a valid insurance  
 263 | policy, an insurance policy binder, a certificate of insurance,  
 264 | or such other proof as may be prescribed by the department.

265 |       (5) The department may adopt rules to implement this  
 266 | section.

267 |       Section 3. Paragraph (a) of subsection (5) of section  
 268 | 320.02, Florida Statutes, is amended to read:

269 |       320.02 Registration required; application for  
 270 | registration; forms.—

271 |       (5) (a) Proof that personal injury protection benefits have  
 272 | been purchased when required under s. 627.733, that property  
 273 | damage liability coverage has been purchased as required under  
 274 | s. 324.022, that bodily injury or death coverage has been  
 275 | purchased if required under s. 324.023, and that combined bodily  
 276 | liability insurance and property damage liability insurance have  
 277 | been purchased when required under s. 627.7415 shall be provided  
 278 | in the manner prescribed by law by the applicant at the time of  
 279 | application for registration of any motor vehicle that is  
 280 | subject to such requirements. The issuing agent shall refuse to

281 issue registration if such proof of purchase is not provided.  
 282 Insurers shall furnish uniform proof-of-purchase cards, in paper  
 283 or electronic format, in a form prescribed by the department and  
 284 shall include the name of the insured's insurance company, the  
 285 coverage identification number, and the make, year, and vehicle  
 286 identification number of the vehicle insured. The card shall  
 287 contain a statement notifying the applicant of the penalty  
 288 specified in s. 316.646(4). The card or insurance policy,  
 289 insurance policy binder, or certificate of insurance or a  
 290 photocopy of any of these; an affidavit containing the name of  
 291 the insured's insurance company, the insured's policy number,  
 292 and the make and year of the vehicle insured; or such other  
 293 proof as may be prescribed by the department shall constitute  
 294 sufficient proof of purchase. If an affidavit is provided as  
 295 proof, it shall be in substantially the following form:  
 296 Under penalty of perjury, I ...(Name of insured)... do hereby  
 297 certify that I have ...(Personal Injury Protection, Property  
 298 Damage Liability, and, when required, Bodily Injury  
 299 Liability)... Insurance currently in effect with ...(Name of  
 300 insurance company)... under ...(policy number)... covering  
 301 ...(make, year, and vehicle identification number of  
 302 vehicle).... ...(Signature of Insured)...

303 Such affidavit shall include the following warning:  
 304 WARNING: GIVING FALSE INFORMATION IN ORDER TO OBTAIN A VEHICLE  
 305 REGISTRATION CERTIFICATE IS A CRIMINAL OFFENSE UNDER FLORIDA  
 306 LAW. ANYONE GIVING FALSE INFORMATION ON THIS AFFIDAVIT IS  
 307 SUBJECT TO PROSECUTION.  
 308 When an application is made through a licensed motor vehicle

309 dealer as required in s. 319.23, the original or a photostatic  
 310 copy of such card, insurance policy, insurance policy binder, or  
 311 certificate of insurance or the original affidavit from the  
 312 insured shall be forwarded by the dealer to the tax collector of  
 313 the county or the Department of Highway Safety and Motor  
 314 Vehicles for processing. By executing the aforesaid affidavit,  
 315 no licensed motor vehicle dealer will be liable in damages for  
 316 any inadequacy, insufficiency, or falsification of any statement  
 317 contained therein. A card shall also indicate the existence of  
 318 any bodily injury liability insurance voluntarily purchased.

319 Section 4. Paragraph (f) of subsection (1) of section  
 320 624.413, Florida Statutes, is amended to read:

321 624.413 Application for certificate of authority.—

322 (1) To apply for a certificate of authority, an insurer  
 323 shall file its application therefor with the office, upon a form  
 324 adopted by the commission and furnished by the office, showing  
 325 its name; location of its home office and, if an alien insurer,  
 326 its principal office in the United States; kinds of insurance to  
 327 be transacted; state or country of domicile; and such additional  
 328 information as the commission reasonably requires, together with  
 329 the following documents:

330 (f) If a foreign or alien insurer, a copy of the report of  
 331 the most recent examination of the insurer certified by the  
 332 public official having supervision of insurance in its state of  
 333 domicile or of entry into the United States. The end of the most  
 334 recent year covered by the examination must be within the 5-year  
 335 ~~3-year~~ period preceding the date of application. In lieu of the  
 336 certified examination report, the office may accept an audited

337 certified public accountant's report prepared on a basis  
338 consistent with the insurance laws of the insurer's state of  
339 domicile, certified by the public official having supervision of  
340 insurance in its state of domicile or of entry into the United  
341 States.

342 Section 5. Paragraph (d) of subsection (1) of section  
343 626.321, Florida Statutes, is amended to read:

344 626.321 Limited licenses.—

345 (1) The department shall issue to a qualified applicant a  
346 license as agent authorized to transact a limited class of  
347 business in any of the following categories of limited lines  
348 insurance:

349 (d) Motor vehicle rental insurance.—

350 1. License covering only insurance of the risks set forth  
351 in this paragraph when offered, sold, or solicited with and  
352 incidental to the rental or lease of a motor vehicle and which  
353 applies only to the motor vehicle that is the subject of the  
354 lease or rental agreement and the occupants of the motor  
355 vehicle:

356 a. Excess motor vehicle liability insurance providing  
357 coverage in excess of the standard liability limits provided by  
358 the lessor in the lessor's lease to a person renting or leasing  
359 a motor vehicle from the licensee's employer for liability  
360 arising in connection with the negligent operation of the leased  
361 or rented motor vehicle.

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

364 c. Insurance covering the loss of or damage to baggage,

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365 | personal effects, or travel documents of a person renting or  
366 | leasing a motor vehicle.

367 |         d. Insurance covering accidental personal injury or death  
368 | of the lessee and any passenger who is riding or driving with  
369 | the covered lessee in the leased or rented motor vehicle.

370 |         2. Insurance under a motor vehicle rental insurance  
371 | license may be issued only if the lease or rental agreement is  
372 | for no more than 60 days, the lessee is not provided coverage  
373 | for more than 60 consecutive days per lease period, and the  
374 | lessee is given written notice that his or her personal  
375 | insurance policy providing coverage on an owned motor vehicle  
376 | may provide coverage of such risks and that the purchase of the  
377 | insurance is not required in connection with the lease or rental  
378 | of a motor vehicle. If the lease is extended beyond 60 days, the  
379 | coverage may be extended one time only for a period not to  
380 | exceed an additional 60 days. Insurance may be provided to the  
381 | lessee as an additional insured on a policy issued to the  
382 | licensee's employer.

383 |         3. The license may be issued only to the full-time  
384 | salaried employee of a licensed general lines agent or to a  
385 | business entity that offers motor vehicles for rent or lease if  
386 | insurance sales activities authorized by the license are in  
387 | connection with and incidental to the rental or lease of a motor  
388 | vehicle.

389 |         a. A license issued to a business entity that offers motor  
390 | vehicles for rent or lease encompasses each office, branch  
391 | office, employee, or place of business making use of the  
392 | entity's business name in order to offer, solicit, and sell

393 insurance pursuant to this paragraph.

394       b. The application for licensure must list the name,  
395 address, and phone number for each office, branch office, or  
396 place of business that is to be covered by the license. The  
397 licensee shall notify the department of the name, address, and  
398 phone number of any new location that is to be covered by the  
399 license before the new office, branch office, or place of  
400 business engages in the sale of insurance pursuant to this  
401 paragraph. The licensee must notify the department within 30  
402 days after closing or terminating an office, branch office, or  
403 place of business. Upon receipt of the notice, the department  
404 shall delete the office, branch office, or place of business  
405 from the license.

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

408       Section 6. Section 626.601, Florida Statutes, is amended  
409 to read:

410       626.601 Improper conduct; inquiry; fingerprinting.—

411       (1) The department or office may, upon its own motion or  
412 upon a written complaint signed by any interested person and  
413 filed with the department or office, inquire into any alleged  
414 improper conduct of any licensed, approved, or certified  
415 insurance agency, agent, adjuster, service representative,  
416 managing general agent, customer representative, title insurance  
417 agent, title insurance agency, mediator, neutral evaluator,  
418 continuing education course provider, instructor, school  
419 official, or monitor group under this code. The department or  
420 office may thereafter initiate an investigation of any such

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421 | individual or entity licensee if it has reasonable cause to  
422 | believe that the individual or entity licensee has violated any  
423 | provision of the insurance code. During the course of its  
424 | investigation, the department or office shall contact the  
425 | individual or entity licensee being investigated unless it  
426 | determines that contacting such individual or entity person  
427 | could jeopardize the successful completion of the investigation  
428 | or cause injury to the public.

429 | (2) In the investigation by the department or office of  
430 | the alleged misconduct, the individual or entity licensee shall,  
431 | whenever so required by the department or office, cause the  
432 | individual's or entity's ~~his or her~~ books and records to be open  
433 | for inspection for the purpose of such inquiries.

434 | (3) The complaints against any individual or entity  
435 | licensee may be informally alleged and need not be in any such  
436 | language as is necessary to charge a crime on an indictment or  
437 | information.

438 | (4) The expense for any hearings or investigations under  
439 | this law, as well as the fees and mileage of witnesses, may be  
440 | paid out of the appropriate fund.

441 | (5) If the department or office, after investigation, has  
442 | reason to believe that an individual or entity ~~a licensee~~ may  
443 | have been found guilty of or pleaded guilty or nolo contendere  
444 | to a felony or a crime related to the business of insurance in  
445 | this or any other state or jurisdiction, the department or  
446 | office may require the individual licensee to file with the  
447 | department or office a complete set of his or her fingerprints,  
448 | which shall be accompanied by the fingerprint processing fee set



449 | forth in s. 624.501. The fingerprints shall be taken by an  
 450 | authorized law enforcement agency or other department-approved  
 451 | entity.

452 |         (6) The complaint and any information obtained pursuant to  
 453 | the investigation by the department or office are confidential  
 454 | and are exempt from ~~the provisions of~~ s. 119.07, unless the  
 455 | department or office files a formal administrative complaint,  
 456 | emergency order, or consent order against the individual or  
 457 | entity licensee. ~~Nothing in This subsection does not shall be~~  
 458 | ~~construed to~~ prevent the department or office from disclosing  
 459 | the complaint or such information as it deems necessary to  
 460 | conduct the investigation, to update the complainant as to the  
 461 | status and outcome of the complaint, or to share such  
 462 | information with any law enforcement agency.

463 |         Section 7. Paragraphs (i), (j), and (k) of subsection (1)  
 464 | of section 626.9914, Florida Statutes, are amended to read:

465 |         626.9914 Suspension, revocation, denial, or nonrenewal of  
 466 | viatical settlement provider license; grounds; administrative  
 467 | fine.—

468 |         (1) The office shall suspend, revoke, deny, or refuse to  
 469 | renew the license of any viatical settlement provider if the  
 470 | office finds that the licensee:

471 |         (i) Employs any person who materially influences the  
 472 | licensee's conduct and who fails to meet the requirements of  
 473 | this act; or

474 |         (j) No longer meets the requirements for initial  
 475 | licensure; ~~or~~

476 |         ~~(k) Obtains or utilizes life expectancies from life~~

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477 ~~expectancy providers who are not registered with the office~~  
478 ~~pursuant to this act.~~

479 Section 8. Section 626.99175, Florida Statutes, is amended  
480 to read:

481 626.99175 Life expectancy providers; ~~registration~~  
482 ~~required; denial, suspension, revocation.~~-

483 ~~(1) After July 1, 2006, a person may not perform the~~  
484 ~~functions of a life expectancy provider without first having~~  
485 ~~registered as a life expectancy provider, except as provided in~~  
486 ~~subsection (6).~~

487 ~~(2) Application for registration as a life expectancy~~  
488 ~~provider must be made to the office by the applicant on a form~~  
489 ~~prescribed by the office, under oath and signed by the~~  
490 ~~applicant. The application must be accompanied by a fee of \$500.~~

491 ~~(3) A completed application shall be evidenced on a form~~  
492 ~~and in a manner prescribed by the office and shall require the~~  
493 ~~registered life expectancy provider to update such information~~  
494 ~~and renew such registration as required by the office.~~

495 ~~(4) In the application, the applicant must provide all of~~  
496 ~~the following:~~

497 ~~(a) The full name, age, residence address, and business~~  
498 ~~address, and all occupations engaged in by the applicant during~~  
499 ~~the 5 years preceding the date of the application.~~

500 ~~(b) A copy of the applicant's basic organizational~~  
501 ~~documents, if any, including the articles of incorporation,~~  
502 ~~articles of association, partnership agreement, trust agreement,~~  
503 ~~or other similar documents, together with all amendments to such~~  
504 ~~documents.~~

505 ~~(c) Copies of all bylaws, rules, regulations, or similar~~  
 506 ~~documents regulating the conduct of the applicant's internal~~  
 507 ~~affairs.~~

508 ~~(d) A list showing the name, business and residence~~  
 509 ~~addresses, and official position of each individual who is~~  
 510 ~~responsible for conduct of the applicant's affairs, including,~~  
 511 ~~but not limited to, any member of the board of directors, board~~  
 512 ~~of trustees, executive committee, or other governing board or~~  
 513 ~~committee and any other person or entity owning or having the~~  
 514 ~~right to acquire 10 percent or more of the voting securities of~~  
 515 ~~the applicant, and any person performing life expectancies by~~  
 516 ~~the applicant.~~

517 ~~(e) A sworn biographical statement on forms supplied by~~  
 518 ~~the office with respect to each individual identified under~~  
 519 ~~paragraph (d), including whether such individual has been~~  
 520 ~~associated with any other life expectancy provider or has~~  
 521 ~~performed any services for a person in the business of viatical~~  
 522 ~~settlements.~~

523 ~~(f) A sworn statement of any criminal and civil actions~~  
 524 ~~pending or final against the registrant or any individual~~  
 525 ~~identified under paragraph (d).~~

526 ~~(g) A general description of the following policies and~~  
 527 ~~procedures covering all life expectancy determination criteria~~  
 528 ~~and protocols:~~

529 ~~1. The plan or plans of policies and procedures used to~~  
 530 ~~determine life expectancies.~~

531 ~~2. A description of the training, including continuing~~  
 532 ~~training, of the individuals who determine life expectancies.~~

533 ~~3. A description of how the life expectancy provider~~  
534 ~~updates its manuals, underwriting guides, mortality tables, and~~  
535 ~~other reference works and ensures that the provider bases its~~  
536 ~~determination of life expectancies on current data.~~

537 ~~(h) A plan for assuring confidentiality of personal,~~  
538 ~~medical, and financial information in accordance with federal~~  
539 ~~and state laws.~~

540 ~~(i) An anti-fraud plan as required pursuant to s.~~  
541 ~~626.99278.~~

542 ~~(j) A list of any agreements, contracts, or any other~~  
543 ~~arrangement to provide life expectancies to a viatical~~  
544 ~~settlement provider, viatical settlement broker, or any other~~  
545 ~~person in the business of viatical settlements in connection~~  
546 ~~with any viatical settlement contract or viatical settlement~~  
547 ~~investment.~~

548 ~~(5) As part of the application, and on or before March 1~~  
549 ~~of every 3 years thereafter, a registered life expectancy~~  
550 ~~provider shall file with the office an audit of all life~~  
551 ~~expectancies by the life expectancy provider for the 5 calendar~~  
552 ~~years immediately preceding such audit, which audit shall be~~  
553 ~~conducted and certified by a nationally recognized actuarial~~  
554 ~~firm and shall include only the following:~~

555 ~~(a) A mortality table.~~

556 ~~(b) The number, percentage, and an actual-to-expected~~  
557 ~~ratio of life expectancies in the following categories: life~~  
558 ~~expectancies of less than 24 months, life expectancies of 25~~  
559 ~~months to 48 months, life expectancies of 49 months to 72~~  
560 ~~months, life expectancies of 73 months to 108 months, life~~

561 ~~expectancies of 109 months to 144 months, life expectancies of~~  
562 ~~145 months to 180 months, and life expectancies of more than 180~~  
563 ~~months.~~

564 ~~(6) A~~ No viatical settlement broker, viatical settlement  
565 provider, or insurance agent in the business of viatical  
566 settlements in this state may not ~~shall~~ directly or indirectly  
567 own or be an officer, director, or employee of a life expectancy  
568 provider.

569 ~~(7) Each registered life expectancy provider shall provide~~  
570 ~~the office, as applicable, at least 30 days' advance notice of~~  
571 ~~any change in the registrant's name, residence address,~~  
572 ~~principal business address, or mailing address.~~

573 ~~(8) A person required to be registered by this section~~  
574 ~~shall for 5 years retain copies of all life expectancies and~~  
575 ~~supporting documents and medical records unless those personal~~  
576 ~~medical records are subject to different retention or~~  
577 ~~destruction requirements of a federal or state personal health~~  
578 ~~information law.~~

579 ~~(9) An application for life expectancy provider~~  
580 ~~registration shall be approved or denied by the commissioner~~  
581 ~~within 60 calendar days following receipt of a completed~~  
582 ~~application by the commissioner. The office shall notify the~~  
583 ~~applicant that the application is complete. A completed~~  
584 ~~application that is not approved or denied in 60 calendar days~~  
585 ~~following its receipt shall be deemed approved.~~

586 ~~(10) The office may, in its discretion, deny the~~  
587 ~~application for a life expectancy provider registration or~~  
588 ~~suspend, revoke, or refuse to renew or continue the registration~~

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589 ~~of a life expectancy provider if the office finds:~~

590 ~~(a) Any cause for which registration could have been~~

591 ~~refused had it then existed and been known to the office;~~

592 ~~(b) A violation of any provision of this code or of any~~

593 ~~other law applicable to the applicant or registrant;~~

594 ~~(c) A violation of any lawful order or rule of the~~

595 ~~department, commission, or office; or~~

596 ~~(d) That the applicant or registrant:~~

597 ~~1. Has been found guilty of or pled guilty or nolo~~

598 ~~contendere to a felony or a crime punishable by imprisonment of~~

599 ~~1 year or more under the law of the United States of America or~~

600 ~~of any state thereof or under the law of any other country;~~

601 ~~2. Has knowingly and willfully aided, assisted, procured,~~

602 ~~advised, or abetted any person in the violation of a provision~~

603 ~~of the insurance code or any order or rule of the department,~~

604 ~~commission, or office;~~

605 ~~3. Has knowingly and with intent to defraud, provided a~~

606 ~~life expectancy that does not conform to an applicant's or~~

607 ~~registrant's general practice;~~

608 ~~4. Does not have a good business reputation or does not~~

609 ~~have experience, training, or education that qualifies the~~

610 ~~applicant or registrant to conduct the business of a life~~

611 ~~expectancy provider; or~~

612 ~~5. Has demonstrated a lack of fitness or trustworthiness~~

613 ~~to engage in the business of issuing life expectancies.~~

614 ~~(11) The office may, in lieu of or in addition to any~~

615 ~~suspension or revocation, assess an administrative fine not to~~

616 ~~exceed \$2,500 for each nonwillful violation or \$10,000 for each~~

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617 ~~willful violation by a registered life expectancy provider. The~~  
618 ~~office may also place a registered life expectancy provider on~~  
619 ~~probation for a period not to exceed 2 years.~~

620 ~~(12) It is a violation of this section for a person to~~  
621 ~~represent, orally or in writing, that a life expectancy~~  
622 ~~provider's registration pursuant to this act is in any way a~~  
623 ~~recommendation or approval of the entity or means that the~~  
624 ~~qualifications or abilities have in any way been approved of.~~

625 ~~(13) The Financial Services Commission may, by rule,~~  
626 ~~require that all or part of the statements or filings required~~  
627 ~~under this section be submitted by electronic means and in a~~  
628 ~~computer-readable format specified by the commission.~~

629 Section 9. Section 626.9919, Florida Statutes, is amended  
630 to read:

631 626.9919 Notice of change of licensee ~~or registrant's~~  
632 address or name.—Each viatical settlement provider licensee ~~and~~  
633 ~~registered life expectancy provider~~ must provide the office at  
634 least 30 days' advance notice of any change in the licensee's ~~or~~  
635 ~~registrant's~~ name, residence address, principal business  
636 address, or mailing address.

637 Section 10. Section 626.992, Florida Statutes, is amended  
638 to read:

639 626.992 Use of licensed viatical settlement providers and  
640 viatical settlement brokers, ~~and registered life expectancy~~  
641 ~~providers required.~~—

642 (1) A licensed viatical settlement provider may not use  
643 any person to perform the functions of a viatical settlement  
644 broker as defined in this act unless such person holds a

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645 current, valid life agent license and has appointed himself or  
646 herself in conformance with this chapter.

647 (2) A viatical settlement broker may not use any person to  
648 perform the functions of a viatical settlement provider as  
649 defined in this act unless such person holds a current, valid  
650 license as a viatical settlement provider.

651 ~~(3) After July 1, 2006, a person may not operate as a life~~  
652 ~~expectancy provider unless such person is registered as a life~~  
653 ~~expectancy provider pursuant to this act.~~

654 ~~(4) After July 1, 2006, a viatical settlement provider,~~  
655 ~~viatical settlement broker, or any other person in the business~~  
656 ~~of viatical settlements may not obtain life expectancies from a~~  
657 ~~person who is not registered as a life expectancy provider~~  
658 ~~pursuant to this act.~~

659 Section 11. Section 626.9925, Florida Statutes, is amended  
660 to read:

661 626.9925 Rules.—The commission may adopt rules to  
662 administer this act, including rules establishing standards for  
663 evaluating advertising by licensees; rules providing for the  
664 collection of data, for disclosures to viators, and for the  
665 reporting of life expectancies, ~~and for the registration of life~~  
666 ~~expectancy providers;~~ and rules defining terms used in this act  
667 and prescribing recordkeeping requirements relating to executed  
668 viatical settlement contracts.

669 Section 12. Section 626.99278, Florida Statutes, is  
670 amended to read:

671 626.99278 Viatical provider anti-fraud plan.—Every  
672 licensed viatical settlement provider ~~and registered life~~



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673 ~~expectancy provider~~ must adopt an anti-fraud plan and file it  
674 with the Division of Insurance Fraud of the department. Each  
675 anti-fraud plan shall include:

676 (1) A description of the procedures for detecting and  
677 investigating possible fraudulent acts and procedures for  
678 resolving material inconsistencies between medical records and  
679 insurance applications.

680 (2) A description of the procedures for the mandatory  
681 reporting of possible fraudulent insurance acts and prohibited  
682 practices set forth in s. 626.99275 to the Division of Insurance  
683 Fraud of the department.

684 (3) A description of the plan for anti-fraud education and  
685 training of its underwriters or other personnel.

686 (4) A written description or chart outlining the  
687 organizational arrangement of the anti-fraud personnel who are  
688 responsible for the investigation and reporting of possible  
689 fraudulent insurance acts and for the investigation of  
690 unresolved material inconsistencies between medical records and  
691 insurance applications.

692 (5) For viatical settlement providers, a description of  
693 the procedures used to perform initial and continuing review of  
694 the accuracy of life expectancies used in connection with a  
695 viatical settlement contract or viatical settlement investment.

696 Section 13. Paragraph (b) of subsection (2) of section  
697 627.062, Florida Statutes, is amended to read:

698 627.062 Rate standards.—

699 (2) As to all such classes of insurance:

700 (b) Upon receiving a rate filing, the office shall review

701 the filing to determine if a rate is excessive, inadequate, or  
702 unfairly discriminatory. In making that determination, the  
703 office shall, in accordance with generally accepted and  
704 reasonable actuarial techniques, consider the following factors:

705 1. Past and prospective loss experience within and without  
706 this state.

707 2. Past and prospective expenses.

708 3. The degree of competition among insurers for the risk  
709 insured.

710 4. Investment income reasonably expected by the insurer,  
711 consistent with the insurer's investment practices, from  
712 investable premiums anticipated in the filing, plus any other  
713 expected income from currently invested assets representing the  
714 amount expected on unearned premium reserves and loss reserves.  
715 The commission may adopt rules using reasonable techniques of  
716 actuarial science and economics to specify the manner in which  
717 insurers calculate investment income attributable to classes of  
718 insurance written in this state and the manner in which  
719 investment income is used to calculate insurance rates. Such  
720 manner must contemplate allowances for an underwriting profit  
721 factor and full consideration of investment income which produce  
722 a reasonable rate of return; however, investment income from  
723 invested surplus may not be considered.

724 5. The reasonableness of the judgment reflected in the  
725 filing.

726 6. Dividends, savings, or unabsorbed premium deposits  
727 allowed or returned to Florida policyholders, members, or  
728 subscribers.

- 729           7. The adequacy of loss reserves.
- 730           8. The cost of reinsurance. The office may not disapprove  
731 a rate as excessive solely due to the insurer having obtained  
732 catastrophic reinsurance to cover the insurer's estimated 250-  
733 year probable maximum loss or any lower level of loss.
- 734           9. Trend factors, including trends in actual losses per  
735 insured unit for the insurer making the filing.
- 736           10. Conflagration and catastrophe hazards, if applicable.
- 737           11. Projected hurricane losses, if applicable, which must  
738 be estimated using a model or method, or models or an average or  
739 weighted average of models, independently found to be acceptable  
740 or reliable by the Florida Commission on Hurricane Loss  
741 Projection Methodology, and as further provided in s. 627.0628.
- 742           12. A reasonable margin for underwriting profit and  
743 contingencies.
- 744           13. The cost of medical services, if applicable.
- 745           14. Other relevant factors that affect the frequency or  
746 severity of claims or expenses.
- 747           Section 14. Paragraph (d) of subsection (3) of section  
748 627.0628, Florida Statutes, is amended to read:
- 749           627.0628 Florida Commission on Hurricane Loss Projection  
750 Methodology; public records exemption; public meetings  
751 exemption.—
- 752           (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—
- 753           (d) With respect to a rate filing under s. 627.062, an  
754 insurer shall employ and may not modify or adjust actuarial  
755 methods, principles, standards, models, or output ranges found  
756 by the commission to be accurate or reliable in determining

757 hurricane loss factors for use in a rate filing under s.  
 758 627.062. An insurer shall employ and may not modify or adjust  
 759 models found by the commission to be accurate or reliable in  
 760 determining probable maximum loss levels pursuant to paragraph  
 761 (b) with respect to a rate filing under s. 627.062 made more  
 762 than 120 ~~60~~ days after the commission has made such findings.  
 763 This paragraph does not prohibit an insurer from averaging  
 764 together the model results or output ranges or using weighted  
 765 averages for the purposes of a rate filing under s. 627.062.

766 Section 15. Subsections (2), (3), and (4) of section  
 767 627.072, Florida Statutes, are renumbered as subsections (3),  
 768 (4), and (5), respectively, and a new subsection (2) is added to  
 769 that section to read:

770 627.072 Making and use of rates.—

771 (2) A retrospective rating plan may contain a provision  
 772 that allows negotiation between the employer and the insurer to  
 773 determine the retrospective rating factors used to calculate the  
 774 premium for employers having exposure in more than one state and  
 775 an estimated annual countrywide standard premium of \$1 million  
 776 or more for workers' compensation.

777 Section 16. Subsection (2) of section 627.281, Florida  
 778 Statutes, is amended to read:

779 627.281 Appeal from rating organization; workers'  
 780 compensation and employer's liability insurance filings.—

781 (2) If such appeal is based upon the failure of the rating  
 782 organization to make a filing on behalf of such member or  
 783 subscriber which is based on a system of expense provisions  
 784 which differs, in accordance with the right granted in s.

785 627.072(3) ~~627.072(2)~~, from the system of expense provisions  
 786 included in a filing made by the rating organization, the office  
 787 shall, if it grants the appeal, order the rating organization to  
 788 make the requested filing for use by the appellant. In deciding  
 789 such appeal, the office shall apply the applicable standards set  
 790 forth in ss. 627.062 and 627.072.

791 Section 17. Section 627.3519, Florida Statutes, is  
 792 repealed.

793 Section 18. Paragraph (b) of subsection (2) of section  
 794 627.4133, Florida Statutes, is amended to read:

795 627.4133 Notice of cancellation, nonrenewal, or renewal  
 796 premium.—

797 (2) With respect to any personal lines or commercial  
 798 residential property insurance policy, including, but not  
 799 limited to, any homeowner's, mobile home owner's, farmowner's,  
 800 condominium association, condominium unit owner's, apartment  
 801 building, or other policy covering a residential structure or  
 802 its contents:

803 (b) The insurer shall give the first-named insured written  
 804 notice of nonrenewal, cancellation, or termination at least 100  
 805 days before the effective date of the nonrenewal, cancellation,  
 806 or termination. ~~However, the insurer shall give at least 100~~  
 807 ~~days' written notice, or written notice by June 1, whichever is~~  
 808 ~~earlier, for any nonrenewal, cancellation, or termination that~~  
 809 ~~would be effective between June 1 and November 30.~~ The notice  
 810 must include the reason or reasons for the nonrenewal,  
 811 cancellation, or termination, except that:

812 ~~1. The insurer shall give the first-named insured written~~

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813 ~~notice of nonrenewal, cancellation, or termination at least 120~~  
814 ~~days prior to the effective date of the nonrenewal,~~  
815 ~~cancellation, or termination for a first-named insured whose~~  
816 ~~residential structure has been insured by that insurer or an~~  
817 ~~affiliated insurer for at least a 5-year period immediately~~  
818 ~~prior to the date of the written notice.~~

819 1.2. If cancellation is for nonpayment of premium, at  
820 least 10 days' written notice of cancellation accompanied by the  
821 reason therefor must be given. As used in this subparagraph, the  
822 term "nonpayment of premium" means failure of the named insured  
823 to discharge when due her or his obligations for in connection  
824 ~~with~~ the payment of premiums on a policy or any installment of  
825 such premium, whether the premium is payable directly to the  
826 insurer or its agent or indirectly under any premium finance  
827 plan or extension of credit, or failure to maintain membership  
828 in an organization if such membership is a condition precedent  
829 to insurance coverage. The term also means the failure of a  
830 financial institution to honor an insurance applicant's check  
831 after delivery to a licensed agent for payment of a premium,  
832 even if the agent has previously delivered or transferred the  
833 premium to the insurer. If a dishonored check represents the  
834 initial premium payment, the contract and all contractual  
835 obligations are void ab initio unless the nonpayment is cured  
836 within the earlier of 5 days after actual notice by certified  
837 mail is received by the applicant or 15 days after notice is  
838 sent to the applicant by certified mail or registered mail, ~~and~~  
839 If the contract is void, any premium received by the insurer  
840 from a third party must be refunded to that party in full.

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841 ~~2.3.~~ If ~~such~~ cancellation or termination occurs during the  
842 first 90 days the insurance is in force and the insurance is  
843 canceled or terminated for reasons other than nonpayment of  
844 premium, at least 20 days' written notice of cancellation or  
845 termination accompanied by the reason therefor must be given  
846 unless there has been a material misstatement or  
847 misrepresentation or failure to comply with the underwriting  
848 requirements established by the insurer.

849 3. After the policy has been in effect for 90 days, the  
850 policy may not be canceled by the insurer unless there has been  
851 a material misstatement, a nonpayment of premium, a failure to  
852 comply with underwriting requirements established by the insurer  
853 within 90 days after the date of effectuation of coverage, or a  
854 substantial change in the risk covered by the policy or if the  
855 cancellation is for all insureds under such policies for a given  
856 class of insureds. This subparagraph does not apply to  
857 individually rated risks having a policy term of less than 90  
858 days.

859 ~~4. The requirement for providing written notice by June 1~~  
860 ~~of any nonrenewal that would be effective between June 1 and~~  
861 ~~November 30 does not apply to the following situations, but the~~  
862 ~~insurer remains subject to the requirement to provide such~~  
863 ~~notice at least 100 days before the effective date of~~  
864 ~~nonrenewal:~~

865 ~~a. A policy that is nonrenewed due to a revision in the~~  
866 ~~coverage for sinkhole losses and catastrophic ground cover~~  
867 ~~collapse pursuant to s. 627.706.~~

868 ~~4.b.~~ A policy that is nonrenewed by Citizens Property

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869 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
870 that has been assumed by an authorized insurer offering  
871 replacement coverage to the policyholder is exempt from the  
872 notice requirements of paragraph (a) and this paragraph. In such  
873 cases, the corporation must give the named insured written  
874 notice of nonrenewal at least 45 days before the effective date  
875 of the nonrenewal.

876

877 ~~After the policy has been in effect for 90 days, the policy may~~  
878 ~~not be canceled by the insurer unless there has been a material~~  
879 ~~misstatement, a nonpayment of premium, a failure to comply with~~  
880 ~~underwriting requirements established by the insurer within 90~~  
881 ~~days after the date of effectuation of coverage, or a~~  
882 ~~substantial change in the risk covered by the policy or if the~~  
883 ~~cancellation is for all insureds under such policies for a given~~  
884 ~~class of insureds. This paragraph does not apply to individually~~  
885 ~~rated risks having a policy term of less than 90 days.~~

886 5. Notwithstanding any other provision of law, an insurer  
887 may cancel or nonrenew a property insurance policy after at  
888 least 45 days' notice if the office finds that the early  
889 cancellation of some or all of the insurer's policies is  
890 necessary to protect the best interests of the public or  
891 policyholders and the office approves the insurer's plan for  
892 early cancellation or nonrenewal of some or all of its policies.  
893 The office may base such finding upon the financial condition of  
894 the insurer, lack of adequate reinsurance coverage for hurricane  
895 risk, or other relevant factors. The office may condition its  
896 finding on the consent of the insurer to be placed under



897 administrative supervision pursuant to s. 624.81 or to the  
 898 appointment of a receiver under chapter 631.

899 6. A policy covering both a home and motor vehicle may be  
 900 nonrenewed for any reason applicable to ~~either~~ the property or  
 901 motor vehicle insurance after providing 90 days' notice.

902 Section 19. Subsection (1) of section 627.4137, Florida  
 903 Statutes, is amended to read:

904 627.4137 Disclosure of certain information required.—

905 (1) Each insurer that provides ~~which does~~ or may provide  
 906 liability insurance coverage to pay all or a portion of any  
 907 claim that ~~which~~ might be made shall provide, within 30 days  
 908 after ~~of~~ the written request of the claimant, a statement, under  
 909 oath, of a corporate officer or the insurer's claims manager, ~~or~~  
 910 superintendent, or licensed company adjuster setting forth the  
 911 following information with regard to each known policy of  
 912 insurance, including excess or umbrella insurance:

- 913 (a) The name of the insurer.
- 914 (b) The name of each insured.
- 915 (c) The limits of the liability coverage.
- 916 (d) A statement of any policy or coverage defense that the  
 917 ~~which such~~ insurer reasonably believes is available to the ~~such~~  
 918 insurer at the time of filing such statement.
- 919 (e) A copy of the policy.

920  
 921 In addition, the insured, or her or his insurance agent, upon  
 922 written request of the claimant or the claimant's attorney,  
 923 shall disclose the name and coverage of each known insurer to  
 924 the claimant and shall forward such request for information as

925 required by this subsection to all affected insurers. The  
 926 insurer shall then supply the information required in this  
 927 subsection to the claimant within 30 days after ~~of~~ receipt of  
 928 such request.

929 Section 20. Subsection (1) of section 627.421, Florida  
 930 Statutes, is amended to read:

931 627.421 Delivery of policy.—

932 (1) Subject to the insurer's requirement as to payment of  
 933 premium, every policy shall be mailed or delivered to the  
 934 insured or to the person entitled thereto not later than 60 days  
 935 after the effectuation of coverage. Notwithstanding any other  
 936 provision of law, an insurer may allow a policyholder to elect  
 937 delivery of the policy documents, including, but not limited to,  
 938 policies, endorsements, notices, or documents, by electronic  
 939 means in lieu of delivery by mail.

940 Section 21. Subsection (2) of section 627.43141, Florida  
 941 Statutes, is amended to read:

942 627.43141 Notice of change in policy terms.—

943 (2) A renewal policy may contain a change in policy terms.  
 944 If a renewal policy contains ~~does contain~~ such change, the  
 945 insurer must give the named insured written notice of the  
 946 change, which may either ~~must~~ be enclosed along with the written  
 947 notice of renewal premium required by ss. 627.4133 and 627.728  
 948 or sent in a separate notice that complies with the nonrenewal  
 949 mailing time requirement for that particular line of business.  
 950 The insurer must also provide or make available electronically  
 951 to the insured's insurance agent such notice before or at the  
 952 same time notice is given to the insured. Such notice shall be

953 entitled "Notice of Change in Policy Terms."

954 Section 22. Paragraph (b) of subsection (4) of section  
955 627.7015, Florida Statutes, is amended to read:

956 627.7015 Alternative procedure for resolution of disputed  
957 property insurance claims.—

958 (4) The department shall adopt by rule a property  
959 insurance mediation program to be administered by the department  
960 or its designee. The department may also adopt special rules  
961 which are applicable in cases of an emergency within the state.  
962 The rules shall be modeled after practices and procedures set  
963 forth in mediation rules of procedure adopted by the Supreme  
964 Court. The rules shall provide for:

965 (b) Qualifications, denial of application, suspension,  
966 revocation, and other penalties for ~~of~~ mediators as provided in  
967 s. 627.745 ~~and in the Florida Rules of Certified and Court~~  
968 ~~Appointed Mediators, and for such other individuals as are~~  
969 ~~qualified by education, training, or experience as the~~  
970 ~~department determines to be appropriate.~~

971 Section 23. Section 627.70151, Florida Statutes, is  
972 created to read:

973 627.70151 Appraisal; conflicts of interest.—An insurer  
974 that offers residential coverage, as defined in s. 627.4025, or  
975 a policyholder that uses an appraisal clause in the property  
976 insurance contract to establish a process of estimating or  
977 evaluating the amount of the loss through the use of an  
978 impartial umpire may challenge the umpire's impartiality and  
979 disqualify the proposed umpire only if:

980 (1) A familial relationship within the third degree exists

981 between the umpire and any party or a representative of any  
 982 party;

983 (2) The umpire has previously represented any party or a  
 984 representative of any party in a professional capacity in the  
 985 same or a substantially related matter;

986 (3) The umpire has represented another person in a  
 987 professional capacity on the same or a substantially related  
 988 matter, including the claim, on the same property, or on an  
 989 adjacent property and that other person's interests are  
 990 materially adverse to the interests of any party; or

991 (4) The umpire has worked as an employer or employee of  
 992 any party within the preceding 5 years.

993 Section 24. Subsection (1) and paragraph (c) of subsection  
 994 (2) of section 627.706, Florida Statutes, are amended to read:

995 627.706 Sinkhole insurance; catastrophic ground cover  
 996 collapse; definitions.—

997 (1)(a) Every insurer authorized to transact property  
 998 insurance in this state must provide coverage for a catastrophic  
 999 ground cover collapse.

1000 (b) The insurer shall make available, for an appropriate  
 1001 additional premium, coverage for sinkhole losses on any  
 1002 structure, including the contents of personal property contained  
 1003 therein, to the extent provided in the form to which the  
 1004 coverage attaches. The insurer may require an inspection of the  
 1005 property before issuance of sinkhole loss coverage. A policy for  
 1006 ~~residential~~ property insurance may include a deductible amount  
 1007 applicable to sinkhole losses equal to 1 percent, 2 percent, 5  
 1008 percent, or 10 percent of the policy's covered building policy

1009 ~~dwelling~~ limits, with appropriate premium discounts offered with  
 1010 each deductible amount.

1011 (c) The insurer may restrict catastrophic ground cover  
 1012 collapse and sinkhole loss coverage to the principal building,  
 1013 as defined in the applicable policy.

1014 (2) As used in ss. 627.706-627.7074, and as used in  
 1015 connection with any policy providing coverage for a catastrophic  
 1016 ground cover collapse or for sinkhole losses, the term:

1017 (c) "Neutral evaluator" means a professional engineer or a  
 1018 professional geologist who has completed a course of study in  
 1019 alternative dispute resolution designed or approved by the  
 1020 department for use in the neutral evaluation process, ~~and~~ who is  
 1021 determined by the department to be fair and impartial, and who  
 1022 is not otherwise ineligible for certification as provided in s.  
 1023 627.7074.

1024 Section 25. Subsection (1) of section 627.7074, Florida  
 1025 Statutes, is amended to read:

1026 627.7074 Alternative procedure for resolution of disputed  
 1027 sinkhole insurance claims.—

1028 (1) The department shall:

1029 (a) Certify and maintain a list of persons who are neutral  
 1030 evaluators.

1031 (b) Adopt rules for certifying, denying certification,  
 1032 suspending certification, and revoking certification as a  
 1033 neutral evaluator, in keeping with qualifications specified in  
 1034 this section and ss. 627.706 and 627.745(4).

1035 (c) ~~(b)~~ Prepare a consumer information pamphlet for  
 1036 distribution by insurers to policyholders which clearly

1037 describes the neutral evaluation process and includes  
 1038 information necessary for the policyholder to request a neutral  
 1039 evaluation.

1040 Section 26. Paragraph (a) of subsection (5) of section  
 1041 627.736, Florida Statutes, is amended to read:

1042 627.736 Required personal injury protection benefits;  
 1043 exclusions; priority; claims.—

1044 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1045 (a) A physician, hospital, clinic, or other person or  
 1046 institution lawfully rendering treatment to an injured person  
 1047 for a bodily injury covered by personal injury protection  
 1048 insurance may charge the insurer and injured party only a  
 1049 reasonable amount pursuant to this section for the services and  
 1050 supplies rendered, and the insurer providing such coverage may  
 1051 pay for such charges directly to such person or institution  
 1052 lawfully rendering such treatment if the insured receiving such  
 1053 treatment or his or her guardian has countersigned the properly  
 1054 completed invoice, bill, or claim form approved by the office  
 1055 upon which such charges are to be paid for as having actually  
 1056 been rendered, to the best knowledge of the insured or his or  
 1057 her guardian. However, such a charge may not exceed the amount  
 1058 the person or institution customarily charges for like services  
 1059 or supplies. In determining whether a charge for a particular  
 1060 service, treatment, or otherwise is reasonable, consideration  
 1061 may be given to evidence of usual and customary charges and  
 1062 payments accepted by the provider involved in the dispute,  
 1063 reimbursement levels in the community and various federal and  
 1064 state medical fee schedules applicable to motor vehicle and

1065 other insurance coverages, and other information relevant to the  
 1066 reasonableness of the reimbursement for the service, treatment,  
 1067 or supply.

1068 1. The insurer may limit reimbursement to 80 percent of  
 1069 the following schedule of maximum charges:

1070 a. For emergency transport and treatment by providers  
 1071 licensed under chapter 401, 200 percent of Medicare.

1072 b. For emergency services and care provided by a hospital  
 1073 licensed under chapter 395, 75 percent of the hospital's usual  
 1074 and customary charges.

1075 c. For emergency services and care as defined by s.  
 1076 395.002 provided in a facility licensed under chapter 395  
 1077 rendered by a physician or dentist, and related hospital  
 1078 inpatient services rendered by a physician or dentist, the usual  
 1079 and customary charges in the community.

1080 d. For hospital inpatient services, other than emergency  
 1081 services and care, 200 percent of the Medicare Part A  
 1082 prospective payment applicable to the specific hospital  
 1083 providing the inpatient services.

1084 e. For hospital outpatient services, other than emergency  
 1085 services and care, 200 percent of the Medicare Part A Ambulatory  
 1086 Payment Classification for the specific hospital providing the  
 1087 outpatient services.

1088 f. For all other medical services, supplies, and care, 200  
 1089 percent of the allowable amount under:

1090 (I) The participating physicians fee schedule of Medicare  
 1091 Part B, except as provided in sub-sub-subparagraphs (II) and  
 1092 (III).

1093 (II) Medicare Part B, in the case of services, supplies,  
 1094 and care provided by ambulatory surgical centers and clinical  
 1095 laboratories.

1096 (III) The Durable Medical Equipment Prosthetics/Orthotics  
 1097 and Supplies fee schedule of Medicare Part B, in the case of  
 1098 durable medical equipment.

1099  
 1100 However, if such services, supplies, or care is not reimbursable  
 1101 under Medicare Part B, as provided in this sub-subparagraph, the  
 1102 insurer may limit reimbursement to 80 percent of the maximum  
 1103 reimbursable allowance under workers' compensation, as  
 1104 determined under s. 440.13 and rules adopted thereunder which  
 1105 are in effect at the time such services, supplies, or care is  
 1106 provided. Services, supplies, or care that is not reimbursable  
 1107 under Medicare or workers' compensation is not required to be  
 1108 reimbursed by the insurer.

1109 2. For purposes of subparagraph 1., the applicable fee  
 1110 schedule or payment limitation under Medicare is the fee  
 1111 schedule or payment limitation in effect on March 1 of the year  
 1112 in which the services, supplies, or care is rendered and for the  
 1113 area in which such services, supplies, or care is rendered, and  
 1114 the applicable fee schedule or payment limitation applies until  
 1115 March 1 of the following ~~throughout the remainder of that year,~~  
 1116 notwithstanding any subsequent change made to the fee schedule  
 1117 or payment limitation, except that it may not be less than the  
 1118 allowable amount under the applicable schedule of Medicare Part  
 1119 B for 2007 for medical services, supplies, and care subject to  
 1120 Medicare Part B.



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1121           3. Subparagraph 1. does not allow the insurer to apply any  
1122 limitation on the number of treatments or other utilization  
1123 limits that apply under Medicare or workers' compensation. An  
1124 insurer that applies the allowable payment limitations of  
1125 subparagraph 1. must reimburse a provider who lawfully provided  
1126 care or treatment under the scope of his or her license,  
1127 regardless of whether such provider is entitled to reimbursement  
1128 under Medicare due to restrictions or limitations on the types  
1129 or discipline of health care providers who may be reimbursed for  
1130 particular procedures or procedure codes. However, subparagraph  
1131 1. does not prohibit an insurer from using the Medicare coding  
1132 policies and payment methodologies of the federal Centers for  
1133 Medicare and Medicaid Services, including applicable modifiers,  
1134 to determine the appropriate amount of reimbursement for medical  
1135 services, supplies, or care if the coding policy or payment  
1136 methodology does not constitute a utilization limit.

1137           4. If an insurer limits payment as authorized by  
1138 subparagraph 1., the person providing such services, supplies,  
1139 or care may not bill or attempt to collect from the insured any  
1140 amount in excess of such limits, except for amounts that are not  
1141 covered by the insured's personal injury protection coverage due  
1142 to the coinsurance amount or maximum policy limits.

1143           5. Effective July 1, 2012, an insurer may limit payment as  
1144 authorized by this paragraph only if the insurance policy  
1145 includes a notice at the time of issuance or renewal that the  
1146 insurer may limit payment pursuant to the schedule of charges  
1147 specified in this paragraph. A policy form approved by the  
1148 office satisfies this requirement. If a provider submits a

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1149 charge for an amount less than the amount allowed under  
1150 subparagraph 1., the insurer may pay the amount of the charge  
1151 submitted.

1152 Section 27. Subsection (3) of section 627.745, Florida  
1153 Statutes, is amended, present subsections (4) and (5) of that  
1154 section are renumbered as subsections (5) and (6), respectively,  
1155 and a new subsection (4) is added to that section, to read:

1156 627.745 Mediation of claims.—

1157 (3) (a) The department shall approve mediators to conduct  
1158 mediations pursuant to this section. All mediators must file an  
1159 application under oath for approval as a mediator.

1160 (b) To qualify for approval as a mediator, an individual ~~a~~  
1161 ~~person~~ must meet one of the following qualifications:

1162 1. Possess an active certification as a Florida Circuit  
1163 Court Mediator. A Florida Circuit Court Mediator in a lapsed,  
1164 suspended, or decertified status is not eligible to participate  
1165 in the mediation program ~~a masters or doctorate degree in~~  
1166 ~~psychology, counseling, business, accounting, or economics, be a~~  
1167 ~~member of The Florida Bar, be licensed as a certified public~~  
1168 ~~accountant, or demonstrate that the applicant for approval has~~  
1169 ~~been actively engaged as a qualified mediator for at least 4~~  
1170 ~~years prior to July 1, 1990.~~

1171 2. Be an approved department mediator as of July 1, 2013,  
1172 and have conducted at least one mediation on behalf of the  
1173 department within 4 years immediately preceding that the date  
1174 ~~the application for approval is filed with the department, have~~  
1175 ~~completed a minimum of a 40-hour training program approved by~~  
1176 ~~the department and successfully passed a final examination~~

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1177 ~~included in the training program and approved by the department.~~  
1178 ~~The training program shall include and address all of the~~  
1179 ~~following:~~

- 1180       ~~a. Mediation theory.~~  
1181       ~~b. Mediation process and techniques.~~  
1182       ~~c. Standards of conduct for mediators.~~  
1183       ~~d. Conflict management and intervention skills.~~  
1184       ~~e. Insurance nomenclature.~~

1185       (4) The department shall deny an application, or revoke  
1186 its approval of a mediator or neutral evaluator to serve in such  
1187 capacity, if the department finds that any of the following  
1188 grounds exist:

1189           (a) Lack of one or more of the qualifications specified in  
1190 this section for approval or certification.

1191           (b) Material misstatement, misrepresentation, or fraud in  
1192 obtaining or attempting to obtain the approval or certification.

1193           (c) Demonstrated lack of fitness or trustworthiness to act  
1194 as a mediator or neutral evaluator.

1195           (d) Fraudulent or dishonest practices in the conduct of  
1196 mediation or neutral evaluation or in the conduct of business in  
1197 the financial services industry.

1198           (e) Violation of any provision of this code or of a lawful  
1199 order or rule of the department or aiding, instructing, or  
1200 encouraging another party in committing such a violation.

1201  
1202 The department may adopt rules to administer this subsection.

1203       Section 28. Paragraph (b) of subsection (1) of section  
1204 627.952, Florida Statutes, is amended to read:

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1205 627.952 Risk retention and purchasing group agents.—

1206 (1) Any person offering, soliciting, selling, purchasing,  
1207 administering, or otherwise servicing insurance contracts,  
1208 certificates, or agreements for any purchasing group or risk  
1209 retention group to any resident of this state, either directly  
1210 or indirectly, by the use of mail, advertising, or other means  
1211 of communication, shall obtain a license and appointment to act  
1212 as a resident general lines agent, if a resident of this state,  
1213 or a nonresident general lines agent if not a resident. Any such  
1214 person shall be subject to all requirements of the Florida  
1215 Insurance Code.

1216 (b) Any person required to be licensed and appointed under  
1217 this subsection, in order to place business through Florida  
1218 eligible surplus lines carriers, must, if a resident of this  
1219 state, be licensed and appointed as a surplus lines agent. If  
1220 not a resident of this state, such person must be licensed and  
1221 appointed as a surplus lines agent in her or his state of  
1222 residence and ~~file and maintain a fidelity bond in favor of the~~  
1223 ~~people of the State of Florida executed by a surety company~~  
1224 ~~admitted in this state and payable to the State of Florida;~~  
1225 ~~however, such nonresident is limited to the provision of~~  
1226 ~~insurance for purchasing groups. The bond must be continuous in~~  
1227 ~~form and in the amount of not less than \$50,000, aggregate~~  
1228 ~~liability. The bond must remain in force and effect until the~~  
1229 ~~surety is released from liability by the department or until the~~  
1230 ~~bond is canceled by the surety. The surety may cancel the bond~~  
1231 ~~and be released from further liability upon 30 days' prior~~  
1232 ~~written notice to the department. The cancellation does not~~

1233 ~~affect any liability incurred or accrued before the termination~~  
 1234 ~~of the 30 day period. Upon receipt of a notice of cancellation,~~  
 1235 ~~the department shall immediately notify the agent.~~

1236 Section 29. Subsection (6) of section 627.971, Florida  
 1237 Statutes, is amended to read:

1238 627.971 Definitions.—As used in this part:

1239 (6) "Financial guaranty insurance corporation" means a  
 1240 stock or mutual insurer licensed to transact financial guaranty  
 1241 insurance business in this state.

1242 Section 30. Subsection (1) of section 627.972, Florida  
 1243 Statutes, is amended to read:

1244 627.972 Organization; financial requirements.—

1245 (1) A financial guaranty insurance corporation must be  
 1246 organized and licensed in the manner prescribed in this code for  
 1247 stock or mutual property and casualty insurers except that:

1248 (a) A corporation organized to transact financial guaranty  
 1249 insurance may, subject to the provisions of this code, be  
 1250 licensed to transact:

- 1251 1. Residual value insurance, as defined by s. 624.6081;
- 1252 2. Surety insurance, as defined by s. 624.606;
- 1253 3. Credit insurance, as defined by s. 624.605(1)(i); and
- 1254 4. Mortgage guaranty insurance as defined in s. 635.011,
- 1255 provided that the provisions of chapter 635 are met.

1256 (b)1. Before ~~Prior to~~ the issuance of a license, a  
 1257 corporation must submit to the office for approval, a plan of  
 1258 operation detailing:

1259 a. The types and projected diversification of guaranties  
 1260 to be issued;

- 1261 b. The underwriting procedures to be followed;
- 1262 c. The managerial oversight methods;
- 1263 d. The investment policies; and
- 1264 e. Any other matters prescribed by the office;

1265 2. An insurer which is writing only the types of insurance  
 1266 allowed under this part on July 1, 1988, and otherwise meets the  
 1267 requirements of this part, is exempt from the requirements of  
 1268 this paragraph.

1269 (c) An insurer transacting financial guaranty insurance is  
 1270 subject to all provisions of this code that are applicable to  
 1271 property and casualty insurers to the extent that those  
 1272 provisions are not inconsistent with this part.

1273 (d) The investments of an insurer transacting financial  
 1274 guaranty insurance in any entity insured by the corporation may  
 1275 not exceed 2 percent of its admitted assets as of the end of the  
 1276 prior calendar year.

1277 (e) An insurer transacting financial guaranty insurance  
 1278 may only assume those lines of insurance for which it is  
 1279 licensed to write direct business.

1280 Section 31. Subsection (13) of section 628.901, Florida  
 1281 Statutes, is amended to read:

1282 628.901 Definitions.—As used in this part, the term:

1283 (13) "Qualifying reinsurer parent company" means a  
 1284 reinsurer that ~~which~~ currently holds a certificate of authority  
 1285 or a, letter of eligibility or is an accredited ~~or a~~  
 1286 ~~satisfactory non-approved~~ reinsurer in this state possessing a  
 1287 consolidated GAAP net worth of at least \$500 million and a  
 1288 consolidated debt to total capital ratio of not greater than

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1289 0.50.

1290 Section 32. Paragraph (a) of subsection (2) and paragraph  
 1291 (a) of subsection (3) of section 628.909, Florida Statutes, are  
 1292 amended to read:

1293 628.909 Applicability of other laws.—

1294 (2) The following provisions of the Florida Insurance Code  
 1295 apply to captive insurers who are not industrial insured captive  
 1296 insurers to the extent that such provisions are not inconsistent  
 1297 with this part:

1298 (a) Chapter 624, except for ss. 624.407, 624.408,  
 1299 624.4085, 624.40851, 624.4095, 624.411, 624.425, and 624.426.

1300 (3) The following provisions of the Florida Insurance Code  
 1301 apply to industrial insured captive insurers to the extent that  
 1302 such provisions are not inconsistent with this part:

1303 (a) Chapter 624, except for ss. 624.407, 624.408,  
 1304 624.4085, 624.40851, 624.4095, 624.411, 624.425, 624.426, and  
 1305 624.609(1).

1306 Section 33. Subsection (8) of section 634.406, Florida  
 1307 Statutes, is renumbered as subsection (7), and present  
 1308 subsections (6) and (7) of that section are amended to read:

1309 634.406 Financial requirements.—

1310 (6) An association which holds a license under this part  
 1311 and which does not hold any other license under this chapter may  
 1312 allow its premiums to exceed the ratio to net assets limitations  
 1313 of this section if the association meets all of the following:

1314 (a) Maintains net assets of at least \$750,000.

1315 (b) Utilizes a contractual liability insurance policy  
 1316 approved by the office which:

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1317           1. Reimburses the service warranty association for 100  
1318 percent of its claims liability and is issued by an insurer that  
1319 maintains a policyholder surplus of at least \$100 million; or

1320           2. Complies with the requirements of subparagraph (c)3.  
1321 and is issued by an insurer that maintains a policyholder  
1322 surplus of at least \$200 million.

1323           (c) The insurer issuing the contractual liability  
1324 insurance policy:

1325           ~~1.~~ ~~Maintains a policyholder surplus of at least \$100~~  
1326 ~~million.~~

1327           ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an  
1328 equivalent rating by another national rating service acceptable  
1329 to the office.

1330           ~~2.3.~~ Is in no way affiliated with the warranty  
1331 association.

1332           ~~3.4.~~ In conjunction with the warranty association's filing  
1333 of the quarterly and annual reports, provides, on a form  
1334 prescribed by the commission, a statement certifying the gross  
1335 written premiums in force reported by the warranty association  
1336 and a statement that all of the warranty association's gross  
1337 written premium in force is covered under the contractual  
1338 liability policy, whether or not it has been reported.

1339           ~~(7) A contractual liability policy must insure 100 percent~~  
1340 ~~of an association's claims exposure under all of the~~  
1341 ~~association's service warranty contracts, wherever written,~~  
1342 ~~unless all of the following are satisfied:~~

1343           ~~(a) The contractual liability policy contains a clause~~  
1344 ~~that specifically names the service warranty contract holders as~~



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1345 ~~sole beneficiaries of the contractual liability policy and~~  
1346 ~~claims are paid directly to the person making a claim under the~~  
1347 ~~contract;~~

1348 ~~(b) The contractual liability policy meets all other~~  
1349 ~~requirements of this part, including subsection (3) of this~~  
1350 ~~section, which are not inconsistent with this subsection;~~

1351 ~~(c) The association has been in existence for at least 5~~  
1352 ~~years or the association is a wholly owned subsidiary of a~~  
1353 ~~corporation that has been in existence and has been licensed as~~  
1354 ~~a service warranty association in the state for at least 5~~  
1355 ~~years, and:~~

1356 ~~1. Is listed and traded on a recognized stock exchange; is~~  
1357 ~~listed in NASDAQ (National Association of Security Dealers~~  
1358 ~~Automated Quotation system) and publicly traded in the over-the-~~  
1359 ~~counter securities market; is required to file either of Form~~  
1360 ~~10-K, Form 100, or Form 20-G with the United States Securities~~  
1361 ~~and Exchange Commission; or has American Depository Receipts~~  
1362 ~~listed on a recognized stock exchange and publicly traded or is~~  
1363 ~~the wholly owned subsidiary of a corporation that is listed and~~  
1364 ~~traded on a recognized stock exchange; is listed in NASDAQ~~  
1365 ~~(National Association of Security Dealers Automated Quotation~~  
1366 ~~system) and publicly traded in the over-the-counter securities~~  
1367 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~  
1368 ~~with the United States Securities and Exchange Commission; or~~  
1369 ~~has American Depository Receipts listed on a recognized stock~~  
1370 ~~exchange and is publicly traded;~~

1371 ~~2. Maintains outstanding debt obligations, if any, rated~~  
1372 ~~in the top four rating categories by a recognized rating~~

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1373 ~~service;~~

1374 ~~3. Has and maintains at all times a minimum net worth of~~  
1375 ~~not less than \$10 million as evidenced by audited financial~~  
1376 ~~statements prepared by an independent certified public~~  
1377 ~~accountant in accordance with generally accepted accounting~~  
1378 ~~principles and submitted to the office annually; and~~

1379 ~~4. Is authorized to do business in this state; and~~

1380 ~~(d) The insurer issuing the contractual liability policy:~~

1381 ~~1. Maintains and has maintained for the preceding 5 years,~~  
1382 ~~policyholder surplus of at least \$100 million and is rated "A"~~  
1383 ~~or higher by A.M. Best Company or has an equivalent rating by~~  
1384 ~~another rating company acceptable to the office;~~

1385 ~~2. Holds a certificate of authority to do business in this~~  
1386 ~~state and is approved to write this type of coverage; and~~

1387 ~~3. Acknowledges to the office quarterly that it insures~~  
1388 ~~all of the association's claims exposure under contracts~~  
1389 ~~delivered in this state.~~

1390

1391 ~~If all the preceding conditions are satisfied, then the scope of~~  
1392 ~~coverage under a contractual liability policy shall not be~~  
1393 ~~required to exceed an association's claims exposure under~~  
1394 ~~service warranty contracts delivered in this state.~~

1395 Section 34. This act shall take effect upon becoming a  
1396 law.