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1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 215.555, F.S., relating to the Florida Hurricane
4 Catastrophe Fund; revising the definition of the term
5 "corporation"; deleting an outdated coverage level;
6 revising the exemption of medical malpractice
7 insurance premiums from emergency assessments if
8 certain revenues are determined to be insufficient to
9 fund the obligations, costs, and expenses of the
10 Florida Hurricane Catastrophe Fund and the Florida
11 Hurricane Catastrophe Fund Finance Corporation;
12 changing the name of the Florida Hurricane Catastrophe
13 Fund Finance Corporation; deleting provisions relating
14 to temporary emergency options for additional
15 coverage; amending s. 626.752, F.S.; exempting
16 Citizens Property Insurance Corporation from exchange
17 of business limitations and restrictions when placing
18 business with authorized insurers; amending s.
19 626.854, F.S.; revising the restrictions on public
20 adjuster compensation, payment, commission, fee, or
21 any other thing of value; providing penalties;
22 deleting a provision requiring the public adjuster to
23 ensure prompt notice of property loss claims;
24 requiring a public adjuster to ensure that prompt
25 notice is given of a claim to the insurer; requiring a
26 public adjuster to meet or communicate with the
27 insurer for a specified purpose; prohibiting a public
28 adjuster from acquiring any interest in salvaged
29 property; providing an exception; providing

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30 legislative intent; amending s. 627.0628, F.S.;

31 revising the membership of the Florida Commission on

32 Hurricane Loss Projection Methodology; amending s.

33 627.0629, F.S.; conforming a cross-reference; amending

34 s. 627.351, F.S.; providing that certain residential

35 structures are not eligible for coverage by the

36 corporation after specified dates; providing an

37 exception; prohibiting the corporation from covering

38 any new construction of a major structure, or

39 substantial improvements on any major structure,

40 commencing on or after July 1, 2014, that is seaward

41 of the coastal construction control line or is within

42 the Coastal Barrier Resources System; deleting a

43 provision that limits the amount that a public

44 adjuster may charge, agree to, or accept as

45 compensation with respect to a claim filed under a

46 policy of the Citizens Property Insurance Corporation;

47 revising the membership of the board of governors of

48 the corporation; restricting the eligibility of a risk

49 for a renewal policy issued by the corporation under

50 certain circumstances; revising provisions allowing a

51 policyholder removed from the corporation to remain

52 eligible for coverage under certain circumstances;

53 requiring disclosure of potential corporation

54 surcharges and policyholder obligations to try to

55 obtain private market coverage; revising the duties

56 and responsibilities of the internal auditor of the

57 corporation; authorizing insurers taking out,

58 assuming, or removing policies from the corporation to

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59 use the corporation's policy forms and endorsements
60 for a specified time without approval by the Office of
61 Insurance Regulation; establishing the Office of
62 Inspector General within the corporation; providing
63 for appointment, qualifications, duties, and
64 responsibilities of the inspector general; requiring
65 the corporation to prepare a report for each calendar
66 year relating to the loss ratio attributable to losses
67 that are not catastrophic losses for residential
68 coverage provided by the corporation; revising
69 provisions relating to purchases by the corporation;
70 providing that the corporation is subject to state
71 agency purchasing requirements; requiring the
72 corporation to provide notice of purchasing decisions;
73 providing procedures for protesting such decisions;
74 providing applicability; creating s. 627.3518, F.S.;
75 providing purpose; providing definitions; requiring
76 the creation of a clearinghouse program within the
77 corporation; specifying the purposes of the program;
78 requiring the corporation to provide a report to the
79 Legislature; specifying certain rights and
80 responsibilities with respect to the program;
81 authorizing the corporation to take specified actions
82 in establishing the program; providing conditions and
83 requirements relating to the participation of insurers
84 in the program; providing conditions, requirements,
85 limitations, and procedures applicable to offers of
86 coverage with respect to applicants for coverage with
87 the corporation and existing policyholders of the

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88 corporation; providing requirements for certain
89 independent insurance agents and exclusive agents with
90 respect to submitting applications for coverage or
91 policies for renewal to the program; providing for
92 applicability and construction; creating s. 627.35191,
93 F.S.; requiring the Florida Hurricane Catastrophe Fund
94 and Citizens Property Insurance Corporation to each
95 submit reports annually to the Legislature and the
96 Financial Services Commission relating to aggregate
97 net probable maximum losses, financing options, and
98 potential assessments; providing effective dates.
99

100 Be It Enacted by the Legislature of the State of Florida:
101

102 Section 1. Effective June 1, 2013, paragraph (n) of
103 subsection (2), paragraph (b) of subsection (4), paragraphs (b)
104 and (d) of subsection (6), and present subsection (16) of
105 section 215.555, Florida Statutes, are amended, and subsections
106 (17) and (18) of that section are renumbered as subsections (16)
107 and (17), respectively, to read:

108 215.555 Florida Hurricane Catastrophe Fund.—

109 (2) DEFINITIONS.—As used in this section:

110 (n) "Corporation" means the State Board of Administration
111 ~~Florida Hurricane Catastrophe Fund~~ Finance Corporation created
112 in paragraph (6) (d).

113 (4) REIMBURSEMENT CONTRACTS.—

114 (b)1. The contract shall contain a promise by the board to
115 reimburse the insurer for 45 percent, 75 percent, or 90 percent
116 of its losses from each covered event in excess of the insurer's

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117 retention, plus 5 percent of the reimbursed losses to cover loss
118 adjustment expenses.

119 2. The insurer must elect one of the percentage coverage
120 levels specified in this paragraph and may, upon renewal of a
121 reimbursement contract, elect a lower percentage coverage level
122 if no revenue bonds issued under subsection (6) after a covered
123 event are outstanding, or elect a higher percentage coverage
124 level, regardless of whether or not revenue bonds are
125 outstanding. All members of an insurer group must elect the same
126 percentage coverage level. Any joint underwriting association,
127 risk apportionment plan, or other entity created under s.
128 627.351 must elect the 90-percent coverage level.

129 3. The contract shall provide that reimbursement amounts
130 shall not be reduced by reinsurance paid or payable to the
131 insurer from other sources.

132 ~~4. Notwithstanding any other provision contained in this~~
133 ~~section, the board shall make available to insurers that~~
134 ~~purchased coverage provided by this subparagraph in 2008,~~
135 ~~insurers qualifying as limited apportionment companies under s.~~
136 ~~627.351(6) (c), and insurers that have been approved to~~
137 ~~participate in the Insurance Capital Build-Up Incentive Program~~
138 ~~pursuant to s. 215.5595 a contract or contract addendum that~~
139 ~~provides an additional amount of reimbursement coverage of up to~~
140 ~~\$10 million. The premium to be charged for this additional~~
141 ~~reimbursement coverage shall be 50 percent of the additional~~
142 ~~reimbursement coverage provided, which shall include one prepaid~~
143 ~~reinstatement. The minimum retention level that an eligible~~
144 ~~participating insurer must retain associated with this~~
145 ~~additional coverage layer is 30 percent of the insurer's surplus~~

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146 ~~as of December 31, 2008, for the 2009-2010 contract year; as of~~
147 ~~December 31, 2009, for the 2010-2011 contract year; and as of~~
148 ~~December 31, 2010, for the 2011-2012 contract year. This~~
149 ~~coverage shall be in addition to all other coverage that may be~~
150 ~~provided under this section. The coverage provided by the fund~~
151 ~~under this subparagraph shall be in addition to the claims-~~
152 ~~paying capacity as defined in subparagraph (c)1., but only with~~
153 ~~respect to those insurers that select the additional coverage~~
154 ~~option and meet the requirements of this subparagraph. The~~
155 ~~claims-paying capacity with respect to all other participating~~
156 ~~insurers and limited apportionment companies that do not select~~
157 ~~the additional coverage option shall be limited to their~~
158 ~~reimbursement premium's proportionate share of the actual~~
159 ~~claims-paying capacity otherwise defined in subparagraph (c)1.~~
160 ~~and as provided for under the terms of the reimbursement~~
161 ~~contract. The optional coverage retention as specified shall be~~
162 ~~accessed before the mandatory coverage under the reimbursement~~
163 ~~contract, but once the limit of coverage selected under this~~
164 ~~option is exhausted, the insurer's retention under the mandatory~~
165 ~~coverage will apply. This coverage will apply and be paid~~
166 ~~concurrently with mandatory coverage. This subparagraph expires~~
167 ~~on May 31, 2012.~~

168 (6) REVENUE BONDS.—

169 (b) *Emergency assessments*—

170 1. If the board determines that the amount of revenue
171 produced under subsection (5) is insufficient to fund the
172 obligations, costs, and expenses of the fund and the
173 corporation, including repayment of revenue bonds and that
174 portion of the debt service coverage not met by reimbursement

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175 premiums, the board shall direct the Office of Insurance
176 Regulation to levy, by order, an emergency assessment on direct
177 premiums for all property and casualty lines of business in this
178 state, including property and casualty business of surplus lines
179 insurers regulated under part VIII of chapter 626, but not
180 including any workers' compensation premiums or medical
181 malpractice premiums. As used in this subsection, the term
182 "property and casualty business" includes all lines of business
183 identified on Form 2, Exhibit of Premiums and Losses, in the
184 annual statement required of authorized insurers by s. 624.424
185 and any rule adopted under this section, except for those lines
186 identified as accident and health insurance and except for
187 policies written under the National Flood Insurance Program. The
188 assessment shall be specified as a percentage of direct written
189 premium and is subject to annual adjustments by the board in
190 order to meet debt obligations. The same percentage shall apply
191 to all policies in lines of business subject to the assessment
192 issued or renewed during the 12-month period beginning on the
193 effective date of the assessment.

194 2. A premium is not subject to an annual assessment under
195 this paragraph in excess of 6 percent of premium with respect to
196 obligations arising out of losses attributable to any one
197 contract year, and a premium is not subject to an aggregate
198 annual assessment under this paragraph in excess of 10 percent
199 of premium. An annual assessment under this paragraph shall
200 continue as long as the revenue bonds issued with respect to
201 which the assessment was imposed are outstanding, including any
202 bonds the proceeds of which were used to refund the revenue
203 bonds, unless adequate provision has been made for the payment

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204 of the bonds under the documents authorizing issuance of the
205 bonds.

206 3. Emergency assessments shall be collected from
207 policyholders. Emergency assessments shall be remitted by
208 insurers as a percentage of direct written premium for the
209 preceding calendar quarter as specified in the order from the
210 Office of Insurance Regulation. The office shall verify the
211 accurate and timely collection and remittance of emergency
212 assessments and shall report the information to the board in a
213 form and at a time specified by the board. Each insurer
214 collecting assessments shall provide the information with
215 respect to premiums and collections as may be required by the
216 office to enable the office to monitor and verify compliance
217 with this paragraph.

218 4. With respect to assessments of surplus lines premiums,
219 each surplus lines agent shall collect the assessment at the
220 same time as the agent collects the surplus lines tax required
221 by s. 626.932, and the surplus lines agent shall remit the
222 assessment to the Florida Surplus Lines Service Office created
223 by s. 626.921 at the same time as the agent remits the surplus
224 lines tax to the Florida Surplus Lines Service Office. The
225 emergency assessment on each insured procuring coverage and
226 filing under s. 626.938 shall be remitted by the insured to the
227 Florida Surplus Lines Service Office at the time the insured
228 pays the surplus lines tax to the Florida Surplus Lines Service
229 Office. The Florida Surplus Lines Service Office shall remit the
230 collected assessments to the fund or corporation as provided in
231 the order levied by the Office of Insurance Regulation. The
232 Florida Surplus Lines Service Office shall verify the proper

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233 application of such emergency assessments and shall assist the
234 board in ensuring the accurate and timely collection and
235 remittance of assessments as required by the board. The Florida
236 Surplus Lines Service Office shall annually calculate the
237 aggregate written premium on property and casualty business,
238 other than workers' compensation and medical malpractice,
239 procured through surplus lines agents and insureds procuring
240 coverage and filing under s. 626.938 and shall report the
241 information to the board in a form and at a time specified by
242 the board.

243 5. Any assessment authority not used for a particular
244 contract year may be used for a subsequent contract year. If,
245 for a subsequent contract year, the board determines that the
246 amount of revenue produced under subsection (5) is insufficient
247 to fund the obligations, costs, and expenses of the fund and the
248 corporation, including repayment of revenue bonds and that
249 portion of the debt service coverage not met by reimbursement
250 premiums, the board shall direct the Office of Insurance
251 Regulation to levy an emergency assessment up to an amount not
252 exceeding the amount of unused assessment authority from a
253 previous contract year or years, plus an additional 4 percent
254 provided that the assessments in the aggregate do not exceed the
255 limits specified in subparagraph 2.

256 6. The assessments otherwise payable to the corporation
257 under this paragraph shall be paid to the fund unless and until
258 the Office of Insurance Regulation and the Florida Surplus Lines
259 Service Office have received from the corporation and the fund a
260 notice, which shall be conclusive and upon which they may rely
261 without further inquiry, that the corporation has issued bonds

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262 and the fund has no agreements in effect with local governments
263 under paragraph (c). On or after the date of the notice and
264 until the date the corporation has no bonds outstanding, the
265 fund shall have no right, title, or interest in or to the
266 assessments, except as provided in the fund's agreement with the
267 corporation.

268 7. Emergency assessments are not premium and are not
269 subject to the premium tax, to the surplus lines tax, to any
270 fees, or to any commissions. An insurer is liable for all
271 assessments that it collects and must treat the failure of an
272 insured to pay an assessment as a failure to pay the premium. An
273 insurer is not liable for uncollectible assessments.

274 8. When an insurer is required to return an unearned
275 premium, it shall also return any collected assessment
276 attributable to the unearned premium. A credit adjustment to the
277 collected assessment may be made by the insurer with regard to
278 future remittances that are payable to the fund or corporation,
279 but the insurer is not entitled to a refund.

280 9. When a surplus lines insured or an insured who has
281 procured coverage and filed under s. 626.938 is entitled to the
282 return of an unearned premium, the Florida Surplus Lines Service
283 Office shall provide a credit or refund to the agent or such
284 insured for the collected assessment attributable to the
285 unearned premium prior to remitting the emergency assessment
286 collected to the fund or corporation.

287 10. The exemption of medical malpractice insurance premiums
288 from emergency assessments under this paragraph is repealed May
289 31, 2016 ~~2013~~, and medical malpractice insurance premiums shall
290 be subject to emergency assessments attributable to loss events

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291 occurring in the contract years commencing on June 1, 2016 ~~2013~~.

292 (d) State Board of Administration ~~Florida Hurricane~~
293 ~~Catastrophe Fund Finance Corporation.~~-

294 1. In addition to the findings and declarations in
295 subsection (1), the Legislature also finds and declares that:

296 a. The public benefits corporation created under this
297 paragraph will provide a mechanism necessary for the cost-
298 effective and efficient issuance of bonds. This mechanism will
299 eliminate unnecessary costs in the bond issuance process,
300 thereby increasing the amounts available to pay reimbursement
301 for losses to property sustained as a result of hurricane
302 damage.

303 b. The purpose of such bonds is to fund reimbursements
304 through the Florida Hurricane Catastrophe Fund to pay for the
305 costs of construction, reconstruction, repair, restoration, and
306 other costs associated with damage to properties of
307 policyholders of covered policies due to the occurrence of a
308 hurricane.

309 c. The efficacy of the financing mechanism will be enhanced
310 by the corporation's ownership of the assessments, by the
311 insulation of the assessments from possible bankruptcy
312 proceedings, and by covenants of the state with the
313 corporation's bondholders.

314 2.a. There is created a public benefits corporation, which
315 is an instrumentality of the state, to be known as the State
316 Board of Administration ~~Florida Hurricane Catastrophe Fund~~
317 Finance Corporation.

318 b. The corporation shall operate under a five-member board
319 of directors consisting of the Governor or a designee, the Chief

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320 Financial Officer or a designee, the Attorney General or a
321 designee, the director of the Division of Bond Finance of the
322 State Board of Administration, and the Chief Operating Officer
323 ~~senior employee of the State Board of Administration responsible~~
324 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

325 c. The corporation has all of the powers of corporations
326 under chapter 607 and under chapter 617, subject only to the
327 provisions of this subsection.

328 d. The corporation may issue bonds and engage in such other
329 financial transactions as are necessary to provide sufficient
330 funds to achieve the purposes of this section.

331 e. The corporation may invest in any of the investments
332 authorized under s. 215.47.

333 f. There shall be no liability on the part of, and no cause
334 of action shall arise against, any board members or employees of
335 the corporation for any actions taken by them in the performance
336 of their duties under this paragraph.

337 3.a. In actions under chapter 75 to validate any bonds
338 issued by the corporation, the notice required by s. 75.06 shall
339 be published in two newspapers of general circulation in the
340 state, and the complaint and order of the court shall be served
341 only on the State Attorney of the Second Judicial Circuit.

342 b. The state hereby covenants with holders of bonds of the
343 corporation that the state will not repeal or abrogate the power
344 of the board to direct the Office of Insurance Regulation to
345 levy the assessments and to collect the proceeds of the revenues
346 pledged to the payment of such bonds as long as any such bonds
347 remain outstanding unless adequate provision has been made for
348 the payment of such bonds pursuant to the documents authorizing

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349 the issuance of such bonds.

350 4. The bonds of the corporation are not a debt of the state
351 or of any political subdivision, and neither the state nor any
352 political subdivision is liable on such bonds. The corporation
353 does not have the power to pledge the credit, the revenues, or
354 the taxing power of the state or of any political subdivision.
355 The credit, revenues, or taxing power of the state or of any
356 political subdivision shall not be deemed to be pledged to the
357 payment of any bonds of the corporation.

358 5.a. The property, revenues, and other assets of the
359 corporation; the transactions and operations of the corporation
360 and the income from such transactions and operations; and all
361 bonds issued under this paragraph and interest on such bonds are
362 exempt from taxation by the state and any political subdivision,
363 including the intangibles tax under chapter 199 and the income
364 tax under chapter 220. This exemption does not apply to any tax
365 imposed by chapter 220 on interest, income, or profits on debt
366 obligations owned by corporations other than the State Board of
367 Administration ~~Florida Hurricane Catastrophe Fund~~ Finance
368 Corporation.

369 b. All bonds of the corporation shall be and constitute
370 legal investments without limitation for all public bodies of
371 this state; for all banks, trust companies, savings banks,
372 savings associations, savings and loan associations, and
373 investment companies; for all administrators, executors,
374 trustees, and other fiduciaries; for all insurance companies and
375 associations and other persons carrying on an insurance
376 business; and for all other persons who are now or may hereafter
377 be authorized to invest in bonds or other obligations of the

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378 state and shall be and constitute eligible securities to be
379 deposited as collateral for the security of any state, county,
380 municipal, or other public funds. This sub-subparagraph shall be
381 considered as additional and supplemental authority and shall
382 not be limited without specific reference to this sub-
383 subparagraph.

384 6. The corporation and its corporate existence shall
385 continue until terminated by law; however, no such law shall
386 take effect as long as the corporation has bonds outstanding
387 unless adequate provision has been made for the payment of such
388 bonds pursuant to the documents authorizing the issuance of such
389 bonds. Upon termination of the existence of the corporation, all
390 of its rights and properties in excess of its obligations shall
391 pass to and be vested in the state.

392 7. The State Board of Administration Finance Corporation is
393 for all purposes the successor to the Florida Hurricane
394 Catastrophe Fund Finance Corporation.

395 ~~(16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL COVERAGE.—~~

396 ~~(a) Findings and intent.—~~

397 ~~1. The Legislature finds that:~~

398 ~~a. Because of temporary disruptions in the market for~~
399 ~~eatastrophic reinsurance, many property insurers were unable to~~
400 ~~procure reinsurance for the 2006 hurricane season with an~~
401 ~~attachment point below the insurers' respective Florida~~
402 ~~Hurricane Catastrophe Fund attachment points, were unable to~~
403 ~~procure sufficient amounts of such reinsurance, or were able to~~
404 ~~procure such reinsurance only by incurring substantially higher~~
405 ~~costs than in prior years.~~

406 ~~b. The reinsurance market problems were responsible, at~~

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407 ~~least in part, for substantial premium increases to many~~
408 ~~consumers and increases in the number of policies issued by the~~
409 ~~Citizens Property Insurance Corporation.~~

410 ~~e. It is likely that the reinsurance market disruptions~~
411 ~~will not significantly abate prior to the 2007 hurricane season.~~

412 ~~2. It is the intent of the Legislature to create a~~
413 ~~temporary emergency program, applicable to the 2007, 2008, and~~
414 ~~2009 hurricane seasons, to address these market disruptions and~~
415 ~~enable insurers, at their option, to procure additional coverage~~
416 ~~from the Florida Hurricane Catastrophe Fund.~~

417 ~~(b) Applicability of other provisions of this section. All~~
418 ~~provisions of this section and the rules adopted under this~~
419 ~~section apply to the program created by this subsection unless~~
420 ~~specifically superseded by this subsection.~~

421 ~~(c) Optional coverage. For the contract year commencing~~
422 ~~June 1, 2007, and ending May 31, 2008, the contract year~~
423 ~~commencing June 1, 2008, and ending May 31, 2009, and the~~
424 ~~contract year commencing June 1, 2009, and ending May 31, 2010,~~
425 ~~the board shall offer for each of such years the optional~~
426 ~~coverage as provided in this subsection.~~

427 ~~(d) Additional definitions. As used in this subsection, the~~
428 ~~term:~~

429 ~~1. "TEACO options" means the temporary emergency additional~~
430 ~~coverage options created under this subsection.~~

431 ~~2. "TEACO insurer" means an insurer that has opted to~~
432 ~~obtain coverage under the TEACO options in addition to the~~
433 ~~coverage provided to the insurer under its reimbursement~~
434 ~~contract.~~

435 ~~3. "TEACO reimbursement premium" means the premium charged~~

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436 ~~by the fund for coverage provided under the TEACO options.~~

437 ~~4. "TEACO retention" means the amount of losses below which~~
438 ~~a TEACO insurer is not entitled to reimbursement from the fund~~
439 ~~under the TEACO option selected. A TEACO insurer's retention~~
440 ~~options shall be calculated as follows:~~

441 ~~a. The board shall calculate and report to each TEACO~~
442 ~~insurer the TEACO retention multiples. There shall be three~~
443 ~~TEACO retention multiples for defining coverage. Each multiple~~
444 ~~shall be calculated by dividing \$3 billion, \$4 billion, or \$5~~
445 ~~billion by the total estimated mandatory FHCF reimbursement~~
446 ~~premium assuming all insurers selected the 90 percent coverage~~
447 ~~level.~~

448 ~~b. The TEACO retention multiples as determined under sub-~~
449 ~~subparagraph a. shall be adjusted to reflect the coverage level~~
450 ~~elected by the insurer. For insurers electing the 90 percent~~
451 ~~coverage level, the adjusted retention multiple is 100 percent~~
452 ~~of the amount determined under sub-subparagraph a. For insurers~~
453 ~~electing the 75 percent coverage level, the retention multiple~~
454 ~~is 120 percent of the amount determined under sub-subparagraph~~
455 ~~a. For insurers electing the 45 percent coverage level, the~~
456 ~~adjusted retention multiple is 200 percent of the amount~~
457 ~~determined under sub-subparagraph a.~~

458 ~~c. An insurer shall determine its provisional TEACO~~
459 ~~retention by multiplying its estimated mandatory FHCF~~
460 ~~reimbursement premium by the applicable adjusted TEACO retention~~
461 ~~multiple and shall determine its actual TEACO retention by~~
462 ~~multiplying its actual mandatory FHCF reimbursement premium by~~
463 ~~the applicable adjusted TEACO retention multiple.~~

464 ~~d. For TEACO insurers who experience multiple covered~~

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465 ~~events causing loss during the contract year, the insurer's full~~
466 ~~TEACO retention shall be applied to each of the covered events~~
467 ~~causing the two largest losses for that insurer. For other~~
468 ~~covered events resulting in losses, the TEACO option does not~~
469 ~~apply and the insurer's retention shall be one-third of the full~~
470 ~~retention as calculated under paragraph (2)(c).~~

471 ~~5. "TEACO addendum" means an addendum to the reimbursement~~
472 ~~contract reflecting the obligations of the fund and TEACO~~
473 ~~insurers under the program created by this subsection.~~

474 ~~6. "FHCF" means the Florida Hurricane Catastrophe Fund.~~

475 ~~(c) TEACO addendum.—~~

476 ~~1. The TEACO addendum shall provide for reimbursement of~~
477 ~~TEACO insurers for covered events occurring during the contract~~
478 ~~year, in exchange for the TEACO reimbursement premium paid into~~
479 ~~the fund under paragraph (f). Any insurer writing covered~~
480 ~~policies has the option of choosing to accept the TEACO addendum~~
481 ~~for any of the 3 contract years that the coverage is offered.~~

482 ~~2. The TEACO addendum shall contain a promise by the board~~
483 ~~to reimburse the TEACO insurer for 45 percent, 75 percent, or 90~~
484 ~~percent of its losses from each covered event in excess of the~~
485 ~~insurer's TEACO retention, plus 5 percent of the reimbursed~~
486 ~~losses to cover loss adjustment expenses. The percentage shall~~
487 ~~be the same as the coverage level selected by the insurer under~~
488 ~~paragraph (4)(b).~~

489 ~~3. The TEACO addendum shall provide that reimbursement~~
490 ~~amounts shall not be reduced by reinsurance paid or payable to~~
491 ~~the insurer from other sources.~~

492 ~~4. The TEACO addendum shall also provide that the~~
493 ~~obligation of the board with respect to all TEACO addenda shall~~

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494 ~~not exceed an amount equal to two times the difference between~~
495 ~~the industry retention level calculated under paragraph (2) (e)~~
496 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~
497 ~~retention level options actually selected, but in no event may~~
498 ~~the board's obligation exceed the actual claims-paying capacity~~
499 ~~of the fund plus the additional capacity created in paragraph~~
500 ~~(g). If the actual claims-paying capacity and the additional~~
501 ~~capacity created under paragraph (g) fall short of the board's~~
502 ~~obligations under the reimbursement contract, each insurer's~~
503 ~~share of the fund's capacity shall be prorated based on the~~
504 ~~premium an insurer pays for its mandatory reimbursement coverage~~
505 ~~and the premium paid for its optional TEACO coverage as each~~
506 ~~such premium bears to the total premiums paid to the fund times~~
507 ~~the available capacity.~~

508 ~~5. The priorities, schedule, and method of reimbursements~~
509 ~~under the TEACO addendum shall be the same as provided under~~
510 ~~subsection (4).~~

511 ~~6. A TEACO insurer's maximum reimbursement for a single~~
512 ~~event shall be equal to the product of multiplying its mandatory~~
513 ~~FHCF premium by the difference between its FHCF retention~~
514 ~~multiple and its TEACO retention multiple under the TEACO option~~
515 ~~selected and by the coverage selected under paragraph (4) (b),~~
516 ~~plus an additional 5 percent for loss adjustment expenses. A~~
517 ~~TEACO insurer's maximum reimbursement under the TEACO option~~
518 ~~selected for a TEACO insurer's two largest events shall be twice~~
519 ~~its maximum reimbursement for a single event.~~

520 ~~(f) TEACO reimbursement premiums.~~

521 ~~1. Each TEACO insurer shall pay to the fund, in the manner~~
522 ~~and at the time provided in the reimbursement contract for~~

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523 ~~payment of reimbursement premiums, a TEACO reimbursement premium~~
524 ~~calculated as specified in this paragraph.~~

525 ~~2. The insurer's TEACO reimbursement premium associated~~
526 ~~with the \$3 billion retention option shall be equal to 85~~
527 ~~percent of a TEACO insurer's maximum reimbursement for a single~~
528 ~~event as calculated under subparagraph (c)6. The TEACO~~
529 ~~reimbursement premium associated with the \$4 billion retention~~
530 ~~option shall be equal to 80 percent of a TEACO insurer's maximum~~
531 ~~reimbursement for a single event as calculated under~~
532 ~~subparagraph (c)6. The TEACO premium associated with the \$5~~
533 ~~billion retention option shall be equal to 75 percent of a TEACO~~
534 ~~insurer's maximum reimbursement for a single event as calculated~~
535 ~~under subparagraph (c)6.~~

536 ~~(g) Effect on claims paying capacity of the fund. For the~~
537 ~~contract term commencing June 1, 2007, the contract year~~
538 ~~commencing June 1, 2008, and the contract term beginning June 1,~~
539 ~~2009, the program created by this subsection shall increase the~~
540 ~~claims paying capacity of the fund as provided in subparagraph~~
541 ~~(4)(c)1. by an amount equal to two times the difference between~~
542 ~~the industry retention level calculated under paragraph (2)(c)~~
543 ~~and the \$3 billion industry TEACO retention level specified in~~
544 ~~sub-subparagraph (d)4.a. The additional capacity shall apply~~
545 ~~only to the additional coverage provided by the TEACO option and~~
546 ~~shall not otherwise affect any insurer's reimbursement from the~~
547 ~~fund.~~

548 Section 2. Subsection (4) of section 626.752, Florida
549 Statutes, is amended to read:

550 626.752 Exchange of business.—

551 (4) The foregoing limitations and restrictions shall not be

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552 construed and shall not apply to the placing of surplus lines
553 business under the provisions of part VIII or to the activities
554 of Citizens Property Insurance Corporation in placing new and
555 renewal business with authorized insurers in accordance with s.
556 627.3518.

557 Section 3. Present subsections (11), (15), and (17) of
558 section 626.854, Florida Statutes, are amended, and a new
559 subsection (17) is added to that section to read:

560 626.854 "Public adjuster" defined; prohibitions.—The
561 Legislature finds that it is necessary for the protection of the
562 public to regulate public insurance adjusters and to prevent the
563 unauthorized practice of law.

564 (11) (a) If a public adjuster enters into a contract with an
565 insured or claimant to reopen a claim or file a supplemental
566 claim that seeks additional payments for a claim that has been
567 previously paid in part or in full or settled by the insurer,
568 the public adjuster may not charge, agree to, or accept from any
569 source ~~any~~ compensation, payment, commission, fee, or any other
570 thing of value based on a previous settlement or previous claim
571 payments by the insurer for the same cause of loss. The charge,
572 compensation, payment, commission, fee, or any other thing of
573 value must be based only on the claim payments or settlement
574 obtained through the work of the public adjuster after entering
575 into the contract with the insured or claimant. Compensation for
576 the reopened or supplemental claim may not exceed 20 percent of
577 the reopened or supplemental claim payment. In no event shall
578 the contracts described in this paragraph exceed ~~are not subject~~
579 ~~to~~ the limitations in paragraph (b).

580 (b) A public adjuster may not charge, agree to, or accept

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581 from any source ~~any~~ compensation, payment, commission, fee, or
582 any other thing of value in excess of:

583 1. Ten percent of the amount of insurance claim payments
584 made by the insurer for claims based on events that are the
585 subject of a declaration of a state of emergency by the
586 Governor. This provision applies to claims made during the year
587 after the declaration of emergency. After that year, the
588 limitations in subparagraph 2. apply.

589 2. Twenty percent of the amount of insurance claim payments
590 made by the insurer for claims that are not based on events that
591 are the subject of a declaration of a state of emergency by the
592 Governor.

593 (c) Any maneuver, shift, or device through which the limits
594 on compensation set forth in this subsection are exceeded is a
595 violation of this chapter punishable as provided under s.
596 626.8698.

597 (15) ~~A public adjuster must ensure prompt notice of~~
598 ~~property loss claims submitted to an insurer by or through a~~
599 ~~public adjuster or on which a public adjuster represents the~~
600 ~~insured at the time the claim or notice of loss is submitted to~~
601 ~~the insurer.~~ The public adjuster must ensure that prompt notice
602 is given of the claim to the insurer, the public adjuster's
603 contract is provided to the insurer, the property is available
604 for inspection of the loss or damage by the insurer, and the
605 insurer is given an opportunity to interview the insured
606 directly about the loss and claim. The insurer must be allowed
607 to obtain necessary information to investigate and respond to
608 the claim.

609 (a) The insurer may not exclude the public adjuster from

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610 its in-person meetings with the insured. The insurer shall meet
611 or communicate with the public adjuster in an effort to reach
612 agreement as to the scope of the covered loss under the
613 insurance policy. The public adjuster shall meet or communicate
614 with the insurer in an effort to reach agreement as to the scope
615 of the covered loss under the insurance policy. This section
616 does not impair the terms and conditions of the insurance policy
617 in effect at the time the claim is filed.

618 (b) A public adjuster may not restrict or prevent an
619 insurer, company employee adjuster, independent adjuster,
620 attorney, investigator, or other person acting on behalf of the
621 insurer from having reasonable access at reasonable times to any
622 ~~an~~ insured or claimant or to the insured property that is the
623 subject of a claim.

624 (c) A public adjuster may not act or fail to reasonably act
625 in any manner that obstructs or prevents an insurer or insurer's
626 adjuster from timely conducting an inspection of any part of the
627 insured property for which there is a claim for loss or damage.
628 The public adjuster representing the insureds ~~insured~~ may be
629 present for the insurer's inspection, but if the unavailability
630 of the public adjuster otherwise delays the insurer's timely
631 inspection of the property, the public adjuster or the insureds
632 ~~insured~~ must allow the insurer to have access to the property
633 without the participation or presence of the public adjuster or
634 insureds ~~insured~~ in order to facilitate the insurer's prompt
635 inspection of the loss or damage.

636 (17) A public adjuster shall not acquire any interest in
637 salvaged property, except with the written consent and
638 permission of the insured through a signed affidavit.

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639 ~~(18)(17)~~ The provisions of subsections (5)-(17) ~~(5)-(16)~~
640 apply only to residential property insurance policies and
641 condominium unit owner policies as defined in s. 718.111(11).

642 Section 4. The Legislature intends to enhance the expertise
643 immediately available to the commission by increasing the
644 membership of the Florida Commission on Hurricane Loss
645 Projection Methodology to provide for the appointment of an
646 additional member with special qualifications or attributes.

647 Section 5. Subsection (2) of section 627.0628, Florida
648 Statutes, is amended to read:

649 627.0628 Florida Commission on Hurricane Loss Projection
650 Methodology; public records exemption; public meetings
651 exemption.—

652 (2) COMMISSION CREATED.—

653 (a) There is created the Florida Commission on Hurricane
654 Loss Projection Methodology, which is assigned to the State
655 Board of Administration. For the purposes of this section, the
656 term "commission" means the Florida Commission on Hurricane Loss
657 Projection Methodology. The commission shall be administratively
658 housed within the State Board of Administration, but it shall
659 independently exercise the powers and duties specified in this
660 section.

661 (b) The commission shall consist of the following 12 ~~11~~
662 members:

663 1. The insurance consumer advocate.

664 2. The senior employee of the State Board of Administration
665 responsible for operations of the Florida Hurricane Catastrophe
666 Fund.

667 3. The Executive Director of the Citizens Property

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668 Insurance Corporation.

669 4. The Director of the Division of Emergency Management.

670 5. The actuary member of the Florida Hurricane Catastrophe
671 Fund Advisory Council.

672 6. An employee of the office who is an actuary responsible
673 for property insurance rate filings and who is appointed by the
674 director of the office.

675 7. Five members appointed by the Chief Financial Officer,
676 as follows:

677 a. An actuary who is employed full time by a property and
678 casualty insurer that was responsible for at least 1 percent of
679 the aggregate statewide direct written premium for homeowner's
680 insurance in the calendar year preceding the member's
681 appointment to the commission.

682 b. An expert in insurance finance who is a full-time member
683 of the faculty of the State University System and who has a
684 background in actuarial science.

685 c. An expert in statistics who is a full-time member of the
686 faculty of the State University System and who has a background
687 in insurance.

688 d. An expert in computer system design who is a full-time
689 member of the faculty of the State University System.

690 e. An expert in meteorology who is a full-time member of
691 the faculty of the State University System and who specializes
692 in hurricanes.

693 8. A licensed professional structural engineer who is a
694 full-time faculty member in the State University System and who
695 has expertise in wind mitigation techniques. This appointment
696 shall be made by the Governor.

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697 (c) Members designated under subparagraphs (b)1.-5. shall
698 serve on the commission as long as they maintain the respective
699 offices designated in subparagraphs (b)1.-5. The member
700 appointed by the director of the office under subparagraph (b)6.
701 shall serve on the commission until the end of the term of
702 office of the director who appointed him or her, unless removed
703 earlier by the director for cause. Members appointed by the
704 Chief Financial Officer under subparagraph (b)7. shall serve on
705 the commission until the end of the term of office of the Chief
706 Financial Officer who appointed them, unless earlier removed by
707 the Chief Financial Officer for cause. Vacancies on the
708 commission shall be filled in the same manner as the original
709 appointment.

710 (d) The State Board of Administration shall annually
711 appoint one of the members of the commission to serve as chair.

712 (e) Members of the commission shall serve without
713 compensation, but shall be reimbursed for per diem and travel
714 expenses pursuant to s. 112.061.

715 (f) The State Board of Administration shall, as a cost of
716 administration of the Florida Hurricane Catastrophe Fund,
717 provide for travel, expenses, and staff support for the
718 commission.

719 (g) There shall be no liability on the part of, and no
720 cause of action of any nature shall arise against, any member of
721 the commission, any member of the State Board of Administration,
722 or any employee of the State Board of Administration for any
723 action taken in the performance of their duties under this
724 section. In addition, the commission may, in writing, waive any
725 potential cause of action for negligence of a consultant,

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726 contractor, or contract employee engaged to assist the
727 commission.

728 Section 6. Subsection (5) of section 627.0629, Florida
729 Statutes, is amended to read:

730 627.0629 Residential property insurance; rate filings.—

731 (5) In order to provide an appropriate transition period,
732 an insurer may implement an approved rate filing for residential
733 property insurance over a period of years. Such insurer must
734 provide an informational notice to the office setting out its
735 schedule for implementation of the phased-in rate filing. The
736 insurer may include in its rate the actual cost of private
737 market reinsurance that corresponds to available coverage of the
738 Temporary Increase in Coverage Limits, TICL, from the Florida
739 Hurricane Catastrophe Fund. The insurer may also include the
740 cost of reinsurance to replace the TICL reduction implemented
741 pursuant to s. 215.555(16)(d)9. ~~215.555(17)(d)9.~~ However, this
742 cost for reinsurance may not include any expense or profit load
743 or result in a total annual base rate increase in excess of 10
744 percent.

745 Section 7. Paragraphs (a), (c), (i), (k), and (q) of
746 subsection (6) of section 627.351, Florida Statutes, are
747 amended, and paragraphs (gg) and (hh) are added to that
748 subsection, to read:

749 627.351 Insurance risk apportionment plans.—

750 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

751 (a) The public purpose of this subsection is to ensure that
752 there is an orderly market for property insurance for residents
753 and businesses of this state.

754 1. The Legislature finds that private insurers are

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755 unwilling or unable to provide affordable property insurance
756 coverage in this state to the extent sought and needed. The
757 absence of affordable property insurance threatens the public
758 health, safety, and welfare and likewise threatens the economic
759 health of the state. The state therefore has a compelling public
760 interest and a public purpose to assist in assuring that
761 property in the state is insured and that it is insured at
762 affordable rates so as to facilitate the remediation,
763 reconstruction, and replacement of damaged or destroyed property
764 in order to reduce or avoid the negative effects otherwise
765 resulting to the public health, safety, and welfare, to the
766 economy of the state, and to the revenues of the state and local
767 governments which are needed to provide for the public welfare.
768 It is necessary, therefore, to provide affordable property
769 insurance to applicants who are in good faith entitled to
770 procure insurance through the voluntary market but are unable to
771 do so. The Legislature intends, therefore, that affordable
772 property insurance be provided and that it continue to be
773 provided, as long as necessary, through Citizens Property
774 Insurance Corporation, a government entity that is an integral
775 part of the state, and that is not a private insurance company.
776 To that end, the corporation shall strive to increase the
777 availability of affordable property insurance in this state,
778 while achieving efficiencies and economies, and while providing
779 service to policyholders, applicants, and agents which is no
780 less than the quality generally provided in the voluntary
781 market, for the achievement of the foregoing public purposes.
782 Because it is essential for this government entity to have the
783 maximum financial resources to pay claims following a

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784 catastrophic hurricane, it is the intent of the Legislature that
785 the corporation continue to be an integral part of the state and
786 that the income of the corporation be exempt from federal income
787 taxation and that interest on the debt obligations issued by the
788 corporation be exempt from federal income taxation.

789 2. The Residential Property and Casualty Joint Underwriting
790 Association originally created by this statute shall be known as
791 the Citizens Property Insurance Corporation. The corporation
792 shall provide insurance for residential and commercial property,
793 for applicants who are entitled, but, in good faith, are unable
794 to procure insurance through the voluntary market. The
795 corporation shall operate pursuant to a plan of operation
796 approved by order of the Financial Services Commission. The plan
797 is subject to continuous review by the commission. The
798 commission may, by order, withdraw approval of all or part of a
799 plan if the commission determines that conditions have changed
800 since approval was granted and that the purposes of the plan
801 require changes in the plan. For the purposes of this
802 subsection, residential coverage includes both personal lines
803 residential coverage, which consists of the type of coverage
804 provided by homeowner's, mobile home owner's, dwelling,
805 tenant's, condominium unit owner's, and similar policies; and
806 commercial lines residential coverage, which consists of the
807 type of coverage provided by condominium association, apartment
808 building, and similar policies.

809 3. With respect to coverage for personal lines residential
810 structures:

811 a. Effective January 1, 2014 ~~2009~~, a ~~personal lines~~
812 ~~residential~~ structure that has a dwelling replacement cost of \$1

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813 ~~\$2 million or more, or a single condominium unit that has a~~
814 ~~combined dwelling and contents replacement cost of \$1 \$2 million~~
815 ~~or more is not eligible for coverage by the corporation. Such~~
816 ~~dwellings insured by the corporation on December 31, 2013 2008,~~
817 ~~may continue to be covered by the corporation until the end of~~
818 ~~the policy term. However, such dwellings may reapply and obtain~~
819 ~~coverage if the property owner provides the corporation with a~~
820 ~~sworn affidavit from one or more insurance agents, on a form~~
821 ~~provided by the corporation, stating that the agents have made~~
822 ~~their best efforts to obtain coverage and that the property has~~
823 ~~been rejected for coverage by at least one authorized insurer~~
824 ~~and at least three surplus lines insurers. If such conditions~~
825 ~~are met, the dwelling may be insured by the corporation for up~~
826 ~~to 3 years, after which time the dwelling is ineligible for~~
827 ~~coverage. The office shall approve the method used by the~~
828 ~~corporation for valuing the dwelling replacement cost for the~~
829 ~~purposes of this subparagraph. If a policyholder is insured by~~
830 ~~the corporation before ~~prior to~~ being determined to be~~
831 ~~ineligible pursuant to this subparagraph and such policyholder~~
832 ~~files a lawsuit challenging the determination, the policyholder~~
833 ~~may remain insured by the corporation until the conclusion of~~
834 ~~the litigation.~~

835 b. Effective January 1, 2015, a structure that has a
836 dwelling replacement cost of \$900,000 or more, or a single
837 condominium unit that has a combined dwelling and contents
838 replacement cost of \$900,000 or more, is not eligible for
839 coverage by the corporation. Such dwellings insured by the
840 corporation on December 31, 2014, may continue to be covered by
841 the corporation only until the end of the policy term.

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842 c. Effective January 1, 2016, a structure that has a
843 dwelling replacement cost of \$800,000 or more, or a single
844 condominium unit that has a combined dwelling and contents
845 replacement cost of \$800,000 or more, is not eligible for
846 coverage by the corporation. Such dwellings insured by the
847 corporation on December 31, 2015, may continue to be covered by
848 the corporation until the end of the policy term.

849 d. Effective January 1, 2017, a structure that has a
850 dwelling replacement cost of \$700,000 or more, or a single
851 condominium unit that has a combined dwelling and contents
852 replacement cost of \$700,000 or more, is not eligible for
853 coverage by the corporation. Such dwellings insured by the
854 corporation on December 31, 2016, may continue to be covered by
855 the corporation until the end of the policy term.

856

857 The requirements of sub-subparagraphs b.-d. do not apply in
858 counties where the office determines there is not a reasonable
859 degree of competition. In such counties a personal lines
860 residential structure that has a dwelling replacement cost of
861 less than \$1 million, or a single condominium unit that has a
862 combined dwelling and contents replacement cost of less than \$1
863 million, is eligible for coverage by the corporation.

864 4. It is the intent of the Legislature that policyholders,
865 applicants, and agents of the corporation receive service and
866 treatment of the highest possible level but never less than that
867 generally provided in the voluntary market. It is also intended
868 that the corporation be held to service standards no less than
869 those applied to insurers in the voluntary market by the office
870 with respect to responsiveness, timeliness, customer courtesy,

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871 and overall dealings with policyholders, applicants, or agents
872 of the corporation.

873 5.a. Effective January 1, 2009, a personal lines
874 residential structure that is located in the "wind-borne debris
875 region," as defined in s. 1609.2, International Building Code
876 (2006), and that has an insured value on the structure of
877 \$750,000 or more is not eligible for coverage by the corporation
878 unless the structure has opening protections as required under
879 the Florida Building Code for a newly constructed residential
880 structure in that area. A residential structure is ~~shall be~~
881 deemed to comply with this subparagraph if it has shutters or
882 opening protections on all openings and if such opening
883 protections complied with the Florida Building Code at the time
884 they were installed.

885 b. Any major structure as defined in s. 161.54(6)(a) for
886 which a permit is applied on or after July 1, 2014, for new
887 construction or substantial improvement as defined in s.
888 161.54(12) is not eligible for coverage by the corporation if
889 the structure is seaward of the coastal construction control
890 line established pursuant to s. 161.053 or is within the Coastal
891 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
892 3510.

893 ~~6. For any claim filed under any policy of the corporation,~~
894 ~~a public adjuster may not charge, agree to, or accept any~~
895 ~~compensation, payment, commission, fee, or other thing of value~~
896 ~~greater than 10 percent of the additional amount actually paid~~
897 ~~over the amount that was originally offered by the corporation~~
898 ~~for any one claim.~~

899 (c) The corporation's plan of operation:

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900 1. Must provide for adoption of residential property and
901 casualty insurance policy forms and commercial residential and
902 nonresidential property insurance forms, which must be approved
903 by the office before use. The corporation shall adopt the
904 following policy forms:

905 a. Standard personal lines policy forms that are
906 comprehensive multiperil policies providing full coverage of a
907 residential property equivalent to the coverage provided in the
908 private insurance market under an HO-3, HO-4, or HO-6 policy.

909 b. Basic personal lines policy forms that are policies
910 similar to an HO-8 policy or a dwelling fire policy that provide
911 coverage meeting the requirements of the secondary mortgage
912 market, but which is more limited than the coverage under a
913 standard policy.

914 c. Commercial lines residential and nonresidential policy
915 forms that are generally similar to the basic perils of full
916 coverage obtainable for commercial residential structures and
917 commercial nonresidential structures in the admitted voluntary
918 market.

919 d. Personal lines and commercial lines residential property
920 insurance forms that cover the peril of wind only. The forms are
921 applicable only to residential properties located in areas
922 eligible for coverage under the coastal account referred to in
923 sub-subparagraph (b)2.a.

924 e. Commercial lines nonresidential property insurance forms
925 that cover the peril of wind only. The forms are applicable only
926 to nonresidential properties located in areas eligible for
927 coverage under the coastal account referred to in sub-
928 subparagraph (b)2.a.

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929 f. The corporation may adopt variations of the policy forms
930 listed in sub-subparagraphs a.-e. which contain more restrictive
931 coverage.

932 g. Effective January 1, 2013, the corporation shall offer a
933 basic personal lines policy similar to an HO-8 policy with
934 dwelling repair based on common construction materials and
935 methods.

936 2. Must provide that the corporation adopt a program in
937 which the corporation and authorized insurers enter into quota
938 share primary insurance agreements for hurricane coverage, as
939 defined in s. 627.4025(2)(a), for eligible risks, and adopt
940 property insurance forms for eligible risks which cover the
941 peril of wind only.

942 a. As used in this subsection, the term:

943 (I) "Quota share primary insurance" means an arrangement in
944 which the primary hurricane coverage of an eligible risk is
945 provided in specified percentages by the corporation and an
946 authorized insurer. The corporation and authorized insurer are
947 each solely responsible for a specified percentage of hurricane
948 coverage of an eligible risk as set forth in a quota share
949 primary insurance agreement between the corporation and an
950 authorized insurer and the insurance contract. The
951 responsibility of the corporation or authorized insurer to pay
952 its specified percentage of hurricane losses of an eligible
953 risk, as set forth in the agreement, may not be altered by the
954 inability of the other party to pay its specified percentage of
955 losses. Eligible risks that are provided hurricane coverage
956 through a quota share primary insurance arrangement must be
957 provided policy forms that set forth the obligations of the

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958 corporation and authorized insurer under the arrangement,
959 clearly specify the percentages of quota share primary insurance
960 provided by the corporation and authorized insurer, and
961 conspicuously and clearly state that the authorized insurer and
962 the corporation may not be held responsible beyond their
963 specified percentage of coverage of hurricane losses.

964 (II) "Eligible risks" means personal lines residential and
965 commercial lines residential risks that meet the underwriting
966 criteria of the corporation and are located in areas that were
967 eligible for coverage by the Florida Windstorm Underwriting
968 Association on January 1, 2002.

969 b. The corporation may enter into quota share primary
970 insurance agreements with authorized insurers at corporation
971 coverage levels of 90 percent and 50 percent.

972 c. If the corporation determines that additional coverage
973 levels are necessary to maximize participation in quota share
974 primary insurance agreements by authorized insurers, the
975 corporation may establish additional coverage levels. However,
976 the corporation's quota share primary insurance coverage level
977 may not exceed 90 percent.

978 d. Any quota share primary insurance agreement entered into
979 between an authorized insurer and the corporation must provide
980 for a uniform specified percentage of coverage of hurricane
981 losses, by county or territory as set forth by the corporation
982 board, for all eligible risks of the authorized insurer covered
983 under the agreement.

984 e. Any quota share primary insurance agreement entered into
985 between an authorized insurer and the corporation is subject to
986 review and approval by the office. However, such agreement shall

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987 be authorized only as to insurance contracts entered into
988 between an authorized insurer and an insured who is already
989 insured by the corporation for wind coverage.

990 f. For all eligible risks covered under quota share primary
991 insurance agreements, the exposure and coverage levels for both
992 the corporation and authorized insurers shall be reported by the
993 corporation to the Florida Hurricane Catastrophe Fund. For all
994 policies of eligible risks covered under such agreements, the
995 corporation and the authorized insurer must maintain complete
996 and accurate records for the purpose of exposure and loss
997 reimbursement audits as required by fund rules. The corporation
998 and the authorized insurer shall each maintain duplicate copies
999 of policy declaration pages and supporting claims documents.

1000 g. The corporation board shall establish in its plan of
1001 operation standards for quota share agreements which ensure that
1002 there is no discriminatory application among insurers as to the
1003 terms of the agreements, pricing of the agreements, incentive
1004 provisions if any, and consideration paid for servicing policies
1005 or adjusting claims.

1006 h. The quota share primary insurance agreement between the
1007 corporation and an authorized insurer must set forth the
1008 specific terms under which coverage is provided, including, but
1009 not limited to, the sale and servicing of policies issued under
1010 the agreement by the insurance agent of the authorized insurer
1011 producing the business, the reporting of information concerning
1012 eligible risks, the payment of premium to the corporation, and
1013 arrangements for the adjustment and payment of hurricane claims
1014 incurred on eligible risks by the claims adjuster and personnel
1015 of the authorized insurer. Entering into a quota sharing

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1016 insurance agreement between the corporation and an authorized
1017 insurer is voluntary and at the discretion of the authorized
1018 insurer.

1019 3.a. May provide that the corporation may employ or
1020 otherwise contract with individuals or other entities to provide
1021 administrative or professional services that may be appropriate
1022 to effectuate the plan. The corporation may borrow funds by
1023 issuing bonds or by incurring other indebtedness, and shall have
1024 other powers reasonably necessary to effectuate the requirements
1025 of this subsection, including, without limitation, the power to
1026 issue bonds and incur other indebtedness in order to refinance
1027 outstanding bonds or other indebtedness. The corporation may
1028 seek judicial validation of its bonds or other indebtedness
1029 under chapter 75. The corporation may issue bonds or incur other
1030 indebtedness, or have bonds issued on its behalf by a unit of
1031 local government pursuant to subparagraph (q)2. in the absence
1032 of a hurricane or other weather-related event, upon a
1033 determination by the corporation, subject to approval by the
1034 office, that such action would enable it to efficiently meet the
1035 financial obligations of the corporation and that such
1036 financings are reasonably necessary to effectuate the
1037 requirements of this subsection. The corporation may take all
1038 actions needed to facilitate tax-free status for such bonds or
1039 indebtedness, including formation of trusts or other affiliated
1040 entities. The corporation may pledge assessments, projected
1041 recoveries from the Florida Hurricane Catastrophe Fund, other
1042 reinsurance recoverables, policyholder surcharges and other
1043 surcharges, and other funds available to the corporation as
1044 security for bonds or other indebtedness. In recognition of s.

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1045 10, Art. I of the State Constitution, prohibiting the impairment
1046 of obligations of contracts, it is the intent of the Legislature
1047 that no action be taken whose purpose is to impair any bond
1048 indenture or financing agreement or any revenue source committed
1049 by contract to such bond or other indebtedness.

1050 b. To ensure that the corporation is operating in an
1051 efficient and economic manner while providing quality service to
1052 policyholders, applicants, and agents, the board shall
1053 commission an independent third-party consultant having
1054 expertise in insurance company management or insurance company
1055 management consulting to prepare a report and make
1056 recommendations on the relative costs and benefits of
1057 outsourcing various policy issuance and service functions to
1058 private servicing carriers or entities performing similar
1059 functions in the private market for a fee, rather than
1060 performing such functions in-house. In making such
1061 recommendations, the consultant shall consider how other
1062 residual markets, both in this state and around the country,
1063 outsource appropriate functions or use servicing carriers to
1064 better match expenses with revenues that fluctuate based on a
1065 widely varying policy count. The report must be completed by
1066 July 1, 2012. Upon receiving the report, the board shall develop
1067 a plan to implement the report and submit the plan for review,
1068 modification, and approval to the Financial Services Commission.
1069 Upon the commission's approval of the plan, the board shall
1070 begin implementing the plan by January 1, 2013.

1071 4. Must require that the corporation operate subject to the
1072 supervision and approval of a board of governors consisting of
1073 nine ~~eight~~ individuals who are residents of this state and who

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1074 are, from different geographical areas of the this state, one of
1075 whom is appointed by the Governor and serves solely to advocate
1076 on behalf of the consumer. The appointment of a consumer
1077 representative by the Governor is in addition to the
1078 appointments authorized under sub-subparagraph a.

1079 a. The Governor, the Chief Financial Officer, the President
1080 of the Senate, and the Speaker of the House of Representatives
1081 shall each appoint two members of the board. At least one of the
1082 two members appointed by each appointing officer must have
1083 demonstrated expertise in insurance and is deemed to be within
1084 the scope of the exemption provided in s. 112.313(7)(b). The
1085 Chief Financial Officer shall designate one of the appointees as
1086 chair. All board members serve at the pleasure of the appointing
1087 officer. All members of the board are subject to removal at will
1088 by the officers who appointed them. All board members, including
1089 the chair, must be appointed to serve for 3-year terms beginning
1090 annually on a date designated by the plan. However, for the
1091 first term beginning on or after July 1, 2009, each appointing
1092 officer shall appoint one member of the board for a 2-year term
1093 and one member for a 3-year term. A board vacancy shall be
1094 filled for the unexpired term by the appointing officer. The
1095 Chief Financial Officer shall appoint a technical advisory group
1096 to provide information and advice to the board in connection
1097 with the board's duties under this subsection. The executive
1098 director and senior managers of the corporation shall be engaged
1099 by the board and serve at the pleasure of the board. Any
1100 executive director appointed on or after July 1, 2006, is
1101 subject to confirmation by the Senate. The executive director is
1102 responsible for employing other staff as the corporation may

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1103 require, subject to review and concurrence by the board.

1104 b. The board shall create a Market Accountability Advisory
1105 Committee to assist the corporation in developing awareness of
1106 its rates and its customer and agent service levels in
1107 relationship to the voluntary market insurers writing similar
1108 coverage.

1109 (I) The members of the advisory committee consist of the
1110 following 11 persons, one of whom must be elected chair by the
1111 members of the committee: four representatives, one appointed by
1112 the Florida Association of Insurance Agents, one by the Florida
1113 Association of Insurance and Financial Advisors, one by the
1114 Professional Insurance Agents of Florida, and one by the Latin
1115 American Association of Insurance Agencies; three
1116 representatives appointed by the insurers with the three highest
1117 voluntary market share of residential property insurance
1118 business in the state; one representative from the Office of
1119 Insurance Regulation; one consumer appointed by the board who is
1120 insured by the corporation at the time of appointment to the
1121 committee; one representative appointed by the Florida
1122 Association of Realtors; and one representative appointed by the
1123 Florida Bankers Association. All members shall be appointed to
1124 3-year terms and may serve for consecutive terms.

1125 (II) The committee shall report to the corporation at each
1126 board meeting on insurance market issues which may include rates
1127 and rate competition with the voluntary market; service,
1128 including policy issuance, claims processing, and general
1129 responsiveness to policyholders, applicants, and agents; and
1130 matters relating to depopulation.

1131 5. Must provide a procedure for determining the eligibility

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1132 of a risk for coverage, as follows:

1133 a. Subject to s. 627.3517, with respect to personal lines
1134 residential risks, if the risk is offered coverage from an
1135 authorized insurer at the insurer's approved rate under a
1136 standard policy including wind coverage or, if consistent with
1137 the insurer's underwriting rules as filed with the office, a
1138 basic policy including wind coverage, for a new application to
1139 the corporation for coverage, the risk is not eligible for any
1140 policy issued by the corporation unless the premium for coverage
1141 from the authorized insurer is more than 15 percent greater than
1142 the premium for comparable coverage from the corporation.

1143 Whenever an offer of coverage for a personal lines residential
1144 risk is received for a policyholder of the corporation at
1145 renewal from an authorized insurer, if the offer is equal to or
1146 less than the corporation's renewal premium for comparable
1147 coverage, the risk is not eligible for coverage with the
1148 corporation. If the risk is not able to obtain such offer, the
1149 risk is eligible for a standard policy including wind coverage
1150 or a basic policy including wind coverage issued by the
1151 corporation; however, if the risk could not be insured under a
1152 standard policy including wind coverage regardless of market
1153 conditions, the risk is eligible for a basic policy including
1154 wind coverage unless rejected under subparagraph 8. However, ~~a~~
1155 ~~policyholder of the corporation or~~ a policyholder removed from
1156 the corporation through an assumption agreement remains eligible
1157 for coverage from the corporation until the end of the
1158 assumption period ~~remains eligible for coverage from the~~
1159 ~~corporation regardless of any offer of coverage from an~~
1160 ~~authorized insurer or surplus lines insurer.~~ The corporation

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1161 shall determine the type of policy to be provided on the basis
1162 of objective standards specified in the underwriting manual and
1163 based on generally accepted underwriting practices.

1164 (I) If the risk accepts an offer of coverage through the
1165 market assistance plan or through a mechanism established by the
1166 corporation other than a plan established by s. 627.3518, before
1167 a policy is issued to the risk by the corporation or during the
1168 first 30 days of coverage by the corporation, and the producing
1169 agent who submitted the application to the plan or to the
1170 corporation is not currently appointed by the insurer, the
1171 insurer shall:

1172 (A) Pay to the producing agent of record of the policy for
1173 the first year, an amount that is the greater of the insurer's
1174 usual and customary commission for the type of policy written or
1175 a fee equal to the usual and customary commission of the
1176 corporation; or

1177 (B) Offer to allow the producing agent of record of the
1178 policy to continue servicing the policy for at least 1 year and
1179 offer to pay the agent the greater of the insurer's or the
1180 corporation's usual and customary commission for the type of
1181 policy written.

1182

1183 If the producing agent is unwilling or unable to accept
1184 appointment, the new insurer shall pay the agent in accordance
1185 with sub-sub-sub-subparagraph (A).

1186 (II) If the corporation enters into a contractual agreement
1187 for a take-out plan, the producing agent of record of the
1188 corporation policy is entitled to retain any unearned commission
1189 on the policy, and the insurer shall:

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1190 (A) Pay to the producing agent of record, for the first
1191 year, an amount that is the greater of the insurer's usual and
1192 customary commission for the type of policy written or a fee
1193 equal to the usual and customary commission of the corporation;
1194 or

1195 (B) Offer to allow the producing agent of record to
1196 continue servicing the policy for at least 1 year and offer to
1197 pay the agent the greater of the insurer's or the corporation's
1198 usual and customary commission for the type of policy written.
1199

1200 If the producing agent is unwilling or unable to accept
1201 appointment, the new insurer shall pay the agent in accordance
1202 with sub-sub-sub-subparagraph (A).

1203 b. With respect to commercial lines residential risks, for
1204 a new application to the corporation for coverage, if the risk
1205 is offered coverage under a policy including wind coverage from
1206 an authorized insurer at its approved rate, the risk is not
1207 eligible for a policy issued by the corporation unless the
1208 premium for coverage from the authorized insurer is more than 15
1209 percent greater than the premium for comparable coverage from
1210 the corporation. Whenever an offer of coverage for a commercial
1211 lines residential risk is received for a policyholder of the
1212 corporation at renewal from an authorized insurer, if the offer
1213 is equal to or less than the corporation's renewal premium for
1214 comparable coverage, the risk is not eligible for coverage with
1215 the corporation. If the risk is not able to obtain any such
1216 offer, the risk is eligible for a policy including wind coverage
1217 issued by the corporation. However, ~~a policyholder of the~~
1218 ~~corporation or~~ a policyholder removed from the corporation

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1219 through an assumption agreement remains eligible for coverage
1220 from the corporation until the end of the assumption period
1221 ~~remains eligible for coverage from the corporation regardless of~~
1222 ~~an offer of coverage from an authorized insurer or surplus lines~~
1223 ~~insurer.~~

1224 (I) If the risk accepts an offer of coverage through the
1225 market assistance plan or through a mechanism established by the
1226 corporation other than a plan established by s. 627.3518, before
1227 a policy is issued to the risk by the corporation or during the
1228 first 30 days of coverage by the corporation, and the producing
1229 agent who submitted the application to the plan or the
1230 corporation is not currently appointed by the insurer, the
1231 insurer shall:

1232 (A) Pay to the producing agent of record of the policy, for
1233 the first year, an amount that is the greater of the insurer's
1234 usual and customary commission for the type of policy written or
1235 a fee equal to the usual and customary commission of the
1236 corporation; or

1237 (B) Offer to allow the producing agent of record of the
1238 policy to continue servicing the policy for at least 1 year and
1239 offer to pay the agent the greater of the insurer's or the
1240 corporation's usual and customary commission for the type of
1241 policy written.

1242
1243 If the producing agent is unwilling or unable to accept
1244 appointment, the new insurer shall pay the agent in accordance
1245 with sub-sub-sub-subparagraph (A).

1246 (II) If the corporation enters into a contractual agreement
1247 for a take-out plan, the producing agent of record of the

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1248 corporation policy is entitled to retain any unearned commission
1249 on the policy, and the insurer shall:

1250 (A) Pay to the producing agent of record, for the first
1251 year, an amount that is the greater of the insurer's usual and
1252 customary commission for the type of policy written or a fee
1253 equal to the usual and customary commission of the corporation;
1254 or

1255 (B) Offer to allow the producing agent of record to
1256 continue servicing the policy for at least 1 year and offer to
1257 pay the agent the greater of the insurer's or the corporation's
1258 usual and customary commission for the type of policy written.

1259
1260 If the producing agent is unwilling or unable to accept
1261 appointment, the new insurer shall pay the agent in accordance
1262 with sub-sub-sub-subparagraph (A).

1263 c. For purposes of determining comparable coverage under
1264 sub-subparagraphs a. and b., the comparison must be based on
1265 those forms and coverages that are reasonably comparable. The
1266 corporation may rely on a determination of comparable coverage
1267 and premium made by the producing agent who submits the
1268 application to the corporation, made in the agent's capacity as
1269 the corporation's agent. A comparison may be made solely of the
1270 premium with respect to the main building or structure only on
1271 the following basis: the same coverage A or other building
1272 limits; the same percentage hurricane deductible that applies on
1273 an annual basis or that applies to each hurricane for commercial
1274 residential property; the same percentage of ordinance and law
1275 coverage, if the same limit is offered by both the corporation
1276 and the authorized insurer; the same mitigation credits, to the

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1277 extent the same types of credits are offered both by the
1278 corporation and the authorized insurer; the same method for loss
1279 payment, such as replacement cost or actual cash value, if the
1280 same method is offered both by the corporation and the
1281 authorized insurer in accordance with underwriting rules; and
1282 any other form or coverage that is reasonably comparable as
1283 determined by the board. If an application is submitted to the
1284 corporation for wind-only coverage in the coastal account, the
1285 premium for the corporation's wind-only policy plus the premium
1286 for the ex-wind policy that is offered by an authorized insurer
1287 to the applicant must be compared to the premium for multiperil
1288 coverage offered by an authorized insurer, subject to the
1289 standards for comparison specified in this subparagraph. If the
1290 corporation or the applicant requests from the authorized
1291 insurer a breakdown of the premium of the offer by types of
1292 coverage so that a comparison may be made by the corporation or
1293 its agent and the authorized insurer refuses or is unable to
1294 provide such information, the corporation may treat the offer as
1295 not being an offer of coverage from an authorized insurer at the
1296 insurer's approved rate.

1297 6. Must include rules for classifications of risks and
1298 rates.

1299 7. Must provide that if premium and investment income for
1300 an account attributable to a particular calendar year are in
1301 excess of projected losses and expenses for the account
1302 attributable to that year, such excess shall be held in surplus
1303 in the account. Such surplus must be available to defray
1304 deficits in that account as to future years and used for that
1305 purpose before assessing assessable insurers and assessable

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1306 insureds as to any calendar year.

1307 8. Must provide objective criteria and procedures to be
1308 uniformly applied to all applicants in determining whether an
1309 individual risk is so hazardous as to be uninsurable. In making
1310 this determination and in establishing the criteria and
1311 procedures, the following must be considered:

1312 a. Whether the likelihood of a loss for the individual risk
1313 is substantially higher than for other risks of the same class;
1314 and

1315 b. Whether the uncertainty associated with the individual
1316 risk is such that an appropriate premium cannot be determined.

1317
1318 The acceptance or rejection of a risk by the corporation shall
1319 be construed as the private placement of insurance, and the
1320 provisions of chapter 120 do not apply.

1321 9. Must provide that the corporation make its best efforts
1322 to procure catastrophe reinsurance at reasonable rates, to cover
1323 its projected 100-year probable maximum loss as determined by
1324 the board of governors.

1325 10. The policies issued by the corporation must provide
1326 that if the corporation or the market assistance plan obtains an
1327 offer from an authorized insurer to cover the risk at its
1328 approved rates, the risk is no longer eligible for renewal
1329 through the corporation, except as otherwise provided in this
1330 subsection.

1331 11. Corporation policies and applications must include a
1332 notice that the corporation policy could, under this section, be
1333 replaced with a policy issued by an authorized insurer which
1334 does not provide coverage identical to the coverage provided by

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1335 the corporation. The notice must also specify that acceptance of
1336 corporation coverage creates a conclusive presumption that the
1337 applicant or policyholder is aware of this potential.

1338 12. May establish, subject to approval by the office,
1339 different eligibility requirements and operational procedures
1340 for any line or type of coverage for any specified county or
1341 area if the board determines that such changes are justified due
1342 to the voluntary market being sufficiently stable and
1343 competitive in such area or for such line or type of coverage
1344 and that consumers who, in good faith, are unable to obtain
1345 insurance through the voluntary market through ordinary methods
1346 continue to have access to coverage from the corporation. If
1347 coverage is sought in connection with a real property transfer,
1348 the requirements and procedures may not provide an effective
1349 date of coverage later than the date of the closing of the
1350 transfer as established by the transferor, the transferee, and,
1351 if applicable, the lender.

1352 13. Must provide that, with respect to the coastal account,
1353 any assessable insurer with a surplus as to policyholders of \$25
1354 million or less writing 25 percent or more of its total
1355 countrywide property insurance premiums in this state may
1356 petition the office, within the first 90 days of each calendar
1357 year, to qualify as a limited apportionment company. A regular
1358 assessment levied by the corporation on a limited apportionment
1359 company for a deficit incurred by the corporation for the
1360 coastal account may be paid to the corporation on a monthly
1361 basis as the assessments are collected by the limited
1362 apportionment company from its insureds, but a limited
1363 apportionment company must begin collecting the regular

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1364 assessments not later than 90 days after the regular assessments
1365 are levied by the corporation, and the regular assessments must
1366 be paid in full within 15 months after being levied by the
1367 corporation. A limited apportionment company shall collect from
1368 its policyholders any emergency assessment imposed under sub-
1369 subparagraph (b)3.d. The plan must provide that, if the office
1370 determines that any regular assessment will result in an
1371 impairment of the surplus of a limited apportionment company,
1372 the office may direct that all or part of such assessment be
1373 deferred as provided in subparagraph (q)4. However, an emergency
1374 assessment to be collected from policyholders under sub-
1375 subparagraph (b)3.d. may not be limited or deferred.

1376 14. Must provide that the corporation appoint as its
1377 licensed agents only those agents who also hold an appointment
1378 as defined in s. 626.015(3) with an insurer who at the time of
1379 the agent's initial appointment by the corporation is authorized
1380 to write and is actually writing personal lines residential
1381 property coverage, commercial residential property coverage, or
1382 commercial nonresidential property coverage within the state.

1383 15. Must provide a premium payment plan option to its
1384 policyholders which, at a minimum, allows for quarterly and
1385 semiannual payment of premiums. A monthly payment plan may, but
1386 is not required to, be offered.

1387 16. Must limit coverage on mobile homes or manufactured
1388 homes built before 1994 to actual cash value of the dwelling
1389 rather than replacement costs of the dwelling.

1390 17. May provide such limits of coverage as the board
1391 determines, consistent with the requirements of this subsection.

1392 18. May require commercial property to meet specified

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1393 hurricane mitigation construction features as a condition of
1394 eligibility for coverage.

1395 19. Must provide that new or renewal policies issued by the
1396 corporation on or after January 1, 2012, which cover sinkhole
1397 loss do not include coverage for any loss to appurtenant
1398 structures, driveways, sidewalks, decks, or patios that are
1399 directly or indirectly caused by sinkhole activity. The
1400 corporation shall exclude such coverage using a notice of
1401 coverage change, which may be included with the policy renewal,
1402 and not by issuance of a notice of nonrenewal of the excluded
1403 coverage upon renewal of the current policy.

1404 20. As of January 1, 2012, must require that the agent
1405 obtain from an applicant for coverage from the corporation an
1406 acknowledgment signed by the applicant, which includes, at a
1407 minimum, the following statement:

1408 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
1409 AND ASSESSMENT LIABILITY:

1410 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1411 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
1412 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1413 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1414 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1415 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1416 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1417 LEGISLATURE.

1418 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1419 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1420 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
1421 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN

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1422 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1423 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1424 ARE REGULATED AND APPROVED BY THE STATE.

1425 3.2. I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
1426 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1427 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1428 FLORIDA LEGISLATURE.

1429 4.3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
1430 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1431 STATE OF FLORIDA.

1432 a. The corporation shall maintain, in electronic format or
1433 otherwise, a copy of the applicant's signed acknowledgment and
1434 provide a copy of the statement to the policyholder as part of
1435 the first renewal after the effective date of this subparagraph.

1436 b. The signed acknowledgment form creates a conclusive
1437 presumption that the policyholder understood and accepted his or
1438 her potential surcharge and assessment liability as a
1439 policyholder of the corporation.

1440 (i)1. The Office of the Internal Auditor is established
1441 within the corporation to provide a central point for
1442 coordination of and responsibility for activities that promote
1443 accountability, integrity, and efficiency to the policyholders
1444 and to the taxpayers of this state. The internal auditor shall
1445 be appointed by the board of governors, shall report to and be
1446 under the general supervision of the board of governors, and is
1447 not subject to supervision by an ~~any~~ employee of the
1448 corporation. Administrative staff and support shall be provided
1449 by the corporation. The internal auditor shall be appointed
1450 without regard to political affiliation. It is the duty and

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1451 responsibility of the internal auditor to:

1452 a. Provide direction for, supervise, conduct, and
1453 coordinate audits, investigations, and management reviews
1454 relating to the programs and operations of the corporation.

1455 b. Conduct, supervise, or coordinate other activities
1456 carried out or financed by the corporation for the purpose of
1457 promoting efficiency in the administration of, or preventing and
1458 detecting fraud, abuse, and mismanagement in, its programs and
1459 operations.

1460 c. Submit final audit reports, reviews, or investigative
1461 reports to the board of governors, the executive director, the
1462 members of the Financial Services Commission, and the President
1463 of the Senate and the Speaker of the House of Representatives.

1464 d. Keep the board of governors informed concerning fraud,
1465 abuses, and internal control deficiencies relating to programs
1466 and operations administered or financed by the corporation,
1467 recommend corrective action, and report on the progress made in
1468 implementing corrective action.

1469 e. Cooperate and coordinate activities with the
1470 corporation's inspector general ~~Report expeditiously to the~~
1471 ~~Department of Law Enforcement or other law enforcement agencies,~~
1472 ~~as appropriate, whenever the internal auditor has reasonable~~
1473 ~~grounds to believe there has been a violation of criminal law.~~

1474 2. On or before February 15, the internal auditor shall
1475 prepare an annual report evaluating the effectiveness of the
1476 internal controls of the corporation and providing
1477 recommendations for corrective action, if necessary, and
1478 summarizing the audits, reviews, and investigations conducted by
1479 the office during the preceding fiscal year. The final report

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1480 shall be furnished to the board of governors and the executive
1481 director, the President of the Senate, the Speaker of the House
1482 of Representatives, and the Financial Services Commission.

1483 (k)1. The corporation shall establish and maintain a unit
1484 or division to investigate possible fraudulent claims by
1485 insureds or by persons making claims for services or repairs
1486 against policies held by insureds; or it may contract with
1487 others to investigate possible fraudulent claims for services or
1488 repairs against policies held by the corporation pursuant to s.
1489 626.9891. The corporation must comply with reporting
1490 requirements of s. 626.9891. An employee of the corporation
1491 shall notify the corporation's Office of the Inspector General
1492 ~~Internal Auditor~~ and the Division of Insurance Fraud within 48
1493 hours after having information that would lead a reasonable
1494 person to suspect that fraud may have been committed by any
1495 employee of the corporation.

1496 2. The corporation shall establish a unit or division
1497 responsible for receiving and responding to consumer complaints,
1498 which unit or division is the sole responsibility of a senior
1499 manager of the corporation.

1500 (q)1. The corporation shall certify to the office its needs
1501 for annual assessments as to a particular calendar year, and for
1502 any interim assessments that it deems to be necessary to sustain
1503 operations as to a particular year pending the receipt of annual
1504 assessments. Upon verification, the office shall approve such
1505 certification, and the corporation shall levy such annual or
1506 interim assessments. Such assessments shall be prorated as
1507 provided in paragraph (b). The corporation shall take all
1508 reasonable and prudent steps necessary to collect the amount of

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1509 assessments due from each assessable insurer, including, if
1510 prudent, filing suit to collect the assessments, and the office
1511 may provide such assistance to the corporation it deems
1512 appropriate. If the corporation is unable to collect an
1513 assessment from any assessable insurer, the uncollected
1514 assessments shall be levied as an additional assessment against
1515 the assessable insurers and any assessable insurer required to
1516 pay an additional assessment as a result of such failure to pay
1517 shall have a cause of action against such nonpaying assessable
1518 insurer. Assessments shall be included as an appropriate factor
1519 in the making of rates. The failure of a surplus lines agent to
1520 collect and remit any regular or emergency assessment levied by
1521 the corporation is considered to be a violation of s. 626.936
1522 and subjects the surplus lines agent to the penalties provided
1523 in that section.

1524 2. The governing body of any unit of local government, any
1525 residents of which are insured by the corporation, may issue
1526 bonds as defined in s. 125.013 or s. 166.101 from time to time
1527 to fund an assistance program, in conjunction with the
1528 corporation, for the purpose of defraying deficits of the
1529 corporation. In order to avoid needless and indiscriminate
1530 proliferation, duplication, and fragmentation of such assistance
1531 programs, any unit of local government, any residents of which
1532 are insured by the corporation, may provide for the payment of
1533 losses, regardless of whether or not the losses occurred within
1534 or outside of the territorial jurisdiction of the local
1535 government. Revenue bonds under this subparagraph may not be
1536 issued until validated pursuant to chapter 75, unless a state of
1537 emergency is declared by executive order or proclamation of the

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1538 Governor pursuant to s. 252.36 making such findings as are
1539 necessary to determine that it is in the best interests of, and
1540 necessary for, the protection of the public health, safety, and
1541 general welfare of residents of this state and declaring it an
1542 essential public purpose to permit certain municipalities or
1543 counties to issue such bonds as will permit relief to claimants
1544 and policyholders of the corporation. Any such unit of local
1545 government may enter into such contracts with the corporation
1546 and with any other entity created pursuant to this subsection as
1547 are necessary to carry out this paragraph. Any bonds issued
1548 under this subparagraph shall be payable from and secured by
1549 moneys received by the corporation from emergency assessments
1550 under sub-subparagraph (b)3.d., and assigned and pledged to or
1551 on behalf of the unit of local government for the benefit of the
1552 holders of such bonds. The funds, credit, property, and taxing
1553 power of the state or of the unit of local government shall not
1554 be pledged for the payment of such bonds.

1555 3.a. The corporation shall adopt one or more programs
1556 subject to approval by the office for the reduction of both new
1557 and renewal writings in the corporation. Beginning January 1,
1558 2008, any program the corporation adopts for the payment of
1559 bonuses to an insurer for each risk the insurer removes from the
1560 corporation shall comply with s. 627.3511(2) and may not exceed
1561 the amount referenced in s. 627.3511(2) for each risk removed.
1562 The corporation may consider any prudent and not unfairly
1563 discriminatory approach to reducing corporation writings, and
1564 may adopt a credit against assessment liability or other
1565 liability that provides an incentive for insurers to take risks
1566 out of the corporation and to keep risks out of the corporation

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1567 by maintaining or increasing voluntary writings in counties or
1568 areas in which corporation risks are highly concentrated and a
1569 program to provide a formula under which an insurer voluntarily
1570 taking risks out of the corporation by maintaining or increasing
1571 voluntary writings will be relieved wholly or partially from
1572 assessments under sub-subparagraph (b)3.a. However, any "take-
1573 out bonus" or payment to an insurer must be conditioned on the
1574 property being insured for at least 5 years by the insurer,
1575 unless canceled or nonrenewed by the policyholder. If the policy
1576 is canceled or nonrenewed by the policyholder before the end of
1577 the 5-year period, the amount of the take-out bonus must be
1578 prorated for the time period the policy was insured. When the
1579 corporation enters into a contractual agreement for a take-out
1580 plan, the producing agent of record of the corporation policy is
1581 entitled to retain any unearned commission on such policy, and
1582 the insurer shall either:

1583 (I) Pay to the producing agent of record of the policy, for
1584 the first year, an amount which is the greater of the insurer's
1585 usual and customary commission for the type of policy written or
1586 a policy fee equal to the usual and customary commission of the
1587 corporation; or

1588 (II) Offer to allow the producing agent of record of the
1589 policy to continue servicing the policy for a period of not less
1590 than 1 year and offer to pay the agent the insurer's usual and
1591 customary commission for the type of policy written. If the
1592 producing agent is unwilling or unable to accept appointment by
1593 the new insurer, the new insurer shall pay the agent in
1594 accordance with sub-sub-subparagraph (I).

1595 b. Any credit or exemption from regular assessments adopted

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1596 under this subparagraph shall last no longer than the 3 years
1597 following the cancellation or expiration of the policy by the
1598 corporation. With the approval of the office, the board may
1599 extend such credits for an additional year if the insurer
1600 guarantees an additional year of renewability for all policies
1601 removed from the corporation, or for 2 additional years if the
1602 insurer guarantees 2 additional years of renewability for all
1603 policies so removed.

1604 c. There shall be no credit, limitation, exemption, or
1605 deferment from emergency assessments to be collected from
1606 policyholders pursuant to sub-subparagraph (b)3.d.

1607 4. The plan shall provide for the deferment, in whole or in
1608 part, of the assessment of an assessable insurer, other than an
1609 emergency assessment collected from policyholders pursuant to
1610 sub-subparagraph (b)3.d., if the office finds that payment of
1611 the assessment would endanger or impair the solvency of the
1612 insurer. In the event an assessment against an assessable
1613 insurer is deferred in whole or in part, the amount by which
1614 such assessment is deferred may be assessed against the other
1615 assessable insurers in a manner consistent with the basis for
1616 assessments set forth in paragraph (b).

1617 5. Effective July 1, 2007, in order to evaluate the costs
1618 and benefits of approved take-out plans, if the corporation pays
1619 a bonus or other payment to an insurer for an approved take-out
1620 plan, it shall maintain a record of the address or such other
1621 identifying information on the property or risk removed in order
1622 to track if and when the property or risk is later insured by
1623 the corporation.

1624 6. Any policy taken out, assumed, or removed from the

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1625 corporation is, as of the effective date of the take-out,
1626 assumption, or removal, direct insurance issued by the insurer
1627 and not by the corporation, even if the corporation continues to
1628 service the policies. This subparagraph applies to policies of
1629 the corporation and not policies taken out, assumed, or removed
1630 from any other entity.

1631 7. For a policy taken out, assumed, or removed from the
1632 corporation, the insurer may, for a period of no more than 3
1633 years, continue to use any of the corporation's policy forms or
1634 endorsements that apply to the policy taken out, removed, or
1635 assumed without obtaining approval from the office for use of
1636 such policy form or endorsement.

1637 (gg) The Office of Inspector General is established within
1638 the corporation to provide a central point for coordination of
1639 and responsibility for activities that promote accountability,
1640 integrity, and efficiency. The office shall be headed by an
1641 inspector general, which is a senior management position that
1642 involves planning, coordinating, and performing activities
1643 assigned to and assumed by the inspector general for the
1644 corporation.

1645 1. The inspector general shall be appointed by the
1646 Financial Services Commission and may only be removed from
1647 office by the commission. The inspector general shall be
1648 appointed without regard to political affiliation.

1649 a. At a minimum, the inspector general must possess a
1650 bachelor's degree from an accredited college or university and 8
1651 years of professional experience related to the duties of an
1652 inspector general as described in this paragraph, of which 5
1653 years must have been at a supervisory level.

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1654 b. The inspector general shall report to, and be under the
1655 supervision of, the chair of the board of governors. The
1656 executive director or corporation staff may not prevent or
1657 prohibit the inspector general from initiating, carrying out, or
1658 completing any audit, review, evaluation, study, or
1659 investigation.

1660 2. The inspector general shall initiate, direct,
1661 coordinate, participate in, and perform audits, reviews,
1662 evaluations, studies, and investigations designed to assess
1663 management practices; compliance with laws, rules, and policies;
1664 and program effectiveness and efficiency. This includes:

1665 a. Conducting internal examinations; investigating
1666 allegations of fraud, waste, abuse, malfeasance, mismanagement,
1667 employee misconduct, or violations of corporation policies; and
1668 conducting any other investigations as directed by the Financial
1669 Services Commission or as independently determined.

1670 b. Evaluating and recommending actions regarding security,
1671 the ethical behavior of personnel and vendors, and compliance
1672 with rules, laws, policies, and personnel matters; and rendering
1673 ethics opinions.

1674 c. Evaluating personnel and administrative policy
1675 compliance, management and operational matters, and human
1676 resources-related matters.

1677 d. Evaluating the application of a corporation code of
1678 ethics, providing reviews and recommendations on the design and
1679 content of ethics-related policy training courses, educating
1680 employees on the code and on appropriate conduct, and checking
1681 for compliance.

1682 e. Evaluating the activities of the senior management team

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1683 and management's compliance with recommended solutions.

1684 f. Cooperating and coordinating activities with the chief
1685 of internal audit.

1686 g. Maintaining records of investigations and discipline in
1687 accordance with established policies, or as otherwise required.

1688 h. Supervising and directing the tasks and assignments of
1689 the staff assigned to assist with the inspector general's
1690 projects, including regular review and feedback regarding work
1691 in progress and providing recommendations regarding relevant
1692 training and staff development activities.

1693 i. Directing, planning, preparing, and presenting interim
1694 and final reports and oral briefings which communicate the
1695 results of studies, reviews, and investigations.

1696 j. Providing the executive director with independent and
1697 objective assessments of programs and activities.

1698 k. Completing special projects, assignments, and other
1699 duties as requested by the Financial Services Commission.

1700 l. Reporting expeditiously to the Department of Law
1701 Enforcement or other law enforcement agencies, as appropriate,
1702 whenever the inspector general has reasonable grounds to believe
1703 there has been a violation of criminal law.

1704 (hh) The corporation must prepare a report for each
1705 calendar year outlining both the statewide average and county-
1706 specific details of the loss ratio attributable to losses that
1707 are not catastrophic losses for residential coverage provided by
1708 the corporation, which information must be presented to the
1709 office and available for public inspection on the Internet
1710 website of the corporation by January 15th of the following
1711 calendar year.

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1712 Section 8. Effective October 1, 2013, paragraphs (e) and
1713 (t) of subsection (6) of section 627.351, Florida Statutes, are
1714 amended to read:

1715 627.351 Insurance risk apportionment plans.—

1716 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1717 (e) The corporation is subject to s. 287.057 for the
1718 purchase of commodities and contractual services except as
1719 otherwise provided in this paragraph. Services provided by
1720 traders or technical experts to assist a licensed adjuster
1721 in the evaluation of individual claims are not subject to the
1722 procurement requirements of this section. Additionally, the
1723 procurement of financial services providers and underwriters
1724 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~
1725 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~
1726 ~~receipt of written quotes, written record of telephone quotes,~~
1727 ~~or informal bids, whenever practical. The procurement of goods~~
1728 ~~or services valued at or over \$25,000 shall be subject to~~
1729 ~~competitive solicitation, except in situations where the goods~~
1730 ~~or services are provided by a sole source or are deemed an~~
1731 ~~emergency purchase; the services are exempted from competitive~~
1732 ~~solicitation requirements under s. 287.057(3)(f); or the~~
1733 ~~procurement of services is subject to s. 627.3513. Justification~~
1734 ~~for the sole sourcing or emergency procurement must be~~
1735 ~~documented.~~ Contracts for goods or services valued at or more
1736 than ~~over~~ \$100,000 are subject to approval by the board.

1737 1. The corporation is an agency for purposes of s. 287.057,
1738 except that, for purposes of s. 287.057(22), the corporation is
1739 an eligible user.

1740 a. The authority of the Department of Management Services

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1741 and the Chief Financial Officer under s. 287.057 extends to the
1742 corporation as if the corporation were an agency.

1743 b. The executive director of the corporation is the agency
1744 head under s. 287.057, except for resolution of bid protests for
1745 which the board would serve as the agency head.

1746 2. The corporation must provide notice of a decision or
1747 intended decision concerning a solicitation, contract award, or
1748 exceptional purchase by electronic posting. Such notice must
1749 contain the following statement: "Failure to file a protest
1750 within the time prescribed in this section constitutes a waiver
1751 of proceedings."

1752 a. A person adversely affected by the corporation's
1753 decision or intended decision to award a contract pursuant to s.
1754 287.057(1) or s. 287.057(3)(c) who elects to challenge the
1755 decision must file a written notice of protest with the
1756 executive director of the corporation within 72 hours after the
1757 corporation posts a notice of its decision or intended decision.
1758 For a protest of the terms, conditions, and specifications
1759 contained in a solicitation, including any provisions governing
1760 the methods for ranking bids, proposals, replies, awarding
1761 contracts, reserving rights of further negotiation, or modifying
1762 or amending any contract, the notice of protest must be filed in
1763 writing within 72 hours after the posting of the solicitation.
1764 Saturdays, Sundays, and state holidays are excluded in the
1765 computation of the 72-hour time period.

1766 b. A formal written protest must be filed within 10 days
1767 after the date the notice of protest is filed. The formal
1768 written protest must state with particularity the facts and law
1769 upon which the protest is based. Upon receipt of a formal

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1770 written protest that has been timely filed, the corporation must
1771 stop the solicitation or contract award process until the
1772 subject of the protest is resolved by final board action unless
1773 the executive director sets forth in writing particular facts
1774 and circumstances that require the continuance of the
1775 solicitation or contract award process without delay in order to
1776 avoid an immediate and serious danger to the public health,
1777 safety, or welfare. The corporation must provide an opportunity
1778 to resolve the protest by mutual agreement between the parties
1779 within 7 business days after receipt of the formal written
1780 protest. If the subject of a protest is not resolved by mutual
1781 agreement within 7 business days, the corporation's board must
1782 place the protest on the agenda and resolve it at its next
1783 regularly scheduled meeting. The protest must be heard by the
1784 board at a publicly noticed meeting in accordance with
1785 procedures established by the board.

1786 c. In a protest of an invitation-to-bid or request-for-
1787 proposals procurement, submissions made after the bid or
1788 proposal opening which amend or supplement the bid or proposal
1789 may not be considered. In protesting an invitation-to-negotiate
1790 procurement, submissions made after the corporation announces
1791 its intent to award a contract, reject all replies, or withdraw
1792 the solicitation that amends or supplements the reply may not be
1793 considered. Unless otherwise provided by law, the burden of
1794 proof rests with the party protesting the corporation's action.
1795 In a competitive-procurement protest, other than a rejection of
1796 all bids, proposals, or replies, the corporation's board must
1797 conduct a de novo proceeding to determine whether the
1798 corporation's proposed action is contrary to the corporation's

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1799 governing statutes, the corporation's rules or policies, or the
1800 solicitation specifications. The standard of proof for the
1801 proceeding is whether the corporation's action was clearly
1802 erroneous, contrary to competition, arbitrary, or capricious. In
1803 any bid-protest proceeding contesting an intended corporation
1804 action to reject all bids, proposals, or replies, the standard
1805 of review by the board is whether the corporation's intended
1806 action is illegal, arbitrary, dishonest, or fraudulent.

1807 d. Failure to file a notice of protest or failure to file a
1808 formal written protest constitutes a waiver of proceedings.

1809 3. Contract actions and decisions by the board under this
1810 paragraph are final. Any further legal remedy must be made in
1811 the Circuit Court of Leon County.

1812 (t) For the purposes of s. 199.183(1), the corporation
1813 shall be considered a political subdivision of the state and
1814 shall be exempt from the corporate income tax. The premiums,
1815 assessments, investment income, and other revenue of the
1816 corporation are funds received for providing property insurance
1817 coverage as required by this subsection, paying claims for
1818 Florida citizens insured by the corporation, securing and
1819 repaying debt obligations issued by the corporation, and
1820 conducting all other activities of the corporation, and shall
1821 not be considered taxes, fees, licenses, or charges for services
1822 imposed by the Legislature on individuals, businesses, or
1823 agencies outside state government. Bonds and other debt
1824 obligations issued by or on behalf of the corporation are not to
1825 be considered "state bonds" within the meaning of s. 215.58(8).
1826 The corporation is ~~not~~ subject to the procurement provisions of
1827 chapter 287 as provided in paragraph (e), and policies and

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1828 decisions of the corporation relating to incurring debt, levying
1829 of assessments and the sale, issuance, continuation, terms and
1830 claims under corporation policies, and all services relating
1831 thereto, are not subject to the provisions of chapter 120. The
1832 corporation is not required to obtain or to hold a certificate
1833 of authority issued by the office, nor is it required to
1834 participate as a member insurer of the Florida Insurance
1835 Guaranty Association. However, the corporation is required to
1836 pay, in the same manner as an authorized insurer, assessments
1837 levied by the Florida Insurance Guaranty Association. It is the
1838 intent of the Legislature that the tax exemptions provided in
1839 this paragraph will augment the financial resources of the
1840 corporation to better enable the corporation to fulfill its
1841 public purposes. Any debt obligations issued by the corporation,
1842 their transfer, and the income therefrom, including any profit
1843 made on the sale thereof, shall at all times be free from
1844 taxation of every kind by the state and any political
1845 subdivision or local unit or other instrumentality thereof;
1846 however, this exemption does not apply to any tax imposed by
1847 chapter 220 on interest, income, or profits on debt obligations
1848 owned by corporations other than the corporation.

1849 Section 9. The purchase of commodities and contractual
1850 services by Citizens Property Insurance Corporation commenced
1851 before October 1, 2013, is governed by the law in effect on
1852 September 30, 2013.

1853 Section 10. Section 627.3518, Florida Statutes, is created
1854 to read:

1855 627.3518 Citizens Property Insurance Corporation
1856 policyholder eligibility clearinghouse program.—The purpose of

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1857 this section is to provide a framework for the corporation to
1858 implement a clearinghouse program by January 1, 2014.

1859 (1) As used in this section, the term:

1860 (a) "Corporation" means Citizens Property Insurance
1861 Corporation.

1862 (b) "Exclusive agent" means any licensed insurance agent
1863 that has, by contract, agreed to act exclusively for one company
1864 or group of affiliated insurance companies and is disallowed by
1865 the provisions of that contract to directly write for any other
1866 unaffiliated insurer absent express consent from the company or
1867 group of affiliated insurance companies.

1868 (c) "Independent agent" means any licensed insurance agent
1869 not described in paragraph (b).

1870 (d) "Program" means the clearinghouse created under this
1871 section.

1872 (2) In order to confirm eligibility with the corporation
1873 and to enhance access of new applicants for coverage and
1874 existing policyholders of the corporation to offers of coverage
1875 from authorized insurers, the corporation shall establish a
1876 program for personal residential risks in order to facilitate
1877 the diversion of ineligible applicants and existing
1878 policyholders from the corporation into the voluntary insurance
1879 market. The corporation shall also develop appropriate
1880 procedures for facilitating the diversion of ineligible
1881 applicants and existing policyholders for commercial residential
1882 coverage into the private insurance market and shall report such
1883 procedures to the President of the Senate and the Speaker of the
1884 House of Representatives by January 1, 2014.

1885 (3) The corporation board shall establish the clearinghouse

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1886 program as an organizational unit within the corporation. The
1887 program shall have all the rights and responsibilities in
1888 carrying out its duties as a licensed general lines agent, but
1889 may not be required to employ or engage a licensed general lines
1890 agent or to maintain an insurance agency license to carry out
1891 its activities in the solicitation and placement of insurance
1892 coverage. In establishing the program, the corporation may:

1893 (a) Require all new applications, and all policies due for
1894 renewal, to be submitted for coverage to the program in order to
1895 facilitate obtaining an offer of coverage from an authorized
1896 insurer before binding or renewing coverage by the corporation.

1897 (b) Employ or otherwise contract with individuals or other
1898 entities for appropriate administrative or professional services
1899 to effectuate the plan within the corporation in accordance with
1900 the applicable purchasing requirements under s. 627.351.

1901 (c) Enter into contracts with any authorized insurer to
1902 participate in the program and accept an appointment by such
1903 insurer.

1904 (d) Provide funds to operate the program. Insurers and
1905 agents participating in the program are not required to pay a
1906 fee to offset or partially offset the cost of the program or use
1907 the program for renewal of policies initially written through
1908 the clearinghouse.

1909 (e) Develop an enhanced application that includes
1910 information to assist private insurers in determining whether to
1911 make an offer of coverage through the program.

1912 (f) For personal lines residential risks, require, before
1913 approving all new applications for coverage by the corporation,
1914 that every application be subject to a period of 2 business days

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1915 when any insurer participating in the program may select the
1916 application for coverage. The insurer may issue a binder on any
1917 policy selected for coverage for a period of at least 30 days
1918 but not more than 60 days.

1919 (4) Any authorized insurer may participate in the program;
1920 however, participation is not mandatory for any insurer.

1921 Insurers making offers of coverage to new applicants or renewal
1922 policyholders through the program:

1923 (a) May not be required to individually appoint any agent
1924 whose customer is underwritten and bound through the program.
1925 Notwithstanding s. 626.112, insurers are not required to appoint
1926 any agent on a policy underwritten through the program for as
1927 long as that policy remains with the insurer. Insurers may, at
1928 their election, appoint any agent whose customer is initially
1929 underwritten and bound through the program. In the event an
1930 insurer accepts a policy from an agent who is not appointed
1931 pursuant to this paragraph, and thereafter elects to accept a
1932 policy from such agent, the provisions of s. 626.112 requiring
1933 appointment apply to the agent.

1934 (b) Must enter into a limited agency agreement with each
1935 agent that is not appointed in accordance with paragraph (a) and
1936 whose customer is underwritten and bound through the program.

1937 (c) Must enter into its standard agency agreement with each
1938 agent whose customer is underwritten and bound through the
1939 program when that agent has been appointed by the insurer
1940 pursuant to s. 626.112.

1941 (d) Must comply with s. 627.4133(2).

1942 (e) May participate through their single-designated
1943 managing general agent or broker; however, the provisions of

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1944 paragraph (6) (a) regarding ownership, control, and use of the
1945 expirations continue to apply.

1946 (f) Must pay to the producing agent a commission equal to
1947 that paid by the corporation or the usual and customary
1948 commission paid by the insurer for that line of business,
1949 whichever is greater.

1950 (5) Notwithstanding s. 627.3517, any applicant for new
1951 coverage from the corporation is not eligible for coverage from
1952 the corporation, if provided an offer of coverage from an
1953 authorized insurer through the program at a premium that is at
1954 or below the eligibility threshold established in s.
1955 627.351(6) (c)5.a. Whenever an offer of coverage for a personal
1956 lines risk is received for a policyholder of the corporation at
1957 renewal from an authorized insurer through the program, if the
1958 offer is equal to or less than the corporation's renewal premium
1959 for comparable coverage, the risk is not eligible for coverage
1960 with the corporation. In the event an offer of coverage for a
1961 new applicant is received from an authorized insurer through the
1962 program, and the premium offered exceeds the eligibility
1963 threshold contained in s. 627.351(6) (c)5.a., the applicant or
1964 insured may elect to accept such coverage, or may elect to
1965 accept or continue coverage with the corporation. In the event
1966 an offer of coverage for a personal lines risk is received from
1967 an authorized insurer at renewal through the program, and the
1968 premium offered is more than the corporation's renewal premium
1969 for comparable coverage, the insured may elect to accept such
1970 coverage, or may elect to accept or continue coverage with the
1971 corporation. Sub-sub-subparagraph 627.351(6) (c)5.a.(I) does not
1972 apply to an offer of coverage from an authorized insurer

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1973 obtained through the program. An applicant for coverage from the
1974 corporation who was previously declared ineligible for coverage
1975 at renewal by the corporation in the previous 36 months due to
1976 an offer of coverage pursuant to this subsection shall be
1977 considered a renewal under this section if the corporation
1978 determines that the authorized insurer making the offer of
1979 coverage pursuant to this subsection continues to insure the
1980 applicant and increased the rate on the policy in excess of the
1981 increase allowed for the corporation under s. 627.351(6)(n)6.

1982 (6) Independent insurance agents submitting new
1983 applications for coverage or that are the agent of record on a
1984 renewal policy submitted to the program:

1985 (a) Are granted and must maintain ownership and the
1986 exclusive use of expirations, records, or other written or
1987 electronic information directly related to such applications or
1988 renewals written through the corporation or through an insurer
1989 participating in the program, notwithstanding s.
1990 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
1991 for as long as the insured remains with the agency or until sold
1992 or surrendered in writing by the agent. Contracts with the
1993 corporation or required by the corporation must not amend,
1994 modify, interfere with, or limit such rights of ownership. Such
1995 expirations, records, or other written or electronic information
1996 may be used to review an application, issue a policy, or for any
1997 other purpose necessary for placing such business through the
1998 program.

1999 (b) May not be required to be appointed by any insurer
2000 participating in the program for policies written solely through
2001 the program, notwithstanding the provisions of s. 626.112.

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2002 (c) May accept an appointment from any insurer
2003 participating in the program.

2004 (d) May enter into either a standard or limited agency
2005 agreement with the insurer, at the insurer's option.

2006
2007 Applicants ineligible for coverage in accordance with subsection
2008 (5) remain ineligible if their independent agent is unwilling or
2009 unable to enter into a standard or limited agency agreement with
2010 an insurer participating in the program.

2011 (7) Exclusive agents submitting new applications for
2012 coverage or that are the agent of record on a renewal policy
2013 submitted to the program:

2014 (a) Must maintain ownership and the exclusive use of
2015 expirations, records, or other written or electronic information
2016 directly related to such applications or renewals written
2017 through the corporation or through an insurer participating in
2018 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
2019 (II)(B). Contracts with the corporation or required by the
2020 corporation must not amend, modify, interfere with, or limit
2021 such rights of ownership. Such expirations, records, or other
2022 written or electronic information may be used to review an
2023 application, issue a policy, or for any other purpose necessary
2024 for placing such business through the program.

2025 (b) May not be required to be appointed by any insurer
2026 participating in the program for policies written solely through
2027 the program, notwithstanding the provisions of s. 626.112.

2028 (c) Must only facilitate the placement of an offer of
2029 coverage from an insurer whose limited servicing agreement is
2030 approved by that exclusive agent's exclusive insurer.

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2031 (d) May enter into a limited servicing agreement with the
2032 insurer making an offer of coverage, and only after the
2033 exclusive agent's insurer has approved the limited servicing
2034 agreement terms. The exclusive agent's insurer must approve a
2035 limited service agreement for the program for any insurer for
2036 which it has approved a service agreement for other purposes.

2037
2038 Applicants ineligible for coverage in accordance with subsection
2039 (5) remain ineligible if their exclusive agent is unwilling or
2040 unable to enter into a standard or limited agency agreement with
2041 an insurer making an offer of coverage to that applicant.

2042 (8) Submission of an application for coverage by the
2043 corporation to the program does not constitute the binding of
2044 coverage by the corporation, and failure of the program to
2045 obtain an offer of coverage by an insurer may not be considered
2046 acceptance of coverage of the risk by the corporation.

2047 (9) The 45-day notice of nonrenewal requirement set forth
2048 in s. 627.4133(2)(b)4.b. applies when a policy is nonrenewed by
2049 the corporation because the risk has received an offer of
2050 coverage pursuant to this section which renders the risk
2051 ineligible for coverage by the corporation.

2052 (10) The program may not include commercial nonresidential
2053 policies.

2054 Section 11. Section 627.35191, Florida Statutes, is created
2055 to read:

2056 627.35191 Annual report of aggregate net probable maximum
2057 losses, financing options, and potential assessments.—No later
2058 than February 1 of each year, the Florida Hurricane Catastrophe
2059 Fund and Citizens Property Insurance Corporation shall each

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2060 submit a report to the Legislature and the Financial Services
2061 Commission identifying their respective aggregate net probable
2062 maximum losses, financing options, and potential assessments.
2063 The report issued by the fund and the corporation must include
2064 their respective 50-year, 100-year, and 250-year probable
2065 maximum losses; analysis of all reasonable financing strategies
2066 for each such probable maximum loss, including the amount and
2067 term of debt instruments; specification of the percentage
2068 assessments that would be needed to support each of the
2069 financing strategies; and calculations of the aggregate
2070 assessment burden on Florida property and casualty policyholders
2071 for each of the probable maximum losses.

2072 Section 12. Except as otherwise expressly provided in this
2073 act, this act shall take effect July 1, 2013.

2074