

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Regulatory Affairs
 2 Committee

3 Representative Passidomo offered the following:

4
 5 **Amendment (with title amendment)**

6 Remove everything after the enacting clause and insert:

7 Section 1. Paragraphs (c), (n), and (x) of subsection (6)
 8 of section 627.351, Florida Statutes, are amended, and paragraph
 9 (ii) is added to that subsection, to read:

10 627.351 Insurance risk apportionment plans.—

11 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

13 1. Must provide for adoption of residential property and
 14 casualty insurance policy forms and commercial residential and
 15 nonresidential property insurance forms, which must be approved
 16 by the office before use. The corporation shall adopt the
 17 following policy forms:

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

22 b. Basic personal lines policy forms that are policies
23 similar to an HO-8 policy or a dwelling fire policy that provide
24 coverage meeting the requirements of the secondary mortgage
25 market, but which is more limited than the coverage under a
26 standard policy.

27 c. Commercial lines residential and nonresidential policy
28 forms that are generally similar to the basic perils of full
29 coverage obtainable for commercial residential structures and
30 commercial nonresidential structures in the admitted voluntary
31 market.

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

37 e. Commercial lines nonresidential property insurance
38 forms that cover the peril of wind only. The forms are
39 applicable only to nonresidential properties located in areas
40 eligible for coverage under the coastal account referred to in
41 sub-subparagraph (b)2.a.

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42 f. The corporation may adopt variations of the policy
43 forms listed in sub-subparagraphs a.-e. which contain more
44 restrictive coverage.

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

49 2. Must provide that the corporation adopt a program in
50 which the corporation and authorized insurers enter into quota
51 share primary insurance agreements for hurricane coverage, as
52 defined in s. 627.4025(2)(a), for eligible risks, and adopt
53 property insurance forms for eligible risks which cover the
54 peril of wind only.

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

56 (I) "Quota share primary insurance" means an arrangement
57 in which the primary hurricane coverage of an eligible risk is
58 provided in specified percentages by the corporation and an
59 authorized insurer. The corporation and authorized insurer are
60 each solely responsible for a specified percentage of hurricane
61 coverage of an eligible risk as set forth in a quota share
62 primary insurance agreement between the corporation and an
63 authorized insurer and the insurance contract. The
64 responsibility of the corporation or authorized insurer to pay
65 its specified percentage of hurricane losses of an eligible
66 risk, as set forth in the agreement, may not be altered by the
67 inability of the other party to pay its specified percentage of

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68 losses. Eligible risks that are provided hurricane coverage
69 through a quota share primary insurance arrangement must be
70 provided policy forms that set forth the obligations of the
71 corporation and authorized insurer under the arrangement,
72 clearly specify the percentages of quota share primary insurance
73 provided by the corporation and authorized insurer, and
74 conspicuously and clearly state that the authorized insurer and
75 the corporation may not be held responsible beyond their
76 specified percentage of coverage of hurricane losses.

77 (II) "Eligible risks" means personal lines residential and
78 commercial lines residential risks that meet the underwriting
79 criteria of the corporation and are located in areas that were
80 eligible for coverage by the Florida Windstorm Underwriting
81 Association on January 1, 2002.

82 b. The corporation may enter into quota share primary
83 insurance agreements with authorized insurers at corporation
84 coverage levels of 90 percent and 50 percent.

85 c. If the corporation determines that additional coverage
86 levels are necessary to maximize participation in quota share
87 primary insurance agreements by authorized insurers, the
88 corporation may establish additional coverage levels. However,
89 the corporation's quota share primary insurance coverage level
90 may not exceed 90 percent.

91 d. Any quota share primary insurance agreement entered
92 into between an authorized insurer and the corporation must
93 provide for a uniform specified percentage of coverage of

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94 hurricane losses, by county or territory as set forth by the
95 corporation board, for all eligible risks of the authorized
96 insurer covered under the agreement.

97 e. Any quota share primary insurance agreement entered
98 into between an authorized insurer and the corporation is
99 subject to review and approval by the office. However, such
100 agreement shall be authorized only as to insurance contracts
101 entered into between an authorized insurer and an insured who is
102 already insured by the corporation for wind coverage.

103 f. For all eligible risks covered under quota share
104 primary insurance agreements, the exposure and coverage levels
105 for both the corporation and authorized insurers shall be
106 reported by the corporation to the Florida Hurricane Catastrophe
107 Fund. For all policies of eligible risks covered under such
108 agreements, the corporation and the authorized insurer must
109 maintain complete and accurate records for the purpose of
110 exposure and loss reimbursement audits as required by fund
111 rules. The corporation and the authorized insurer shall each
112 maintain duplicate copies of policy declaration pages and
113 supporting claims documents.

114 g. The corporation board shall establish in its plan of
115 operation standards for quota share agreements which ensure that
116 there is no discriminatory application among insurers as to the
117 terms of the agreements, pricing of the agreements, incentive
118 provisions if any, and consideration paid for servicing policies
119 or adjusting claims.

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120 h. The quota share primary insurance agreement between the
121 corporation and an authorized insurer must set forth the
122 specific terms under which coverage is provided, including, but
123 not limited to, the sale and servicing of policies issued under
124 the agreement by the insurance agent of the authorized insurer
125 producing the business, the reporting of information concerning
126 eligible risks, the payment of premium to the corporation, and
127 arrangements for the adjustment and payment of hurricane claims
128 incurred on eligible risks by the claims adjuster and personnel
129 of the authorized insurer. Entering into a quota sharing
130 insurance agreement between the corporation and an authorized
131 insurer is voluntary and at the discretion of the authorized
132 insurer.

133 3. May provide that the corporation may employ or
134 otherwise contract with individuals or other entities to provide
135 administrative or professional services that may be appropriate
136 to effectuate the plan. The corporation may borrow funds by
137 issuing bonds or by incurring other indebtedness, and shall have
138 other powers reasonably necessary to effectuate the requirements
139 of this subsection, including, without limitation, the power to
140 issue bonds and incur other indebtedness in order to refinance
141 outstanding bonds or other indebtedness. The corporation may
142 seek judicial validation of its bonds or other indebtedness
143 under chapter 75. The corporation may issue bonds or incur other
144 indebtedness, or have bonds issued on its behalf by a unit of
145 local government pursuant to subparagraph (q)2. in the absence

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146 of a hurricane or other weather-related event, upon a
147 determination by the corporation, subject to approval by the
148 office, that such action would enable it to efficiently meet the
149 financial obligations of the corporation and that such
150 financings are reasonably necessary to effectuate the
151 requirements of this subsection. The corporation may take all
152 actions needed to facilitate tax-free status for such bonds or
153 indebtedness, including formation of trusts or other affiliated
154 entities. The corporation may pledge assessments, projected
155 recoveries from the Florida Hurricane Catastrophe Fund, other
156 reinsurance recoverables, policyholder surcharges and other
157 surcharges, and other funds available to the corporation as
158 security for bonds or other indebtedness. In recognition of s.
159 10, Art. I of the State Constitution, prohibiting the impairment
160 of obligations of contracts, it is the intent of the Legislature
161 that no action be taken whose purpose is to impair any bond
162 indenture or financing agreement or any revenue source committed
163 by contract to such bond or other indebtedness.

164 4. Must require that the corporation operate subject to
165 the supervision and approval of a board of governors consisting
166 of nine individuals who are residents of this state and who are
167 from different geographical areas of the state, one of whom is
168 appointed by the Governor and serves solely to advocate on
169 behalf of the consumer. The appointment of a consumer
170 representative by the Governor is deemed to be within the scope

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171 of the exemption provided in s. 112.313(7)(b) and is in addition
172 to the appointments authorized under sub-subparagraph a.

173 a. The Governor, the Chief Financial Officer, the
174 President of the Senate, and the Speaker of the House of
175 Representatives shall each appoint two members of the board. At
176 least one of the two members appointed by each appointing
177 officer must have demonstrated expertise in insurance and be
178 deemed to be within the scope of the exemption provided in s.
179 112.313(7)(b). The Chief Financial Officer shall designate one
180 of the appointees as chair. All board members serve at the
181 pleasure of the appointing officer. All members of the board are
182 subject to removal at will by the officers who appointed them.
183 All board members, including the chair, must be appointed to
184 serve for 3-year terms beginning annually on a date designated
185 by the plan. However, for the first term beginning on or after
186 July 1, 2009, each appointing officer shall appoint one member
187 of the board for a 2-year term and one member for a 3-year term.
188 A board vacancy shall be filled for the unexpired term by the
189 appointing officer. The Chief Financial Officer shall appoint a
190 technical advisory group to provide information and advice to
191 the board in connection with the board's duties under this
192 subsection. The executive director and senior managers of the
193 corporation shall be engaged by the board and serve at the
194 pleasure of the board. Any executive director appointed on or
195 after July 1, 2006, is subject to confirmation by the Senate.
196 The executive director is responsible for employing other staff

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197 as the corporation may require, subject to review and
198 concurrence by the board.

199 b. The board shall create a Market Accountability Advisory
200 Committee to assist the corporation in developing awareness of
201 its rates and its customer and agent service levels in
202 relationship to the voluntary market insurers writing similar
203 coverage.

204 (I) The members of the advisory committee consist of the
205 following 11 persons, one of whom must be elected chair by the
206 members of the committee: four representatives, one appointed by
207 the Florida Association of Insurance Agents, one by the Florida
208 Association of Insurance and Financial Advisors, one by the
209 Professional Insurance Agents of Florida, and one by the Latin
210 American Association of Insurance Agencies; three
211 representatives appointed by the insurers with the three highest
212 voluntary market share of residential property insurance
213 business in the state; one representative from the Office of
214 Insurance Regulation; one consumer appointed by the board who is
215 insured by the corporation at the time of appointment to the
216 committee; one representative appointed by the Florida
217 Association of Realtors; and one representative appointed by the
218 Florida Bankers Association. All members shall be appointed to
219 3-year terms and may serve for consecutive terms.

220 (II) The committee shall report to the corporation at each
221 board meeting on insurance market issues which may include rates
222 and rate competition with the voluntary market; service,

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223 including policy issuance, claims processing, and general
224 responsiveness to policyholders, applicants, and agents; and
225 matters relating to depopulation.

226 5. Must provide a procedure for determining the
227 eligibility of a risk for coverage, as follows:

228 a. Subject to s. 627.3517, with respect to personal lines
229 residential risks, if the risk is offered coverage from an
230 authorized insurer at the insurer's approved rate under a
231 standard policy including wind coverage or, if consistent with
232 the insurer's underwriting rules as filed with the office, a
233 basic policy including wind coverage, for a new application to
234 the corporation for coverage, the risk is not eligible for any
235 policy issued by the corporation unless the premium for coverage
236 from the authorized insurer is more than 15 percent greater than
237 the premium for comparable coverage from the corporation.
238 Whenever an offer of coverage for a personal lines residential
239 risk is received for a policyholder of the corporation at
240 renewal from an authorized insurer, if the offer is equal to or
241 less than the corporation's renewal premium for comparable
242 coverage, the risk is not eligible for coverage with the
243 corporation. If the risk is not able to obtain such offer, the
244 risk is eligible for a standard policy including wind coverage
245 or a basic policy including wind coverage issued by the
246 corporation; however, if the risk could not be insured under a
247 standard policy including wind coverage regardless of market
248 conditions, the risk is eligible for a basic policy including

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249 wind coverage unless rejected under subparagraph 8. However, a
250 policyholder removed from the corporation through an assumption
251 agreement remains eligible for coverage from the corporation
252 until the end of the assumption period. The corporation shall
253 determine the type of policy to be provided on the basis of
254 objective standards specified in the underwriting manual and
255 based on generally accepted underwriting practices.

256 (I) If the risk accepts an offer of coverage through the
257 market assistance plan or through a mechanism established by the
258 corporation other than a plan established by s. 627.3518, before
259 a policy is issued to the risk by the corporation or during the
260 first 30 days of coverage by the corporation, and the producing
261 agent who submitted the application to the plan or to the
262 corporation is not currently appointed by the insurer, the
263 insurer shall:

264 (A) Pay to the producing agent of record of the policy for
265 the first year, an amount that is the greater of the insurer's
266 usual and customary commission for the type of policy written or
267 a fee equal to the usual and customary commission of the
268 corporation; or

269 (B) Offer to allow the producing agent of record of the
270 policy to continue servicing the policy for at least 1 year and
271 offer to pay the agent the greater of the insurer's or the
272 corporation's usual and customary commission for the type of
273 policy written.

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

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

282 (A) Pay to the producing agent of record, for the first
283 year, an amount that is the greater of the insurer's usual and
284 customary commission for the type of policy written or a fee
285 equal to the usual and customary commission of the corporation;
286 or

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

291
292 If the producing agent is unwilling or unable to accept
293 appointment, the new insurer shall pay the agent in accordance
294 with sub-sub-sub-subparagraph (A).

295 b. With respect to commercial lines residential risks, for
296 a new application to the corporation for coverage, if the risk
297 is offered coverage under a policy including wind coverage from
298 an authorized insurer at its approved rate, the risk is not
299 eligible for a policy issued by the corporation unless the
300 premium for coverage from the authorized insurer is more than 15

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301 percent greater than the premium for comparable coverage from
302 the corporation. Whenever an offer of coverage for a commercial
303 lines residential risk is received for a policyholder of the
304 corporation at renewal from an authorized insurer, if the offer
305 is equal to or less than the corporation's renewal premium for
306 comparable coverage, the risk is not eligible for coverage with
307 the corporation. If the risk is not able to obtain any such
308 offer, the risk is eligible for a policy including wind coverage
309 issued by the corporation. However, a policyholder removed from
310 the corporation through an assumption agreement remains eligible
311 for coverage from the corporation until the end of the
312 assumption period.

313 (I) If the risk accepts an offer of coverage through the
314 market assistance plan or through a mechanism established by the
315 corporation other than a plan established by s. 627.3518, before
316 a policy is issued to the risk by the corporation or during the
317 first 30 days of coverage by the corporation, and the producing
318 agent who submitted the application to the plan or the
319 corporation is not currently appointed by the insurer, the
320 insurer shall:

321 (A) Pay to the producing agent of record of the policy,
322 for the first year, an amount that is the greater of the
323 insurer's usual and customary commission for the type of policy
324 written or a fee equal to the usual and customary commission of
325 the corporation; or

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326 (B) Offer to allow the producing agent of record of the
327 policy to continue servicing the policy for at least 1 year and
328 offer to pay the agent the greater of the insurer's or the
329 corporation's usual and customary commission for the type of
330 policy written.

331
332 If the producing agent is unwilling or unable to accept
333 appointment, the new insurer shall pay the agent in accordance
334 with sub-sub-sub-subparagraph (A).

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

339 (A) Pay to the producing agent of record, for the first
340 year, an amount that is the greater of the insurer's usual and
341 customary commission for the type of policy written or a fee
342 equal to the usual and customary commission of the corporation;
343 or

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

348
349 If the producing agent is unwilling or unable to accept
350 appointment, the new insurer shall pay the agent in accordance
351 with sub-sub-sub-subparagraph (A).

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352 c. For purposes of determining comparable coverage under
353 sub-subparagraphs a. and b., the comparison must be based on
354 those forms and coverages that are reasonably comparable. The
355 corporation may rely on a determination of comparable coverage
356 and premium made by the producing agent who submits the
357 application to the corporation, made in the agent's capacity as
358 the corporation's agent. A comparison may be made solely of the
359 premium with respect to the main building or structure only on
360 the following basis: the same coverage A or other building
361 limits; the same percentage hurricane deductible that applies on
362 an annual basis or that applies to each hurricane for commercial
363 residential property; the same percentage of ordinance and law
364 coverage, if the same limit is offered by both the corporation
365 and the authorized insurer; the same mitigation credits, to the
366 extent the same types of credits are offered both by the
367 corporation and the authorized insurer; the same method for loss
368 payment, such as replacement cost or actual cash value, if the
369 same method is offered both by the corporation and the
370 authorized insurer in accordance with underwriting rules; and
371 any other form or coverage that is reasonably comparable as
372 determined by the board. If an application is submitted to the
373 corporation for wind-only coverage in the coastal account, the
374 premium for the corporation's wind-only policy plus the premium
375 for the ex-wind policy that is offered by an authorized insurer
376 to the applicant must be compared to the premium for multiperil
377 coverage offered by an authorized insurer, subject to the

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378 standards for comparison specified in this subparagraph. If the
379 corporation or the applicant requests from the authorized
380 insurer a breakdown of the premium of the offer by types of
381 coverage so that a comparison may be made by the corporation or
382 its agent and the authorized insurer refuses or is unable to
383 provide such information, the corporation may treat the offer as
384 not being an offer of coverage from an authorized insurer at the
385 insurer's approved rate.

386 6. Must include rules for classifications of risks and
387 rates.

388 7. Must provide that if premium and investment income for
389 an account attributable to a particular calendar year are in
390 excess of projected losses and expenses for the account
391 attributable to that year, such excess shall be held in surplus
392 in the account. Such surplus must be available to defray
393 deficits in that account as to future years and used for that
394 purpose before assessing assessable insurers and assessable
395 insureds as to any calendar year.

396 8. Must provide objective criteria and procedures to be
397 uniformly applied to all applicants in determining whether an
398 individual risk is so hazardous as to be uninsurable. In making
399 this determination and in establishing the criteria and
400 procedures, the following must be considered:

401 a. Whether the likelihood of a loss for the individual
402 risk is substantially higher than for other risks of the same
403 class; and

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

406
407 The acceptance or rejection of a risk by the corporation shall
408 be construed as the private placement of insurance, and the
409 provisions of chapter 120 do not apply.

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

414 10. The policies issued by the corporation must provide
415 that if the corporation or the market assistance plan obtains an
416 offer from an authorized insurer to cover the risk at its
417 approved rates, the risk is no longer eligible for renewal
418 through the corporation, except as otherwise provided in this
419 subsection.

420 11. Corporation policies and applications must include a
421 notice that the corporation policy could, under this section, be
422 replaced with a policy issued by an authorized insurer which
423 does not provide coverage identical to the coverage provided by
424 the corporation. The notice must also specify that acceptance of
425 corporation coverage creates a conclusive presumption that the
426 applicant or policyholder is aware of this potential.

427 12. May establish, subject to approval by the office,
428 different eligibility requirements and operational procedures
429 for any line or type of coverage for any specified county or

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430 area if the board determines that such changes are justified due
431 to the voluntary market being sufficiently stable and
432 competitive in such area or for such line or type of coverage
433 and that consumers who, in good faith, are unable to obtain
434 insurance through the voluntary market through ordinary methods
435 continue to have access to coverage from the corporation. If
436 coverage is sought in connection with a real property transfer,
437 the requirements and procedures may not provide an effective
438 date of coverage later than the date of the closing of the
439 transfer as established by the transferor, the transferee, and,
440 if applicable, the lender.

441 13. Must provide that, with respect to the coastal
442 account, any assessable insurer with a surplus as to
443 policyholders of \$25 million or less writing 25 percent or more
444 of its total countrywide property insurance premiums in this
445 state may petition the office, within the first 90 days of each
446 calendar year, to qualify as a limited apportionment company. A
447 regular assessment levied by the corporation on a limited
448 apportionment company for a deficit incurred by the corporation
449 for the coastal account may be paid to the corporation on a
450 monthly basis as the assessments are collected by the limited
451 apportionment company from its insureds, but a limited
452 apportionment company must begin collecting the regular
453 assessments not later than 90 days after the regular assessments
454 are levied by the corporation, and the regular assessments must
455 be paid in full within 15 months after being levied by the

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456 corporation. A limited apportionment company shall collect from
457 its policyholders any emergency assessment imposed under sub-
458 subparagraph (b)3.d. The plan must provide that, if the office
459 determines that any regular assessment will result in an
460 impairment of the surplus of a limited apportionment company,
461 the office may direct that all or part of such assessment be
462 deferred as provided in subparagraph (q)4. However, an emergency
463 assessment to be collected from policyholders under sub-
464 subparagraph (b)3.d. may not be limited or deferred.

465 14. Must provide that the corporation appoint as its
466 licensed agents only those agents who throughout such
467 appointments also hold an appointment as defined in s.
468 626.015(3) by ~~with~~ an insurer who ~~at the time of the agent's~~
469 ~~initial appointment by the corporation~~ is authorized to write
470 and is actually writing or renewing personal lines residential
471 property coverage, commercial residential property coverage, or
472 commercial nonresidential property coverage within the state.

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

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

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480 17. Must provide coverage for manufactured or mobile home
481 dwellings. Such coverage must also include the following
482 attached structures:

483 a. Screened enclosures that are aluminum framed or
484 screened enclosures that are not covered by the same or
485 substantially the same materials as those of the primary
486 dwelling;

487 b. Carports that are aluminum or carports that are not
488 covered by the same or substantially the same materials as those
489 of the primary dwelling; and

490 c. Patios that have a roof covering that is constructed of
491 materials that are not the same or substantially the same
492 materials as those of the primary dwelling.

493

494 The corporation shall make available a policy for mobile homes
495 or manufactured homes for a minimum insured value of at least
496 \$3,000.

497 18. May provide such limits of coverage as the board
498 determines, consistent with the requirements of this subsection.

499 19. May require commercial property to meet specified
500 hurricane mitigation construction features as a condition of
501 eligibility for coverage.

502 20. Must provide that new or renewal policies issued by
503 the corporation on or after January 1, 2012, which cover
504 sinkhole loss do not include coverage for any loss to
505 appurtenant structures, driveways, sidewalks, decks, or patios

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506 that are directly or indirectly caused by sinkhole activity. The
507 corporation shall exclude such coverage using a notice of
508 coverage change, which may be included with the policy renewal,
509 and not by issuance of a notice of nonrenewal of the excluded
510 coverage upon renewal of the current policy.

511 21. As of January 1, 2012, must require that the agent
512 obtain from an applicant for coverage from the corporation an
513 acknowledgment signed by the applicant, which includes, at a
514 minimum, the following statement:

515 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

516 AND ASSESSMENT LIABILITY:

517 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
518 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
519 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
520 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
521 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
522 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
523 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
524 LEGISLATURE.

525 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
526 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
527 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
528 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
529 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
530 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
531 ARE REGULATED AND APPROVED BY THE STATE.

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532 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
533 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
534 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
535 FLORIDA LEGISLATURE.

536 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
537 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
538 STATE OF FLORIDA.

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

543 b. The signed acknowledgment form creates a conclusive
544 presumption that the policyholder understood and accepted his or
545 her potential surcharge and assessment liability as a
546 policyholder of the corporation.

547 (n)1. Rates for coverage provided by the corporation must
548 be actuarially sound and subject to s. 627.062, except as
549 otherwise provided in this paragraph. The corporation shall file
550 its recommended rates with the office at least annually. The
551 corporation shall provide any additional information regarding
552 the rates which the office requires. The office shall consider
553 the recommendations of the board and issue a final order
554 establishing the rates for the corporation within 45 days after
555 the recommended rates are filed. The corporation may not pursue
556 an administrative challenge or judicial review of the final
557 order of the office.

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558 2. In addition to the rates otherwise determined pursuant
559 to this paragraph, the corporation shall impose and collect an
560 amount equal to the premium tax provided in s. 624.509 to
561 augment the financial resources of the corporation.

562 3. After the public hurricane loss-projection model under
563 s. 627.06281 has been found to be accurate and reliable by the
564 Florida Commission on Hurricane Loss Projection Methodology, the
565 model shall be considered when establishing ~~serve as the minimum~~
566 ~~benchmark for determining~~ the windstorm portion of the
567 corporation's rates. The corporation may use the public
568 hurricane loss-projection model or other model or method found
569 to be acceptable or reliable by the Florida Commission on
570 Hurricane Loss Projection Methodology, and as further provided
571 in 627.0628, to calculate rates for the windstorm portion of the
572 corporation's rates. This subparagraph does not require or allow
573 the corporation to adopt rates lower than the rates otherwise
574 required or allowed by this paragraph.

575 4. The rate filings for the corporation which were
576 approved by the office and took effect January 1, 2007, are
577 rescinded, except for those rates that were lowered. As soon as
578 possible, the corporation shall begin using the lower rates that
579 were in effect on December 31, 2006, and provide refunds to
580 policyholders who paid higher rates as a result of that rate
581 filing. The rates in effect on December 31, 2006, remain in
582 effect for the 2007 and 2008 calendar years except for any rate
583 change that results in a lower rate. The next rate change that

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584 may increase rates shall take effect pursuant to a new rate
585 filing recommended by the corporation and established by the
586 office, subject to this paragraph.

587 5. Beginning on July 15, 2009, and annually thereafter,
588 the corporation must make a recommended actuarially sound rate
589 filing for each personal and commercial line of business it
590 writes, to be effective no earlier than January 1, 2010.

591 6. Beginning on or after January 1, 2010, and
592 notwithstanding the board's recommended rates and the office's
593 final order regarding the corporation's filed rates under
594 subparagraph 1., the corporation shall annually implement a rate
595 increase which, except for sinkhole coverage, does not exceed 10
596 percent for any single policy issued by the corporation,
597 excluding coverage changes and surcharges.

598 7. The corporation may also implement an increase to
599 reflect the effect on the corporation of the cash buildup factor
600 pursuant to s. 215.555(5)(b).

601 8. The corporation's implementation of rates as prescribed
602 in subparagraph 6. shall cease for any line of business written
603 by the corporation upon the corporation's implementation of
604 actuarially sound rates. Thereafter, the corporation shall
605 annually make a recommended actuarially sound rate filing for
606 each commercial and personal line of business the corporation
607 writes.

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608 (x)1. The following records of the corporation are
609 confidential and exempt from the provisions of s. 119.07(1) and
610 s. 24(a), Art. I of the State Constitution:

611 a. Underwriting files, except that a policyholder or an
612 applicant shall have access to his or her own underwriting
613 files. Confidential and exempt underwriting file records may
614 also be released to other governmental agencies upon written
615 request and demonstration of need; such records held by the
616 receiving agency remain confidential and exempt as provided
617 herein.

618 b. Claims files, until termination of all litigation and
619 settlement of all claims arising out of the same incident,
620 although portions of the claims files may remain exempt, as
621 otherwise provided by law. Confidential and exempt claims file
622 records may be released to other governmental agencies upon
623 written request and demonstration of need; such records held by
624 the receiving agency remain confidential and exempt as provided
625 herein.

626 c. Records obtained or generated by an internal auditor
627 pursuant to a routine audit, until the audit is completed, or if
628 the audit is conducted as part of an investigation, until the
629 investigation is closed or ceases to be active. An investigation
630 is considered "active" while the investigation is being
631 conducted with a reasonable, good faith belief that it could
632 lead to the filing of administrative, civil, or criminal
633 proceedings.

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634 d. Matters reasonably encompassed in privileged attorney-
635 client communications.

636 e. Proprietary information licensed to the corporation
637 under contract and the contract provides for the confidentiality
638 of such proprietary information.

639 f. All information relating to the medical condition or
640 medical status of a corporation employee which is not relevant
641 to the employee's capacity to perform his or her duties, except
642 as otherwise provided in this paragraph. Information that is
643 exempt shall include, but is not limited to, information
644 relating to workers' compensation, insurance benefits, and
645 retirement or disability benefits.

646 g. Upon an employee's entrance into the employee
647 assistance program, a program to assist any employee who has a
648 behavioral or medical disorder, substance abuse problem, or
649 emotional difficulty which affects the employee's job
650 performance, all records relative to that participation shall be
651 confidential and exempt from the provisions of s. 119.07(1) and
652 s. 24(a), Art. I of the State Constitution, except as otherwise
653 provided in s. 112.0455(11).

654 h. Information relating to negotiations for financing,
655 reinsurance, depopulation, or contractual services, until the
656 conclusion of the negotiations.

657 i. Minutes of closed meetings regarding underwriting
658 files, and minutes of closed meetings regarding an open claims
659 file until termination of all litigation and settlement of all

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660 claims with regard to that claim, except that information
661 otherwise confidential or exempt by law shall be redacted.

662 2. If an authorized insurer is considering underwriting a
663 risk insured by the corporation, relevant underwriting files and
664 confidential claims files may be released to the insurer
665 provided the insurer agrees in writing, notarized and under
666 oath, to maintain the confidentiality of such files. If a file
667 is transferred to an insurer, that file is no longer a public
668 record because it is not held by an agency subject to the
669 provisions of the public records law. Underwriting files and
670 confidential claims files may also be released to staff and the
671 board of governors of the market assistance plan established
672 pursuant to s. 627.3515, who must retain the confidentiality of
673 such files, except such files may be released to authorized
674 insurers that are considering assuming the risks to which the
675 files apply, provided the insurer agrees in writing, notarized
676 and under oath, to maintain the confidentiality of such files.
677 Finally, the corporation or the board or staff of the market
678 assistance plan may make the following information obtained from
679 underwriting files and confidential claims files available to
680 licensed general lines insurance agents: name, address, and
681 telephone number of the residential property owner or insured;
682 location of the risk; rating information; loss history; and
683 policy type. The receiving licensed general lines insurance
684 agent must retain the confidentiality of the information
685 received and may use the information only for the purposes of

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686 developing a take-out plan to be submitted to the office for
687 approval or otherwise analyzing the underwriting of a risk or
688 risks insured by the corporation on behalf of the private
689 insurance market. The licensed general lines agent and an
690 insurer receiving information under this subparagraph may not
691 use the information for the direct solicitation of
692 policyholders. An entity that has obtained a permit to become an
693 authorized insurer, a reinsurer that may provide reinsurance
694 under s. 624.610, a licensed reinsurance broker, a licensed
695 rating organization, or a modeling company may receive the
696 information available to a licensed general lines agent for the
697 sole purpose of analyzing risks for underwriting or developing
698 rating plans in the private insurance market and must retain the
699 confidentiality of the information received. Such entities may
700 not use the information for the direct solicitation of
701 policyholders.

702 3. A policyholder who has filed suit against the
703 corporation has the right to discover the contents of his or her
704 own claims file to the same extent that discovery of such
705 contents would be available from a private insurer in litigation
706 as provided by the Florida Rules of Civil Procedure, the Florida
707 Evidence Code, and other applicable law. Pursuant to subpoena, a
708 third party has the right to discover the contents of an
709 insured's or applicant's underwriting or claims file to the same
710 extent that discovery of such contents would be available from a
711 private insurer by subpoena as provided by the Florida Rules of

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712 Civil Procedure, the Florida Evidence Code, and other applicable
713 law, and subject to any confidentiality protections requested by
714 the corporation and agreed to by the seeking party or ordered by
715 the court. The corporation may release confidential underwriting
716 and claims file contents and information as it deems necessary
717 and appropriate to underwrite or service insurance policies and
718 claims, subject to any confidentiality protections deemed
719 necessary and appropriate by the corporation.

720 4. Portions of meetings of the corporation are exempt from
721 the provisions of s. 286.011 and s. 24(b), Art. I of the State
722 Constitution wherein confidential underwriting files or
723 confidential open claims files are discussed. All portions of
724 corporation meetings which are closed to the public shall be
725 recorded by a court reporter. The court reporter shall record
726 the times of commencement and termination of the meeting, all
727 discussion and proceedings, the names of all persons present at
728 any time, and the names of all persons speaking. No portion of
729 any closed meeting shall be off the record. Subject to the
730 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's
731 notes of any closed meeting shall be retained by the corporation
732 for a minimum of 5 years. A copy of the transcript, less any
733 exempt matters, of any closed meeting wherein claims are
734 discussed shall become public as to individual claims after
735 settlement of the claim.

736 (ii) The corporation shall revise the programs adopted
737 pursuant to sub-subparagraph (6)(q)3.a. for personal lines

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738 residential policies to maximize policyholder options and
739 encourage increased participation by insurers and agents. After
740 January 1, 2017, a policy may not be taken out from the
741 corporation unless the provisions of this paragraph are met.

742 1. The corporation must publish a periodic schedule of
743 cycles during which an insurer may identify, and notify the
744 corporation of, policies which the insurer is requesting to take
745 out. A request must include a description of the coverage
746 offered and an estimated premium and shall be submitted to the
747 corporation in a form and manner prescribed by the corporation.

748 2. The corporation shall maintain and make available to
749 the agent of record a consolidated list of all insurers
750 requesting to take out a policy which shall include a
751 description of the coverage offered and the estimated premium
752 for each take-out request.

753 3. The corporation shall provide written notice to the
754 policyholder and the agent of record of all insurers requesting
755 to take out the policy and of the policyholder's option to
756 accept a take-out offer or to reject all take-out offers and to
757 remain with the corporation. The notice must be in a format
758 prescribed by the corporation and include, for each take-out
759 offer:

760 a. The amount of the estimated premium;

761 b. A description of the coverage; and

762 c. A comparison of the estimated premium and coverage
763 offered by the insurer to the estimated premium and coverage

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764 provided by the corporation, including an explanation of
765 differences among the coverage offered by each insurer, and
766 differences between each insurer's coverage and the coverage
767 provided by the corporation.

768 Section 2. This act shall take effect July 1, 2016.

769

770 -----

771 **T I T L E A M E N D M E N T**

772 Remove everything before the enacting clause and insert:

773 A bill to be entitled

774 An act relating to operations of the Citizens Property Insurance
775 Corporation; amending s. 627.351, F.S.; specifying that a
776 consumer representative appointed by the Governor to the
777 Citizens Property Insurance Corporation's board of governors is
778 not prohibited from practicing in a certain profession if
779 required or permitted by law or ordinance; revising the
780 requirements for licensed agents of the corporation; revising
781 provisions related to the corporation's use of certain public
782 and private hurricane loss-projection models in establishing
783 certain rates; authorizing the use of specified information by
784 certain entities in analyzing risks or developing rating plans;
785 prohibiting the use of such information for the direct
786 solicitation of policyholders; requiring the take-out program to
787 be revised for specified purposes by a specified date; requiring
788 the corporation to schedule cycles during which insurers may
789 identify and submit policy take-out requests; specifying

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790 information required to be included in such requests; requiring
791 the corporation to maintain and make available specified lists
792 of insurers to its agents of record; requiring the corporation
793 to provide policyholders and the agents of record with a
794 specified notice regarding their policy renewal options;
795 providing an effective date.