

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 271 — Workers' Compensation

by Regulatory Affairs Committee; Government Operations Appropriations Subcommittee; and Rep. Cummings and others(CS/SB 444 by Appropriations Committee and Senator Galvano)

The bill amends provisions related to stop work orders (SWO) and associated penalties relating to Florida's Workers' Compensation Law as follows:

- Extends the number of days for an employer to provide requested records to the Department of Financial Services (DFS) from five to 10 days or be subject to a SWO.
- Authorizes the DFS to issue an order of conditional release from a SWO to an employer that has secured appropriate coverage if the employer pays \$1,000 as a down payment and agrees to pay the remainder of the penalty in periodic installments or in full.
- Authorizes an immediate reinstatement of the SWO if the employer does not pay the full penalty or enter into a payment agreement within 28 days after service of the SWO upon the employer.
- Credits the initial payment of the premium made by the employer to secure coverage against the assessed penalty for not having coverage if the employer that has not previously been issued a SWO. The bill provides a similar credit if coverage is secured through an employee leasing company. The bill provides a minimum \$1,000 penalty if the calculated penalty, after the application of the credit, is less than \$1,000.
- Reduces the look-back period for failure to comply with coverage requirements from 3 to 2 years and increases the penalty multiplier from 1.5 to 2 times the amount of unpaid premiums.

The bill codifies a recent court decision regarding the calculation of workers' compensation indemnity benefits to allow the payment of such benefits at either 66.67 percent or the current

66 2/3 percent of the employee's average weekly wage. This change has no fiscal impact because it reflects current procedures used by carriers.

The bill also revises the assessment methodology for the Workers' Compensation Special Disability Trust Fund (trust fund). The trust fund reimburses employers (or their carriers) for the excess in workers compensation benefits they have provided to an employee with a pre-existing impairment who is subsequently injured in a compensable accident. The bill requires the assessment to be calculated by the DFS based upon the net premiums written by carriers and self-insurers, the amount of premiums calculated by the department for self-insured employers, and the anticipated disbursements and expenses of the trust fund. This change in the assessment calculation will allow the DFS to draw down the trust fund balance to pay older, approved reimbursement requests without increasing the assessment rate. The bill requires all approved but unpaid reimbursement requests, as of June 30, 2014, to be paid by October 31, 2014. The bill reduces the maximum assessment rate from 4.52 percent to 2.50 percent. These provisions will not have a fiscal impact on DFS.

If approved by the Governor, these provisions take effect July 1, 2014.

This summary is provided for information only and does not represent the opinion of any Senator, Senate Officer, or Senate Office.
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Vote: Senate 39-0; House 116-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

HB 291 — Warranty Associations

by Rep. Santiago (SB 496 by Senator Simpson)

Under the bill, the parameters for delivery of motor vehicle service agreements, home warranties, and service warranty contracts are consistent and the same. The bill allows the electronic delivery of motor vehicle service agreements, home warranties, and service warranty contracts. The bill specifies electronic transmission of motor vehicle service agreements, home warranty agreements, and service warranty agreements constitutes delivery of the agreement to the purchaser. All electronic transmissions of agreements must include a notice to the purchaser indicating the purchaser's right to receive a paper copy of the agreement. If the purchaser notifies the company that he or she does not agree to an electronic transmission of the agreement, a paper copy must be sent via US mail to the purchaser. The bill requires service warranty contracts to be hand delivered, delivered by US mail, or electronically delivered. Current law does not require any method of delivery for a service warranty contract. The same delivery requirements apply to motor vehicle service agreements and home warranties under the bill.

The bill allows service warranty associations an additional exemption from the required 7-to-1 ratio of gross written premium to net assets. Under the bill, a service warranty association licensed in any other part of ch. 634, F.S., can be exempt for the 7-to-1 premium to assets ratio for the service warranty premium written under part III, if the association has an insurance policy covering all claims after the point of the association's insolvency under s. 634.406(3), F.S. The insurer issuing the policy must maintain a minimum capital surplus of \$200 million and an "A" or higher A.M. Best rating. The bill eliminates a current prohibition in s. 634.406(6)(c)3., F.S., that bans affiliations between contractual liability insurers and warranty associations.

Additionally, the bill removes an exemption for writing ratio requirements that applies to nationally traded companies issuing in states other than Florida in s. 634.406(7), F.S. The OIR indicates a majority of these national companies choose to receive their exemption through s. 634.406(6), F.S., and those effected by the change in the bill will be able to do the same.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 40-0; House 115-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 321 — Title Insurance

by Government Operations Appropriations Subcommittee; Insurance and Banking Subcommittee; and Rep. Passidomo and others (CS/CS/SB 570 by Judiciary Committee; Banking and Insurance Committee; and Senator Galvano)

The bill changes the unearned premium reserve requirement for title insurers holding \$50 million or more in surplus to policyholders. Those title insurers must have a reserve of a minimum of 6.5 percent of the total of (1) direct premiums written and (2) premiums for reinsurance assumed, with certain adjustments. Title insurers having less than \$50 million in surplus as to policyholders must continue to record unearned premium reserve in accordance with current law (30 cents per \$1,000 of net retained liability).

This bill amends statutes relating to the release of unearned premium reserve. This bill creates a new schedule for the release of the unearned premium reserve over 20 years for companies with more than \$50 million in surplus, as follows: 35 percent of the initial sum during the year following the year the premium was written or assumed, 15 percent during each year of the next succeeding 2 years, 10 percent during the next succeeding year, 3 percent during each of the next succeeding 3 years, 2 percent during each of the next succeeding 3 years, and 1 percent during each of the next succeeding 10 years. This bill allows a title insurer organized under the laws of another state which transfers its domicile to Florida to have an unearned premium reserve as required by the laws of the title insurer's former state. That reserve is released according to the requirements of law in effect in the former state at the time of domicile. The release of reserve based on premium written after the insurer moves to Florida is governed by Florida law.

This bill provides that only contract remedies are available for the breach of a duty that arises solely from the terms of a contract of title insurance or other instrument, relating to real estate closings, issued and approved by the Office of Insurance Regulation.

This bill provides that title insurance agency and agent applications created by the Department of Financial Services need not be on a printed form and will allow the use of online applications. This bill applies the same naming requirements applicable to title insurance agents to title insurance agencies, effective October 1, 2014. This bill removes the requirement that a title insurance agency deposit securities with the department having a market value of \$35,000 or a bond in the same amount at the time of application for licensure.

This bill changes from March 31 to May 31, the date which title insurers and agencies must report information required by the Office of Insurance Regulation for the analysis of title insurance premium rates.

If approved by the Governor, these provisions take effect July 1, 2014.
Vote: Senate 37-0; House 116-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 413 — Consumer Collection Practices

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; and Rep. Santiago (CS/SB 1006 by Criminal Justice Committee and Senator Hays)

The bill expands the Office of Financial Regulation's (OFR) registration and enforcement authority over consumer collection agencies (CCA) under the Florida Consumer Collection Practices Act (the Act).

The bill creates new requirements in s. 559.555, F.S., for applicants, including a criminal background check. A "control person" of an applicant must submit live-scan fingerprints for processing by the Florida Department of Law Enforcement (FDLE) for state criminal background checks and by the Federal Bureau of Investigation for federal criminal background checks to enable the OFR to determine applicants' fitness for registration. "Control person" is defined as an individual or entity that possesses the power to direct the management or policies of a company, whether through ownership of at least 10 percent of a class of voting securities, by contract, or otherwise.

The bill will subject approved registrants to reporting requirements provided in a new s. 559.5551, F.S. This section requires registrants to notify the OFR when control persons enter certain convictions or pleas, and when changes occur in the information contained in the initial application (such as a new business address) and in the registrant's business organization (such as a new control person). The bill provides that the OFR may bring an administrative action to ensure compliance with the Act, in order to deter registrants from adding an unqualified control person without regulatory approval.

The bill creates a new section 559.5541, F.S., to authorize the OFR to make unannounced examinations and investigations to determine whether a person (as opposed to only registrants) has violated the Act or related rules, regardless whether a consumer complaint has been filed against the CCA. The Act also permits the OFR to enter into joint or concurrent examinations with a state or federal regulatory agency, as long as the other regulator abides with the confidentiality provisions of ch. 119 and the Act.

The bill provides additional grounds for administrative action, such as unregistered activity, material misstatements on a registration application, regulatory actions and certain civil judgments, failure to maintain books and records, and acts of fraud and misrepresentation. These acts can subject an applicant or registrant to denial, suspension, revocation, and administrative fines. The bill provides that the OFR may impose an administrative fine of up to \$1,000 per day for each day that a CCA acts without a valid registration.

The bill authorizes the OFR to summarily suspend registrations pursuant to s. 120.60(6), F.S., based on the arrest for specified crimes of the registrant or control person, and provides that such arrests are deemed sufficient to constitute an immediate danger to the public's health, safety, and welfare. The bill also allows the OFR to deny requests to terminate a registration or to withdraw

a registration application if the OFR believes there are grounds for denial, suspension, restriction, or revocation.

If approved by the Governor, these provisions take effect October 1, 2014.

Vote: Senate 38-0; House 114-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 415 — Public Records/Investigations and Examinations by Office of Financial Regulation

by Government Operations Subcommittee; Insurance and Banking Subcommittee; and Rep. Santiago (CS/SB 1002 by Banking and Insurance Committee; and Senator Hays)

The bill creates a public records exemption for certain information held by the Office of Financial Regulation (OFR) relating to investigations and examinations of consumer collection agencies. The linked bill, CS/CS/HB 413, increases the OFR's registration, examination, and investigation authority over consumer collection agencies but OFR has no authority to withhold from public disclosure any information relating to consumer complaints, investigations, examinations, and registrations. CS/CS/HB 413 also authorizes OFR to conduct joint or concurrent examinations with other state or federal regulatory agencies and to share examination materials.

This bill provides that information relative to an investigation or examination by OFR is confidential and exempt from public records requirements while the investigation or examination is active. For purposes of the public record exemption, "active" means OFR or a law enforcement or administrative agency is proceeding with reasonable dispatch and has a reasonable good faith belief that the case may lead to the filing of an administrative, civil, or criminal proceeding or to the denial or conditional grant of a registration. Once the investigation or examination is no longer active, information made confidential and exempt by this bill is no longer confidential and exempt unless disclosure would jeopardize another active investigation or examination, reveal the personal identifying information of a consumer, reveal the identity of a confidential source, reveal investigative techniques or procedures, or reveal trade secrets.

The bill also allows OFR to share confidential and exempt information with law enforcement and administrative agencies.

The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature. It also provides a statement of public necessity as required by the State Constitution.

If approved by the Governor, these provisions take effect on the same day CS/CS/HB 413 or similar legislation becomes law.

Vote: Senate 33-0; House 117-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 424 — Discriminatory Insurance Practices

by Appropriations Committee; Criminal Justice Committee; and Senators Lee and Latvala

The bill provides that it is an unfair, discriminatory practice for a personal lines property or automobile insurer to:

- Refuse to issue, renew, or cancel a policy or charge an unfairly discriminatory rate based on the lawful ownership, possession, or use of a firearm or ammunition by the applicant, insured, or a household member of the applicant or insured.
- Disclose the lawful ownership or possession of firearms of an applicant, insured, or household member of the applicant or insured to a third party or an affiliated entity of the insurer unless the insurer discloses to the applicant the need for the disclosure, and the applicant or insured expressly consents or “opts in” to the disclosure.

The bill provides limited exceptions to the general provision of the bill regarding sharing firearm-related information. These exceptions occur only when it becomes necessary to disclose the information in order to quote or bind coverage, continue coverage, or adjust a claim.

The bill provides that an insurer is not prohibited from charging a supplemental premium when a separate rider is voluntarily requested by a policyholder or prospective policyholder to insure a firearm or firearm collection (if the value of the collection exceeds standard policy coverage) so long as it is not unfairly discriminatory.

If an insurer engages in discriminatory practices prohibited under part IX, of ch. 626, F.S., the insurer would be subject to fines and other administrative actions by the Office of Insurance Regulation.

The bill may provide additional coverage options for persons who have had coverage denied or cancelled due to such lawful ownership, possession, or use of a firearm.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 36-3; House 74-44

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

SB 490 — Motor Vehicle Liability Policy Requirements

by Senator Garcia

The bill extends the underwriting period for non-cancellable coverage required to reinstate driving privileges revoked or suspended for failure to maintain required security or for driving under the influence (DUI). During the underwriting period, the policy is effective but the insurer may cancel the policy. The bill also allows the insured to change the coverage amounts without requiring the policy to be cancelled, so long as the minimum required coverage amounts are maintained. The bill has no fiscal impact.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 38-0; House 116-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

SB 506 — OGSR/Florida Insurance Guaranty Association

by Banking and Insurance Committee

The bill is the result of an Open Government Sunset Review (OGSR) by the Banking and Insurance Committee of a public records exemption for certain information held by the Florida Insurance Guaranty Association (FIGA). The FIGA provides a mechanism for the payment of claims of insolvent property and casualty insurance companies in Florida.

Current law provides that the following records are confidential and exempt, with prescribed limitations:

- Claim files;
- Medical records that are part of a claims file and other medical information relating to the claimant; and
- Information relating to matters covered by privileged attorney-client communications.

If approved by the Governor, these provisions take effect October 1, 2014.

Vote: Senate 38-0; House 111-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/CS/SB 542 — Flood Insurance

by Banking and Insurance Committee; Appropriations Committee; Banking and Insurance Committee; and Senators Brandes, Simpson, Benacquisto, Galvano, Bradley, Latvala, Bean, Flores, Evers, Stargel, Garcia, Diaz de la Portilla, Hays, Thrasher, Grimsley, Richter, Lee, and Detert

The bill creates s. 627.715, F.S., governing the sale of personal lines, residential flood insurance. Authorized insurers may sell four different types of flood insurance products:

- Standard coverage, which covers only losses from the peril of flood as defined in the bill, which is the definition used by the National Flood Insurance Program (NFIP). The policy must be the same as coverage offered from the NFIP regarding the definition of flood, coverage, deductibles, and loss adjustment.
- Preferred coverage, which includes the same coverage as standard flood insurance and also must cover flood losses caused by water intrusion from outside the structure that are not otherwise covered under the definition of flood in the bill.
- Customized coverage, which is coverage that is broader than standard flood coverage.
- Supplemental coverage, which supplements an NFIP flood policy or a standard or preferred policy from a private market insurer. Supplemental coverage may provide coverage for jewelry, art, deductibles, and additional living expenses. It does not include excess flood coverage over other flood policies.

The bill requires prominent notice on the policy declarations or face page of deductibles and any other limitations on flood coverage or policy limits. Insurance agents that receive a flood insurance application must obtain a signed acknowledgement from the applicant stating that the full risk rate for flood insurance may apply to the property if flood insurance is later obtained under the NFIP.

An insurer may establish flood rates through the standard process in s. 627.062, F.S. Alternatively, rates filed before October 1, 2019, may be established through a rate filing with the Office of Insurance Regulation (OIR) that is not required to be reviewed by the OIR before implementation of the rate (“file and use” review) or shortly after implementation of the rate (“use and file” review). Specifically, the flood rate is exempt from the “file and use” and “use and file” requirements of s. 627.062(2)(a), F.S. Such filings are also exempt from the requirement to provide information necessary to evaluate the company and the reasonableness of the rate. The OIR may, however, examine a rate filing at its discretion. To enable the office to conduct such examinations, insurers must maintain actuarial data related to flood coverage for 2 years after the effective date of the rate change. Upon examination, the OIR will use actuarial techniques and the standards of the rating law to determine if the rate is excessive, inadequate or unfairly discriminatory.

Insurers that write flood coverage must notify the OIR at least 30 days before doing so in this state and file a plan of operation, financial projections, and any such revisions with the OIR.

The bill allows surplus lines agents to export flood insurance without making a diligent effort to seek coverage from three or more authorized insurers. This provision expires July 1, 2017.

The bill prohibits Citizens Property Insurance Corporation from providing flood insurance. The bill prohibits the Florida Hurricane Catastrophe Fund from reimbursing flood losses.

The bill allows projected flood losses for personal residential property insurance to be a rating factor. Flood losses may be estimated using a model or straight average of models found reliable by the Florida Commission on Hurricane Loss Projection Methodology.

The bill also specifies that the OIR Commissioner may provide a certification required by federal law or rule as a condition of qualifying for private flood insurance or disaster assistance. The certification is not subject to review under ch. 120, F.S.

If approved by the Governor, these provisions take effect upon becoming law.

Vote: Senate 30-3; House 98-11

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 590 — Money Services Businesses

by Criminal Justice Committee; Banking and Insurance Committee; and Senator Richter

The bill revises provisions relating to the regulation of money services businesses by the Office of Financial Regulation (OFR). Money services businesses (MSBs) offer financial services such as check cashing, money transmittals (wire transfers), sales of monetary instruments and currency exchange, and deferred presentment transactions (“payday loans”) outside the traditional banking environment. The bill provides the following changes:

- Allows the OFR to suspend the license of a MSB immediately pursuant to s. 120.60(6), F.S., if specified criminal charges are filed against a natural person listed on the application or if such person is arrested for specified crimes.
- Expands prohibited acts to include a violation under s. 560.310(2)(d), F.S., relating to the OFR database reporting requirements applicable to check cashers. A person who knowingly and willfully violates this provision commits a third-degree felony.
- Provides that a deferred presentment transaction is void if the person conducting the transaction is not authorized pursuant to ch. 560, F.S., and such person has no right to collect funds relating to such a transaction.
- Updates outdated cross references to federal regulations.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 38-0; House 119-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 633 — Division of Insurance Agents and Agency Services

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; and Rep. Ingram and others (CS/SB 1210 by Banking and Insurance Committee; and Senator Bean)

The bill amends statutes relating to the regulation of insurance agents and agencies by the Department of Financial Services (DFS). This bill:

- Provides for service of documents used to initiate administrative proceedings by electronic mail if service cannot be obtained by other means, allows for service by hand delivery by a department investigator and service by publication.
- Eliminates the insurance agency licensing requirement for agencies owned and operated by a single licensed agent if the branch agencies transact business under the same tax identification number and if the agent has designated an agent in charge for each location.
- Allows third parties to sign agency applications.
- Repeals a provision allowing insurance agencies to obtain a registration in lieu of a license, converts all agency registrations to licenses, and eliminates the 3-year expiration period for agency licenses.
- Provides for agency licenses to automatically expire if the agency does not designate a new agent in charge with the DFS within 90 days after the agent in charge on record has left the agency.
- Creates a new type of insurance agent, an unaffiliated insurance agent, to allow an agent who is not appointed by an insurance company to maintain his or her license instead of allowing the license to expire after 4 years.
- Requires the DFS to immediately suspend the license or appointment of licensees charged with crimes that would preclude them from applying for licensure from the DFS.
- Provides new conditions in which the DFS can deny an application for certification or suspend certification or approval as a neutral evaluator or mediator including misstatements on an application, demonstrated lack of fitness or trustworthiness, and fraudulent or dishonest practices.
- Provides that individuals seeking to act as DFS approved mediators must be certified by the Florida Supreme Court as circuit court mediators or have been active mediators for the DFS prior to July 1, 2014.
- Exempts members of the United States Armed Forces, their spouses, and veterans who have retired within 24 months from the application filing fee for specified licenses.

If approved by the Governor, these provisions take effect July 1, 2014, except as otherwise provided in the bill.

Vote: Senate 38-0; House 116-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 708 — Insurance Claims

by Appropriations Committee; Banking and Insurance Committee; and Senator Bean

The bill creates a “Homeowner Claims Bill of Rights” and requires a residential property insurer to provide a Homeowner Claims Bill of Rights to policyholders within 14 days of receiving a communication relating to a claim. The Bill of Rights informs consumers of their right to an acknowledgment within 14 days, their right to receive confirmation that a claim is covered in full or in part, that a claim is denied, or a claim is being investigated within 30 days after submitting a proof of loss form. The Bill of Rights also informs consumers of services offered by the Department of Financial Services (DFS) and provides advice for dealing with property insurance issues. The Bill of Rights does not create a civil cause of action against insurers but insurers can be disciplined by the state regulator for failing to provide it.

The bill amends provisions relating to mediators and neutral evaluators. It gives the DFS increased power to take disciplinary action against neutral evaluators similar to how the DFS may take disciplinary action against insurance agents.

The bill prohibits insurers from denying claims or canceling an insurance policy or contract based on credit information available in the public record if the insurance policy or contract has been in effect for more than 90 days.

Insurance contracts often contain an appraisal provision allowing parties who agree that there is a covered loss to use an umpire to determine the amount of the loss. This bill allows parties to disqualify an umpire for specified conflicts of interest such as where the umpire is related to one of the parties or has been employed by one of the parties.

If approved by the Governor, these provisions take effect July 1, 2014, except as otherwise provided in the bill.

Vote: Senate 37-0; House 115-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 754 — Certificates of Title

by Transportation Committee; Banking and Insurance Committee; and Senator Bradley

The bill revises the process for applying for a salvage certificate of title or a certificate of destruction (COD) on a total loss motor vehicle. The bill defines a “late model vehicle” to mean an automobile 7 years or newer. The bill raises the 80 percent repair-to-value COD threshold to 90 percent, and limits its application to late model vehicles with a value of at least \$7,500 just prior to sustaining the damage resulting in total loss.

The bill further creates a new valuation standard requiring all other vehicles to be issued a COD if the vehicle after the total loss:

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

Lastly, the bill requires the Department of Highway Safety and Motor Vehicles (DHSMV) to provide a summary report to the Governor, the President of the Senate, and the Speaker of the House of Representatives regarding certificates of title for rebuilt vehicles. The summary report shall include the DHSMV recommendations to the Legislature to address any needed improvements to, and correct any problems with, the process used to issue certificates of title for rebuilt motor vehicles. Additionally, the report by the DHSMV must offer recommendations as to the need, and appropriate process, for inspecting the roadworthiness of rebuilt motor vehicles based on relevant data and data on crashes caused by vehicle defects involving rebuilt motor vehicles. Such report is to be presented on or before October 31, 2015.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 38-1; House 112-1

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 783 — Motor Vehicle Sales

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; Rep. Albritton and others (CS/CS/SB 832 by Judiciary Committee; Banking and Insurance Committee; Senators Flores and Diaz de la Portilla)

The bill prohibits an affiliated finance company from denying or charging an additional fee or surcharge on a motor vehicle finance contract, solely because that contract includes a competing third-party automotive-related product that is of similar nature, scope and quality to an automotive-related product offered by the finance company or its affiliates. Factors in determining whether an automotive related product is similar in nature, scope, and quality include, but are not limited to, the financial capacity of the third-party provider to meet all of its obligations, inclusive of any contractual liability insurance policies, and the third-party provider's history of compliance with any applicable state and federal regulations.

The bill provides that a violation of its provisions is not a criminal violation of ch. 545, F.S., which regulates the relationship between motor vehicle manufacturers and dealers.

With regard to the financing of a motor vehicle sale the bill defines:

- “Affiliated finance company” to mean a finance company which is affiliated with or controlled by a manufacturer or wholesale distributor through common ownership, officers, directors, or management; or has a contractual agreement with a manufacturer or wholesale distributor to finance, via sale or lease, motor vehicles produced or distributed by such manufacturer or wholesale distributor.
- “Automotive related product” to mean a motor vehicle service agreement as defined in s. 634.011, F.S., or a guaranteed asset protection product as defined in s. 520.02, F.S., or other non-tangible ancillary product that is purchased or otherwise provided as part of the sale or lease of a motor vehicle by a dealer.
- “Third-party provider” to mean a provider of an automotive related product that is not an affiliated finance company, manufacturer, or wholesale distributor.
- “Vehicle contract” to mean a conditional sales contract, retail installment sales contract, chattel mortgage, lease agreement, promissory note, or any other financial obligation arising from the retail sale or lease of a motor vehicle.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 37-0; House 114-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/HB 785 — Workers' Compensation

by Regulatory Affairs Committee and Rep. Albritton (CS/CS/SB 952 by Rules Committee; Commerce and Tourism Committee; and Senator Simpson)

The bill revises provisions relating to the regulation of workers' compensation retrospective rating plans by the Office of Insurance Regulation (OIR). Currently, under such a plan, the final workers' compensation insurance premium paid by the employer is based on the actual loss experience of the employer during the policy, plus negotiated expenses and charges. If the employer controls the amount of claims, it pays lower premiums. The bill authorizes retrospective rating plans to contain a provision that allows the employer and insurer to negotiate the premium when the employer has multistate exposure, an estimated annual standard premium in Florida of \$100,000 or more, and an annual estimated countrywide standard premium of \$750,000 or more. Only insurers with \$500 million or more in surplus would be eligible to engage in the negotiation of premiums with eligible employers.

The bill exempts these retrospective rating plans from the provisions of s. 627.072(1), F.S., which specifies the factors used in determining workers' compensation rates. The bill requires such retrospective rating plans and associated forms to be filed by the rating organization, the National Council on Compensation Insurance, and approved by the OIR. However, an individual employer's premium negotiated pursuant to an approved retrospective rating plan is not subject to part I of ch. 627, F.S.

The bill also provides that reimbursement for oral vitamins, nutrient preparations, or dietary supplements is prohibited. Reimbursement will not be made for medical foods, as defined in 21 U.S.C. s. 360(b)(3), unless the self-insured employer or the carrier in its sole discretion authorizes the provision of such food. Such authorization may be limited by frequency, type, dosage, and reimbursement of such food as part of a proposed written course of medical treatment.

The bill may reduce workers' compensation premiums for employers participating in such retrospective rating plans.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 38-0; House 118-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 805 — Title Insurer Reserves

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; and Rep. Moraitis (CS/SB 758 by Banking and Insurance Committee; and Senator Lee)

The bill changes the unearned premium reserve requirement for title insurers holding \$50 million or more in surplus to policyholders. Those title insurers must have a minimum reserve of 6.5 percent of the total of direct premiums written and premiums for reinsurance assumed, with certain adjustments. Title insurers having less than \$50 million in surplus as to policyholders must continue to record unearned premium reserve in accordance with current law (30 cents per \$1,000 of net retained liability).

The bill amends statutes relating to the release of unearned premium reserve. The bill creates a new schedule for the release of the unearned premium reserve over 20 years for companies with more than \$50 million in surplus, as follows: 35 percent of the initial sum during the year following the year the premium was written or assumed, 15 percent during each year of the next succeeding 2 years, 10 percent during the next succeeding year, 3 percent during each of the next succeeding 3 years, 2 percent during each of the next succeeding 3 years, and 1 percent during each of the next succeeding 10 years.

The bill allows a title insurer organized under the laws of another state which transfers its domicile to Florida to have an unearned premium reserve as required by the laws of the title insurer's former state. That reserve is released according to the requirements of law in effect in the former state at the time of domicile. The release of reserve based on premiums written after the insurer moves to Florida is governed by Florida law.

The bill reduces the insurance premium tax paid by title insurers, effective January 1, 2015. The bill provides that the premium tax shall not be imposed on any portion of the title insurance premium retained by a title insurance agent or agency. Currently, title insurance agents and agencies retain up to 70 percent of the premium for the performance of title insurance services while the insurer pays the premium tax on the entire premium. The bill provides that provision reducing the premium tax expires December 31, 2017, unless reenacted by the Legislature. It provides legislative intent that the premium tax reduction is contingent on title insurers adding employees to their payroll. The bill requires title insurers to add a minimum of 600 Florida-based employees to their payroll as verified by the Department of Economic Opportunity and requires the department to report such verification to the President of the Senate and the Speaker of the House by October 1, 2016.

If approved by the Governor, these provisions take effect upon becoming law, except as otherwise provided in the bill.

Vote: Senate 38-0; House 115-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1012 — Financial Services

by Appropriations Committee; Banking and Insurance Committee; and Senator Richter

The Office of Financial Regulation (OFR) regulates state-chartered financial institutions, loan originators, mortgage brokers, mortgage lenders, and other specified entities that provide financial services. The bill provides the following changes relating to the regulation of these financial services:

Financial Institutions

- Updates provisions of the Florida Control of Money Laundering in Financial Institutions Act to codify the requirements of the Federal USA PATRIOT Act and the Office of Foreign Asset Control, which will allow the OFR to enforce these provisions.
- Expands the scope of persons subject to prohibited acts and practices to include affiliates and related interests.
- Authorizes the OFR to issue immediate cease and desist orders for persons using misleading banking-related names to perpetrate fraud on Florida consumers.
- Clarifies permissible activities for out of state trust companies and business trusts.
- Expands competitive equality for Florida-chartered financial institutions by clarifying that the par value requirement only applies to the settlement of checks between financial institutions, and provides that such institutions may charge fees to cash checks.
- Expands competitive equality to Florida-chartered credit unions by authorizing employee benefit plans and specified types of insurance coverage that is consistent with regulations governing federal credit unions.
- Provides a general rule of preemption to the state for financial or lending activities, and requires financial institutions to report any administrative or civil proceedings or civil investigations initiated by a county or municipality to the OFR.
- Provides that a financial institution is not civilly liable for the actions or operations of a borrower solely by virtue of extending a loan or a line of credit to such borrower.
- Repeals the \$2,000 annual assessment imposed on each international representative office, international administrative office, and international trust company.

Loan Originators, Mortgage Brokers, and Mortgage Lenders

- Provides licensees an additional 2 months to renew their license if such licensees remit a reinstatement or late fee in addition to the respective annual registry fees.
- Authorizes the OFR to take administrative action against applicants found to be in violation of the Nationwide Mortgage Licensing System (registry) Rules of Conduct relating to pre-licensure examination misconduct.
- Authorizes the OFR to conduct joint or concurrent examinations with any state or federal regulatory agency and to share examination reports with those regulators.
- Revises provisions that are affected by the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the related regulations of the Consumer Financial Protection Bureau (CFPB). These changes include the following:

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- o Reenacts and updates the OFR's authority to enforce the federal Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA), and related regulations of the CFPB due to the recent significant changes to those federal laws and regulations.
- o Revises the definition of "loan origination fee" to exclude payment for processing a mortgage application. Currently, any payment for processing the mortgage loan application must be included in the fee and paid to the mortgage broker. Under the Dodd-Frank Act, mortgages that meet certain requirements are deemed "qualified mortgages" and receive a "safe harbor" or "rebuttable presumption" against certain borrower lawsuits. One of the requirements is a 3 percent cap on points and fees for loan amounts that are \$100,000 or greater. Under the bill, this fee does not have to be included unless the processing company being used was affiliated with the creditor and/or mortgage broker.
- o Removes the requirement that a mortgage lender provide an applicant for a mortgage loan a good faith estimate of the costs the applicant can expect to pay in obtaining a mortgage loan. Federal regulations relating to the TILA require this disclosure.
- o Repeals the 2002 Florida Fair Lending Act, which imposes requirements on high cost mortgage loans that are similar to the 2002 requirements of the federal Home Ownership and Equity Protection Act (HOEPA), but adds other provisions. Subsequent to the enactment of Florida's act, the 2010 Dodd-Frank Act substantially expanded the scope of HOEPA coverage to include purchase-money mortgages and open-end credit plans (i.e., home equity lines of credit) and amended HOEPA's coverage tests. The Dodd-Frank Act also adds new protections for high-cost mortgages, including a requirement that consumers receive homeownership counseling before obtaining a high-cost mortgage. The Florida act has not been substantially amended or updated since 2002 and does not include the provisions of the Dodd-Frank Act.
- o Repeals the arbitration provision, which authorizes arbitration between noninstitutional investors or borrowers and a mortgage lender or broker regarding mortgage broker agreements, servicing agreements, loan applications or purchase agreements. The Dodd Frank Act amends TILA by prohibiting the inclusion of mandatory arbitration terms or any other non-judicial procedure to resolve disputes concerning a residential mortgage loan or home equity line of credit secured by a principal dwelling.
- Repeals the "Loans under Florida Uniform Land Sales Practices Law," which prescribes terms and conditions for mortgage loans of \$35,000 or less that are secured by vacant land.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 38-0; House 118-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/HB 1089 — Citizens Property Insurance Corporation

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; and Rep. Raschein (CS/CS/SB 1274 by Community Affairs Committee; Banking and Insurance Committee; and Senator Hays)

The bill postpones by one year, beginning July 1, 2015, after which new construction or substantial improvements of existing structures seaward of the coastal construction control line or within the Coastal Barrier Resources System are ineligible to receive coverage from the Citizens Property Insurance Corporation (Citizens). The bill also establishes that wind-only coverage from Citizens for commercial lines residential condominiums is not available for condominiums where 50 percent or more of the units are rented more than eight times in a calendar year for a rental agreement period of less than 30 days.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 24-6; House 117-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/SB 1238 — Family Trust Companies

by Banking and Insurance Committee; and Senator Richter

The bill creates “Family Trust Companies” in Florida. Trust companies are for-profit business organizations that are authorized to engage in a trust business and to act as a fiduciary for the general public. Some states allow families to form and operate private or family trust companies that provide trust services similar to those that can be provided by an individual trustee or a financial institution. However, family trust companies are owned exclusively by family members and may not provide fiduciary services to the public. These private, family trust companies are generally formed to manage the wealth of high net-worth families in lieu of traditional individual or institutional trustee arrangements for a variety of personal, investment, regulatory, and tax reasons. Currently, there are no Florida statutes authorizing the formation of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

The bill authorizes families to form and operate any of these three family trust companies in Florida, subject to varying regulatory requirements, including a license or registration with the Office of Financial Regulation (OFR), maintenance of minimum capital accounts with a principal place of business in Florida, and certain reporting requirements. The bill specifies the powers of family trust companies such as serving as a trustee of trusts held for the benefit of family members and providing fiduciary, investment advisory, and wealth management services to a family. A family trust company cannot perform these services for the general public.

The bill authorizes the OFR to investigate applications for licensure or registration, requires annual renewals and other regulatory filings from licensees and registrants, and authorizes the OFR to conduct periodic examinations of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

If approved by the Governor, these provisions take effect October 1, 2015, if CS/CS/SB 1320 becomes law.

Vote: Senate 38-0; House 112-1

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

SB 1262 — Public Records and Meetings/Insurance Flood Loss Model

by Senator Brandes

The bill makes confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I of the State

Constitution trade secrets used in designing and constructing flood loss models that are provided to the Florida Commission on Hurricane Loss Projection Methodology, the Office of Insurance Regulation, or the consumer advocate under s. 627.0628, F.S. The bill also makes exempt any portion of a meeting by the methodology commission or a rate filing by an insurer in which trade secrets pertaining to flood loss models are discussed.

The bill is subject to the Open Government Sunset Review Act in accordance with s. 119.15, F.S., and shall stand repealed on October 2, 2019, unless reviewed and saved from repeal through reenactment by the Legislature.

If approved by the Governor, these provisions take effect upon becoming law if SB 542, or similar legislation, is adopted in the same legislative session or an extension thereof and becomes a law.

Vote: Senate 37-0; House 101-8

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1278 — Public Records/Office of Financial Regulation

by Governmental Oversight and Accountability Committee; Banking and Insurance Committee; and Senator Richter

The bill creates a public records exemption for informal enforcement actions of the Office of Financial Regulation (OFR) and trade secrets held by the OFR in accordance with its statutory duties with respect to the Financial Institutions Codes. In addition, the bill defines:

- Examination report,
- Informal enforcement action,
- Working papers, and
- Personal financial information.

The OFR regulates and charters banks, trust companies, credit unions, and other financial institutions pursuant to the Financial Institutions Codes (codes), chapters 655 to 667, Florida Statutes. The OFR ensures Florida-chartered financial institutions' compliance with state and federal requirements for safety and soundness. Currently, s. 655.057, F.S., exempts certain records held by the OFR relating to the supervision and regulation of financial institutions chartered in Florida.

The bill provides for repeal of the exemption for informal enforcement actions and trade secrets on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act. Because this bill creates a new public records exemption, the bill provides a statement of public necessity as required by the State Constitution.

If approved by the Governor, these provisions take effect on the same date that CS/CS/SB 1012 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

Vote: Senate 35-0; House 115-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1300 — Public Records/Office of Insurance Regulation

by Governmental Oversight and Accountability Committee; Banking and Insurance Committee;
and Senator Simmons

The bill, which is linked to CS/CS/SB 1308, a bill relating to insurer solvency, creates a public records exemption to incorporate the confidentiality elements for the Office of Insurance Regulation (OIR) to meet the National Association of Insurance Commissioners' accreditation standards. The bill provides that proprietary business information held by the OIR in accordance with its statutory duties relating to insurer solvency is confidential and exempt from public record requirements. Proprietary business information includes information contained in specified reports, such as an actuarial opinion summary, enterprise risk reports, and principle-based valuation reports. The bill specifies circumstances under which such confidential and exempt information may be disclosed.

The effective date of the bill is October 1, 2014. The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act.

If approved by the Governor, these provisions take effect October 1, 2014, if CS/CS/SB 1308, or similar legislation, is adopted in the same legislative session or an extension thereof and becomes a law.

Vote: Senate 36-0; House 107-7

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1308 — Insurer Solvency

by Judiciary Committee; Banking and Insurance Committee; and Senator Simmons

The bill revises provisions within the Insurance Code relating to solvency requirements and regulatory oversight of insurers by the Office of Insurance Regulation (OIR). The bill incorporates provisions of model acts of the National Association of Insurance Commissioners (NAIC) necessary for accreditation purposes. Many of the NAIC provisions in the bill are in response to the 2008 financial crisis and the globalization of the insurance market and are intended to enhance the regulation of insurers as well as their affiliated entities and provide more tools for evaluating solvency risks within insurance groups. The bill:

- Authorizes the OIR to implement principle-based reserving for life insurers, which allows life insurers to calculate reserves that reflect current mortality rates, the life insurer's business model, and its particular risk profile.
- Requires persons that acquire controlling interests to disclose enterprise risk, and requires that ultimate controlling persons file an annual enterprise risk report with the OIR, which identifies material risk within the insurance company holding company system that could pose a risk or have a material adverse effect upon the insurer.
- Incorporates a risk-based capital trend test for life and health as well as property and casualty insurers and requires health maintenance organizations and prepaid limited health service organizations to file risk-based capital reports.
- Requires insurers to file actuarial opinion summaries and supporting workpapers annually and creates an evidentiary privilege for memoranda supporting actuarial opinions on reserves, actuarial opinion summaries and related information and provides for confidentiality of enterprise risk reports, actuarial opinion summaries, and other information.
- Authorizes the OIR to impose sanctions for noncompliance with the annual enterprise risk and registration statement reporting requirements.
- Allows the OIR to participate in supervisory colleges with other regulators for the regulation of any domestic insurer that is part of an insurance holding company system having international operations.

If approved by the Governor, these provisions take effect October 1, 2014, except as otherwise expressly provided in this act, if CS/CS/SB 1300 or similar legislation is adopted in the same legislative session, or an extension thereof and becomes a law.

Vote: Senate 37-0; House 112-1

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1320 — Public Records/Office of Financial Regulation

by Governmental Oversight and Accountability Committee; Banking and Insurance Committee;
and Senator Richter

The bill creates a public records exemption for certain information held by the Office of Financial Regulation (OFR) relating to family trust companies, licensed family trust companies, and foreign licensed family trust companies. Linked bill CS/CS/SB 1238 authorizes families to form and operate any of these three family trust companies, subject to regulatory requirements. A family trust company is an entity which provides trust services similar to those that can be provided by an individual or financial institution. This includes serving as a trustee of trusts held for the benefit of the family members as well as providing other fiduciary, investment advisory, wealth management, and administrative services to the family. A family trust company must be owned exclusively by family members and may not provide fiduciary services to the public.

This bill provides that the following records relating to family trust companies, licensed family trust companies, and foreign licensed family trust companies held by the OFR are confidential and exempt from public disclosure:

- Personal identifying information appearing in records relating to a registration, an application, or an annual certification.
- Personal identifying information appearing in records relating to an examination.
- Personal identifying information appearing in reports of examinations, operations, or conditions.
- Any portion of a list of names of the shareholders or members.
- Information received from a person from another state or nation or the federal government which is otherwise confidential.
- An emergency cease and desist order until it is made permanent or unless the public is at substantial risk of financial loss.

The bill creates a third degree felony for willfully disclosing information made confidential and exempt by this bill.

The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act. As this bill creates a new public records exemption, the bill also provides a statement of public necessity as required by the State Constitution.

If approved by the Governor, these provisions take effect the day that CS/CS/SB 1238 takes effect and becomes law.

Vote: Senate 36-1; House 113-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1344 — Insurance

by Rules Committee; Banking and Insurance Committee; and Senator Braynon

The bill provides that the Property Casualty Insurers Association of America and the Florida Insurance Council will make recommendations to the Chief Financial Officer (CFO) for appointments to the board of governors of the Florida Medical Malpractice Joint Underwriting Association.

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

This bill provides that the Governor must appoint one member to the eleven member board of directors of the Florida Workers' Compensation Insurance Guaranty Association. This member must have commercial insurance experience. This bill reduces from 3 to 2 the members of the board of directors that are selected by self-insurance funds and appointed by the CFO.

This bill changes the information that must be filed with the Office of Insurance Regulation (OIR) as part of an application for a certificate of authority to act as an insurance administrator and allows an insurer that uses the services of an administrator to contract with a qualified third party to conduct the required semiannual review of an administrator. The bill requires the applicant to provide the names, addresses, official positions and professional qualifications of individuals who are employed or retained by the administrator and who are responsible for the conduct of the affairs of the administrator. This bill allows an insurer who uses the services of an administrator to contract with a qualified third party to conduct the required semiannual review of an administrator that administers benefits for more than 100 certificateholders on behalf of the insurer. This bill also requires that the written agreement between an insurer and an administrator specifies the rights, duties, and obligations of the administrator and insurer.

This bill amends s. 626.89, F.S., to change the filing date for annual reports with the OIR from March 1, to within 3 months after the end of the administrator's fiscal year. This bill also allows the financial statement to cover the previous fiscal year, rather than a calendar year, if the administrator's accounting is on a fiscal year basis.

This bill amends sections 626.9541 and 627.7283, F.S., to allow the refund of unearned motor vehicle insurance premium by electronic transfer.

If approved by the Governor, these provisions take effect July 1, 2014.

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Vote: Senate 37-0; House 112-1

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 1672 — Property Insurance

by Rules Committee; Commerce and Tourism Committee; and Banking and Insurance Committee

The bill directs Citizens Property Insurance Corporation (Citizens) to offer new, separate commercial residential wind-only and all-other perils policies in the Coastal Account instead of multi-peril policies. Current Citizens commercial-residential multi-peril policies in the Coastal Account will be allowed to be renewed going forward.

The bill prohibits a public adjuster, a public adjuster apprentice, or any person acting on behalf of an adjuster or apprentice from accepting power of attorney on an adjusted property and choosing the repair contractor.

The bill prohibits referral fees from being paid to an insurance agency, agent, adjuster, or agency employee related to a mitigation inspection or any property inspection used to calculate property insurance premiums.

The bill prohibits a contractor, or a person acting on behalf of a contractor from knowingly or willfully and with intent to injure, defraud, or deceive, pay, waive, or rebate all or part of an insurance deductible applicable to payment to the contractor, or a person acting on behalf of a contractor, for repairs to property covered by a property insurance policy. A violation is a third degree felony.

The bill allows insurers and Citizens to use a quality assurance program related to the windstorm mitigation inspection form. The bill clarifies that an insurer is not required to independently verify a form if the inspector or inspection company has a quality assurance program approved by the insurer. Citizens may not re-inspect insured properties for 5 years if the initial windstorm mitigation inspection form was verified by a quality assurance program approved by Citizens prior to acceptance of the form.

Allows procurement protests within Citizens to be resolved by the Department of Administrative Hearings at Citizens' expense.

Requires Citizens to annually report to the legislature its estimated claims paying capacity. A duplicative legislative report from Citizens is repealed.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 25-8; House 117-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

HB 7009 — Security for Public Deposits

by Insurance and Banking Subcommittee; and Rep. Moraitis; and others (CS/SB 564 Banking and Insurance Committee; and Senator Richter)

The bill amends the Florida Security for Public Deposits Act (act), which authorizes local and state governmental units (public depositors) to place public deposits in qualified public depositories (QPD). Public deposits are funds in excess of amounts required to meet disbursement needs or expenses, and QPDs are banks, savings banks, or savings associations that meet specific criteria under the act. The QPDs must secure public deposits in accordance with the act and the collateral requirements and pledging levels established rule of the Chief Financial Officer. The bill provides the following changes to the act:

- Reduces and streamlines reporting requirements.
- Reduces the two highest collateral-pledging levels for public deposits, which would ease the regulatory burden for small and moderate sized QPDs.
- Provides protection from loss for a public depositor that fails to comply with a ministerial reporting requirement if the defaulting or insolvent QPD had classified, reported, and collateralized their account as public deposits.
- Repeals the Qualified Public Depository Oversight Board, which has been inactive since holding an initial meeting in December 2001.
- Revises and updates terminology and practices.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 37-0; House 116-0

THE FLORIDA SENATE
2014 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

HB 7097 — Ratification of Rules/Office of Insurance Regulation

by Rulemaking Oversight and Repeal Subcommittee; and Rep. Steube (SB 1698 by Banking and Insurance Committee)

Pursuant to s. 120.541, F.S., a rule that meets any of three thresholds must be ratified by the Legislature. The bill ratifies Rule 69O-186.013, F.A.C., titled Title Insurance Statistical Gathering, as filed for adoption with the Department of State pursuant to the certification package dated December 30, 2013. The rule, which implements s. 627.782(8), F.S., requires Florida licensed title insurance agencies and the retail sales offices of licensed title insurers selling directly to customers to annually submit specified statistical data that the OIR determines are necessary to analyze title insurance premiums, title search costs, and the condition of the title insurance industry in Florida. The data will be used by the Financial Services Commission in its promulgation of title insurance rates. The ratification is for the sole and exclusive purpose of satisfying any condition on effectiveness imposed under s. 120.541(3), F.S.

The Statement of Estimated Regulatory Costs prepared by the OIR estimates that the rule will increase the costs of these agencies and retail sales offices by approximately \$3,000 in the first year and \$2,000 annually thereafter. The estimated cumulative 5-year impact of the rule is \$22 million.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 38-0; House 116-0