

Amendment No.

CHAMBER ACTION

Senate

House

.

Representative Holder offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

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

215.555 Florida Hurricane Catastrophe Fund.—

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

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

(4) REIMBURSEMENT CONTRACTS.—

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17 (b)1. The contract shall contain a promise by the board to
18 reimburse the insurer for 45 percent, 75 percent, or 90 percent
19 of its losses from each covered event in excess of the insurer's
20 retention, plus 5 percent of the reimbursed losses to cover loss
21 adjustment expenses.

22 2. The insurer must elect one of the percentage coverage
23 levels specified in this paragraph and may, upon renewal of a
24 reimbursement contract, elect a lower percentage coverage level
25 if no revenue bonds issued under subsection (6) after a covered
26 event are outstanding, or elect a higher percentage coverage
27 level, regardless of whether or not revenue bonds are
28 outstanding. All members of an insurer group must elect the same
29 percentage coverage level. Any joint underwriting association,
30 risk apportionment plan, or other entity created under s.
31 627.351 must elect the 90-percent coverage level.

32 3. The contract shall provide that reimbursement amounts
33 shall not be reduced by reinsurance paid or payable to the
34 insurer from other sources.

35 ~~4. Notwithstanding any other provision contained in this~~
36 ~~section, the board shall make available to insurers that~~
37 ~~purchased coverage provided by this subparagraph in 2008,~~
38 ~~insurers qualifying as limited apportionment companies under s.~~
39 ~~627.351(6) (c), and insurers that have been approved to~~
40 ~~participate in the Insurance Capital Build-Up Incentive Program~~
41 ~~pursuant to s. 215.5595 a contract or contract addendum that~~
42 ~~provides an additional amount of reimbursement coverage of up to~~
43 ~~\$10 million. The premium to be charged for this additional~~
44 ~~reimbursement coverage shall be 50 percent of the additional~~

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45 ~~reimbursement coverage provided, which shall include one prepaid~~
46 ~~reinstatement. The minimum retention level that an eligible~~
47 ~~participating insurer must retain associated with this~~
48 ~~additional coverage layer is 30 percent of the insurer's surplus~~
49 ~~as of December 31, 2008, for the 2009-2010 contract year; as of~~
50 ~~December 31, 2009, for the 2010-2011 contract year; and as of~~
51 ~~December 31, 2010, for the 2011-2012 contract year. This~~
52 ~~coverage shall be in addition to all other coverage that may be~~
53 ~~provided under this section. The coverage provided by the fund~~
54 ~~under this subparagraph shall be in addition to the claims-~~
55 ~~paying capacity as defined in subparagraph (c)1., but only with~~
56 ~~respect to those insurers that select the additional coverage~~
57 ~~option and meet the requirements of this subparagraph. The~~
58 ~~claims-paying capacity with respect to all other participating~~
59 ~~insurers and limited apportionment companies that do not select~~
60 ~~the additional coverage option shall be limited to their~~
61 ~~reimbursement premium's proportionate share of the actual~~
62 ~~claims-paying capacity otherwise defined in subparagraph (c)1.~~
63 ~~and as provided for under the terms of the reimbursement~~
64 ~~contract. The optional coverage retention as specified shall be~~
65 ~~accessed before the mandatory coverage under the reimbursement~~
66 ~~contract, but once the limit of coverage selected under this~~
67 ~~option is exhausted, the insurer's retention under the mandatory~~
68 ~~coverage will apply. This coverage will apply and be paid~~
69 ~~concurrently with mandatory coverage. This subparagraph expires~~
70 ~~on May 31, 2012.~~

71 (6) REVENUE BONDS.—

72 (b) Emergency assessments—

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73 1. If the board determines that the amount of revenue
74 produced under subsection (5) is insufficient to fund the
75 obligations, costs, and expenses of the fund and the
76 corporation, including repayment of revenue bonds and that
77 portion of the debt service coverage not met by reimbursement
78 premiums, the board shall direct the Office of Insurance
79 Regulation to levy, by order, an emergency assessment on direct
80 premiums for all property and casualty lines of business in this
81 state, including property and casualty business of surplus lines
82 insurers regulated under part VIII of chapter 626, but not
83 including any workers' compensation premiums or medical
84 malpractice premiums. As used in this subsection, the term
85 "property and casualty business" includes all lines of business
86 identified on Form 2, Exhibit of Premiums and Losses, in the
87 annual statement required of authorized insurers by s. 624.424
88 and any rule adopted under this section, except for those lines
89 identified as accident and health insurance and except for
90 policies written under the National Flood Insurance Program. The
91 assessment shall be specified as a percentage of direct written
92 premium and is subject to annual adjustments by the board in
93 order to meet debt obligations. The same percentage shall apply
94 to all policies in lines of business subject to the assessment
95 issued or renewed during the 12-month period beginning on the
96 effective date of the assessment.

97 2. A premium is not subject to an annual assessment under
98 this paragraph in excess of 6 percent of premium with respect to
99 obligations arising out of losses attributable to any one
100 contract year, and a premium is not subject to an aggregate

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101 annual assessment under this paragraph in excess of 10 percent
102 of premium. An annual assessment under this paragraph shall
103 continue as long as the revenue bonds issued with respect to
104 which the assessment was imposed are outstanding, including any
105 bonds the proceeds of which were used to refund the revenue
106 bonds, unless adequate provision has been made for the payment
107 of the bonds under the documents authorizing issuance of the
108 bonds.

109 3. Emergency assessments shall be collected from
110 policyholders. Emergency assessments shall be remitted by
111 insurers as a percentage of direct written premium for the
112 preceding calendar quarter as specified in the order from the
113 Office of Insurance Regulation. The office shall verify the
114 accurate and timely collection and remittance of emergency
115 assessments and shall report the information to the board in a
116 form and at a time specified by the board. Each insurer
117 collecting assessments shall provide the information with
118 respect to premiums and collections as may be required by the
119 office to enable the office to monitor and verify compliance
120 with this paragraph.

121 4. With respect to assessments of surplus lines premiums,
122 each surplus lines agent shall collect the assessment at the
123 same time as the agent collects the surplus lines tax required
124 by s. 626.932, and the surplus lines agent shall remit the
125 assessment to the Florida Surplus Lines Service Office created
126 by s. 626.921 at the same time as the agent remits the surplus
127 lines tax to the Florida Surplus Lines Service Office. The
128 emergency assessment on each insured procuring coverage and

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129 filing under s. 626.938 shall be remitted by the insured to the
130 Florida Surplus Lines Service Office at the time the insured
131 pays the surplus lines tax to the Florida Surplus Lines Service
132 Office. The Florida Surplus Lines Service Office shall remit the
133 collected assessments to the fund or corporation as provided in
134 the order levied by the Office of Insurance Regulation. The
135 Florida Surplus Lines Service Office shall verify the proper
136 application of such emergency assessments and shall assist the
137 board in ensuring the accurate and timely collection and
138 remittance of assessments as required by the board. The Florida
139 Surplus Lines Service Office shall annually calculate the
140 aggregate written premium on property and casualty business,
141 other than workers' compensation and medical malpractice,
142 procured through surplus lines agents and insureds procuring
143 coverage and filing under s. 626.938 and shall report the
144 information to the board in a form and at a time specified by
145 the board.

146 5. Any assessment authority not used for a particular
147 contract year may be used for a subsequent contract year. If,
148 for a subsequent contract year, the board determines that the
149 amount of revenue produced under subsection (5) is insufficient
150 to fund the obligations, costs, and expenses of the fund and the
151 corporation, including repayment of revenue bonds and that
152 portion of the debt service coverage not met by reimbursement
153 premiums, the board shall direct the Office of Insurance
154 Regulation to levy an emergency assessment up to an amount not
155 exceeding the amount of unused assessment authority from a
156 previous contract year or years, plus an additional 4 percent

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157 provided that the assessments in the aggregate do not exceed the
158 limits specified in subparagraph 2.

159 6. The assessments otherwise payable to the corporation
160 under this paragraph shall be paid to the fund unless and until
161 the Office of Insurance Regulation and the Florida Surplus Lines
162 Service Office have received from the corporation and the fund a
163 notice, which shall be conclusive and upon which they may rely
164 without further inquiry, that the corporation has issued bonds
165 and the fund has no agreements in effect with local governments
166 under paragraph (c). On or after the date of the notice and
167 until the date the corporation has no bonds outstanding, the
168 fund shall have no right, title, or interest in or to the
169 assessments, except as provided in the fund's agreement with the
170 corporation.

171 7. Emergency assessments are not premium and are not
172 subject to the premium tax, to the surplus lines tax, to any
173 fees, or to any commissions. An insurer is liable for all
174 assessments that it collects and must treat the failure of an
175 insured to pay an assessment as a failure to pay the premium. An
176 insurer is not liable for uncollectible assessments.

177 8. When an insurer is required to return an unearned
178 premium, it shall also return any collected assessment
179 attributable to the unearned premium. A credit adjustment to the
180 collected assessment may be made by the insurer with regard to
181 future remittances that are payable to the fund or corporation,
182 but the insurer is not entitled to a refund.

183 9. When a surplus lines insured or an insured who has
184 procured coverage and filed under s. 626.938 is entitled to the

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185 return of an unearned premium, the Florida Surplus Lines Service
186 Office shall provide a credit or refund to the agent or such
187 insured for the collected assessment attributable to the
188 unearned premium prior to remitting the emergency assessment
189 collected to the fund or corporation.

190 10. The exemption of medical malpractice insurance premiums
191 from emergency assessments under this paragraph is repealed May
192 31, 2016 ~~2013~~, and medical malpractice insurance premiums shall
193 be subject to emergency assessments attributable to loss events
194 occurring in the contract years commencing on June 1, 2016 ~~2013~~.

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

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

199 a. The public benefits corporation created under this
200 paragraph will provide a mechanism necessary for the cost-
201 effective and efficient issuance of bonds. This mechanism will
202 eliminate unnecessary costs in the bond issuance process,
203 thereby increasing the amounts available to pay reimbursement
204 for losses to property sustained as a result of hurricane
205 damage.

206 b. The purpose of such bonds is to fund reimbursements
207 through the Florida Hurricane Catastrophe Fund to pay for the
208 costs of construction, reconstruction, repair, restoration, and
209 other costs associated with damage to properties of
210 policyholders of covered policies due to the occurrence of a
211 hurricane.

212 c. The efficacy of the financing mechanism will be enhanced

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213 | by the corporation's ownership of the assessments, by the
214 | insulation of the assessments from possible bankruptcy
215 | proceedings, and by covenants of the state with the
216 | corporation's bondholders.

217 | 2.a. There is created a public benefits corporation, which
218 | is an instrumentality of the state, to be known as the State
219 | Board of Administration ~~Florida Hurricane Catastrophe Fund~~
220 | Finance Corporation.

221 | b. The corporation shall operate under a five-member board
222 | of directors consisting of the Governor or a designee, the Chief
223 | Financial Officer or a designee, the Attorney General or a
224 | designee, the director of the Division of Bond Finance of the
225 | State Board of Administration, and the Chief Operating Officer
226 | ~~senior employee of the State Board of Administration responsible~~
227 | ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

228 | c. The corporation has all of the powers of corporations
229 | under chapter 607 and under chapter 617, subject only to the
230 | provisions of this subsection.

231 | d. The corporation may issue bonds and engage in such other
232 | financial transactions as are necessary to provide sufficient
233 | funds to achieve the purposes of this section.

234 | e. The corporation may invest in any of the investments
235 | authorized under s. 215.47.

236 | f. There shall be no liability on the part of, and no cause
237 | of action shall arise against, any board members or employees of
238 | the corporation for any actions taken by them in the performance
239 | of their duties under this paragraph.

240 | 3.a. In actions under chapter 75 to validate any bonds

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241 issued by the corporation, the notice required by s. 75.06 shall
242 be published in two newspapers of general circulation in the
243 state, and the complaint and order of the court shall be served
244 only on the State Attorney of the Second Judicial Circuit.

245 b. The state hereby covenants with holders of bonds of the
246 corporation that the state will not repeal or abrogate the power
247 of the board to direct the Office of Insurance Regulation to
248 levy the assessments and to collect the proceeds of the revenues
249 pledged to the payment of such bonds as long as any such bonds
250 remain outstanding unless adequate provision has been made for
251 the payment of such bonds pursuant to the documents authorizing
252 the issuance of such bonds.

253 4. The bonds of the corporation are not a debt of the state
254 or of any political subdivision, and neither the state nor any
255 political subdivision is liable on such bonds. The corporation
256 does not have the power to pledge the credit, the revenues, or
257 the taxing power of the state or of any political subdivision.
258 The credit, revenues, or taxing power of the state or of any
259 political subdivision shall not be deemed to be pledged to the
260 payment of any bonds of the corporation.

261 5.a. The property, revenues, and other assets of the
262 corporation; the transactions and operations of the corporation
263 and the income from such transactions and operations; and all
264 bonds issued under this paragraph and interest on such bonds are
265 exempt from taxation by the state and any political subdivision,
266 including the intangibles tax under chapter 199 and the income
267 tax under chapter 220. This exemption does not apply to any tax
268 imposed by chapter 220 on interest, income, or profits on debt

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269 obligations owned by corporations other than the State Board of
270 Administration ~~Florida Hurricane Catastrophe Fund~~ Finance
271 Corporation.

272 b. All bonds of the corporation shall be and constitute
273 legal investments without limitation for all public bodies of
274 this state; for all banks, trust companies, savings banks,
275 savings associations, savings and loan associations, and
276 investment companies; for all administrators, executors,
277 trustees, and other fiduciaries; for all insurance companies and
278 associations and other persons carrying on an insurance
279 business; and for all other persons who are now or may hereafter
280 be authorized to invest in bonds or other obligations of the
281 state and shall be and constitute eligible securities to be
282 deposited as collateral for the security of any state, county,
283 municipal, or other public funds. This sub-subparagraph shall be
284 considered as additional and supplemental authority and shall
285 not be limited without specific reference to this sub-
286 subparagraph.

287 6. The corporation and its corporate existence shall
288 continue until terminated by law; however, no such law shall
289 take effect as long as the corporation has bonds outstanding
290 unless adequate provision has been made for the payment of such
291 bonds pursuant to the documents authorizing the issuance of such
292 bonds. Upon termination of the existence of the corporation, all
293 of its rights and properties in excess of its obligations shall
294 pass to and be vested in the state.

295 7. The State Board of Administration Finance Corporation is
296 for all purposes the successor to the Florida Hurricane

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297 Catastrophe Fund Finance Corporation.

298 ~~(16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL COVERAGE.~~

299 ~~(a) Findings and intent.—~~

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

301 ~~a. Because of temporary disruptions in the market for~~
302 ~~eatastrophic reinsurance, many property insurers were unable to~~
303 ~~procure reinsurance for the 2006 hurricane season with an~~
304 ~~attachment point below the insurers' respective Florida~~
305 ~~Hurricane Catastrophe Fund attachment points, were unable to~~
306 ~~procure sufficient amounts of such reinsurance, or were able to~~
307 ~~procure such reinsurance only by incurring substantially higher~~
308 ~~costs than in prior years.~~

309 ~~b. The reinsurance market problems were responsible, at~~
310 ~~least in part, for substantial premium increases to many~~
311 ~~consumers and increases in the number of policies issued by the~~
312 ~~Citizens Property Insurance Corporation.~~

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

315 ~~2. It is the intent of the Legislature to create a~~
316 ~~temporary emergency program, applicable to the 2007, 2008, and~~
317 ~~2009 hurricane seasons, to address these market disruptions and~~
318 ~~enable insurers, at their option, to procure additional coverage~~
319 ~~from the Florida Hurricane Catastrophe Fund.~~

320 ~~(b) Applicability of other provisions of this section.—All~~
321 ~~provisions of this section and the rules adopted under this~~
322 ~~section apply to the program created by this subsection unless~~
323 ~~specifically superseded by this subsection.~~

324 ~~(c) Optional coverage.—For the contract year commencing~~

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325 ~~June 1, 2007, and ending May 31, 2008, the contract year~~
326 ~~commencing June 1, 2008, and ending May 31, 2009, and the~~
327 ~~contract year commencing June 1, 2009, and ending May 31, 2010,~~
328 ~~the board shall offer for each of such years the optional~~
329 ~~coverage as provided in this subsection.~~

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

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

334 ~~2. "TEACO insurer" means an insurer that has opted to~~
335 ~~obtain coverage under the TEACO options in addition to the~~
336 ~~coverage provided to the insurer under its reimbursement~~
337 ~~contract.~~

338 ~~3. "TEACO reimbursement premium" means the premium charged~~
339 ~~by the fund for coverage provided under the TEACO options.~~

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

344 ~~a. The board shall calculate and report to each TEACO~~
345 ~~insurer the TEACO retention multiples. There shall be three~~
346 ~~TEACO retention multiples for defining coverage. Each multiple~~
347 ~~shall be calculated by dividing \$3 billion, \$4 billion, or \$5~~
348 ~~billion by the total estimated mandatory FHCF reimbursement~~
349 ~~premium assuming all insurers selected the 90 percent coverage~~
350 ~~level.~~

351 ~~b. The TEACO retention multiples as determined under sub-~~
352 ~~paragraph a. shall be adjusted to reflect the coverage level~~

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353 ~~electd by the insurer. For insurers electing the 90-percent~~
354 ~~coverage level, the adjusted retention multiple is 100 percent~~
355 ~~of the amount determined under sub-subparagraph a. For insurers~~
356 ~~electing the 75-percent coverage level, the retention multiple~~
357 ~~is 120 percent of the amount determined under sub-subparagraph~~
358 ~~a. For insurers electing the 45-percent coverage level, the~~
359 ~~adjusted retention multiple is 200 percent of the amount~~
360 ~~determined under sub-subparagraph a.~~

361 ~~e. An insurer shall determine its provisional TEACO~~
362 ~~retention by multiplying its estimated mandatory FHCF~~
363 ~~reimbursement premium by the applicable adjusted TEACO retention~~
364 ~~multiple and shall determine its actual TEACO retention by~~
365 ~~multiplying its actual mandatory FHCF reimbursement premium by~~
366 ~~the applicable adjusted TEACO retention multiple.~~

367 ~~d. For TEACO insurers who experience multiple covered~~
368 ~~events causing loss during the contract year, the insurer's full~~
369 ~~TEACO retention shall be applied to each of the covered events~~
370 ~~causing the two largest losses for that insurer. For other~~
371 ~~covered events resulting in losses, the TEACO option does not~~
372 ~~apply and the insurer's retention shall be one-third of the full~~
373 ~~retention as calculated under paragraph (2)(e).~~

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

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

378 ~~(e) TEACO addendum.—~~

379 ~~1. The TEACO addendum shall provide for reimbursement of~~
380 ~~TEACO insurers for covered events occurring during the contract~~

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381 ~~year, in exchange for the TEACO reimbursement premium paid into~~
382 ~~the fund under paragraph (f). Any insurer writing covered~~
383 ~~policies has the option of choosing to accept the TEACO addendum~~
384 ~~for any of the 3 contract years that the coverage is offered.~~

385 ~~2. The TEACO addendum shall contain a promise by the board~~
386 ~~to reimburse the TEACO insurer for 45 percent, 75 percent, or 90~~
387 ~~percent of its losses from each covered event in excess of the~~
388 ~~insurer's TEACO retention, plus 5 percent of the reimbursed~~
389 ~~losses to cover loss adjustment expenses. The percentage shall~~
390 ~~be the same as the coverage level selected by the insurer under~~
391 ~~paragraph (4) (b).~~

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

395 ~~4. The TEACO addendum shall also provide that the~~
396 ~~obligation of the board with respect to all TEACO addenda shall~~
397 ~~not exceed an amount equal to two times the difference between~~
398 ~~the industry retention level calculated under paragraph (2) (e)~~
399 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~
400 ~~retention level options actually selected, but in no event may~~
401 ~~the board's obligation exceed the actual claims-paying capacity~~
402 ~~of the fund plus the additional capacity created in paragraph~~
403 ~~(g). If the actual claims-paying capacity and the additional~~
404 ~~capacity created under paragraph (g) fall short of the board's~~
405 ~~obligations under the reimbursement contract, each insurer's~~
406 ~~share of the fund's capacity shall be prorated based on the~~
407 ~~premium an insurer pays for its mandatory reimbursement coverage~~
408 ~~and the premium paid for its optional TEACO coverage as each~~

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409 ~~such premium bears to the total premiums paid to the fund times~~
410 ~~the available capacity.~~

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

414 ~~6. A TEACO insurer's maximum reimbursement for a single~~
415 ~~event shall be equal to the product of multiplying its mandatory~~
416 ~~FHCF premium by the difference between its FHCF retention~~
417 ~~multiple and its TEACO retention multiple under the TEACO option~~
418 ~~selected and by the coverage selected under paragraph (4)(b),~~
419 ~~plus an additional 5 percent for loss adjustment expenses. A~~
420 ~~TEACO insurer's maximum reimbursement under the TEACO option~~
421 ~~selected for a TEACO insurer's two largest events shall be twice~~
422 ~~its maximum reimbursement for a single event.~~

423 ~~(f) TEACO reimbursement premiums.—~~

424 ~~1. Each TEACO insurer shall pay to the fund, in the manner~~
425 ~~and at the time provided in the reimbursement contract for~~
426 ~~payment of reimbursement premiums, a TEACO reimbursement premium~~
427 ~~calculated as specified in this paragraph.~~

428 ~~2. The insurer's TEACO reimbursement premium associated~~
429 ~~with the \$3 billion retention option shall be equal to 85~~
430 ~~percent of a TEACO insurer's maximum reimbursement for a single~~
431 ~~event as calculated under subparagraph (e)6. The TEACO~~
432 ~~reimbursement premium associated with the \$4 billion retention~~
433 ~~option shall be equal to 80 percent of a TEACO insurer's maximum~~
434 ~~reimbursement for a single event as calculated under~~
435 ~~subparagraph (e)6. The TEACO premium associated with the \$5~~
436 ~~billion retention option shall be equal to 75 percent of a TEACO~~

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437 ~~insurer's maximum reimbursement for a single event as calculated~~
438 ~~under subparagraph (c)6.~~

439 ~~(g) Effect on claims-paying capacity of the fund. For the~~
440 ~~contract term commencing June 1, 2007, the contract year~~
441 ~~commencing June 1, 2008, and the contract term beginning June 1,~~
442 ~~2009, the program created by this subsection shall increase the~~
443 ~~claims-paying capacity of the fund as provided in subparagraph~~
444 ~~(4)(c)1. by an amount equal to two times the difference between~~
445 ~~the industry retention level calculated under paragraph (2)(c)~~
446 ~~and the \$3 billion industry TEACO retention level specified in~~
447 ~~sub-subparagraph (d)4.a. The additional capacity shall apply~~
448 ~~only to the additional coverage provided by the TEACO option and~~
449 ~~shall not otherwise affect any insurer's reimbursement from the~~
450 ~~fund.~~

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

453 626.752 Exchange of business.—

454 (4) The foregoing limitations and restrictions shall not be
455 construed and shall not apply to the placing of surplus lines
456 business under the provisions of part VIII or to the activities
457 of Citizens Property Insurance Corporation in placing new and
458 renewal business with authorized insurers in accordance with s.
459 627.3518.

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

463 626.854 "Public adjuster" defined; prohibitions.—The
464 Legislature finds that it is necessary for the protection of the

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465 public to regulate public insurance adjusters and to prevent the
466 unauthorized practice of law.

467 (11) (a) If a public adjuster enters into a contract with an
468 insured or claimant to reopen a claim or file a supplemental
469 claim that seeks additional payments for a claim that has been
470 previously paid in part or in full or settled by the insurer,
471 the public adjuster may not charge, agree to, or accept from any
472 source ~~any~~ compensation, payment, commission, fee, or any other
473 thing of value based on a previous settlement or previous claim
474 payments by the insurer for the same cause of loss. The charge,
475 compensation, payment, commission, fee, or any other thing of
476 value must be based only on the claim payments or settlement
477 obtained through the work of the public adjuster after entering
478 into the contract with the insured or claimant. Compensation for
479 the reopened or supplemental claim may not exceed 20 percent of
480 the reopened or supplemental claim payment. In no event shall
481 the contracts described in this paragraph exceed ~~are not subject~~
482 ~~to~~ the limitations in paragraph (b).

483 (b) A public adjuster may not charge, agree to, or accept
484 from any source ~~any~~ compensation, payment, commission, fee, or
485 any other thing of value in excess of:

486 1. Ten percent of the amount of insurance claim payments
487 made by the insurer for claims based on events that are the
488 subject of a declaration of a state of emergency by the
489 Governor. This provision applies to claims made during the year
490 after the declaration of emergency. After that year, the
491 limitations in subparagraph 2. apply.

492 2. Twenty percent of the amount of insurance claim payments

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493 made by the insurer for claims that are not based on events that
494 are the subject of a declaration of a state of emergency by the
495 Governor.

496 (c) Any maneuver, shift, or device through which the limits
497 on compensation set forth in this subsection are exceeded is a
498 violation of this chapter punishable as provided under s.
499 626.8698.

500 (15) ~~A public adjuster must ensure prompt notice of~~
501 ~~property loss claims submitted to an insurer by or through a~~
502 ~~public adjuster or on which a public adjuster represents the~~
503 ~~insured at the time the claim or notice of loss is submitted to~~
504 ~~the insurer.~~ The public adjuster must ensure that prompt notice
505 is given of the claim to the insurer, the public adjuster's
506 contract is provided to the insurer, the property is available
507 for inspection of the loss or damage by the insurer, and the
508 insurer is given an opportunity to interview the insured
509 directly about the loss and claim. The insurer must be allowed
510 to obtain necessary information to investigate and respond to
511 the claim.

512 (a) The insurer may not exclude the public adjuster from
513 its in-person meetings with the insured. The insurer shall meet
514 or communicate with the public adjuster in an effort to reach
515 agreement as to the scope of the covered loss under the
516 insurance policy. The public adjuster shall meet or communicate
517 with the insurer in an effort to reach agreement as to the scope
518 of the covered loss under the insurance policy. This section
519 does not impair the terms and conditions of the insurance policy
520 in effect at the time the claim is filed.

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521 (b) A public adjuster may not restrict or prevent an
522 insurer, company employee adjuster, independent adjuster,
523 attorney, investigator, or other person acting on behalf of the
524 insurer from having reasonable access at reasonable times to any
525 ~~an~~ insured or claimant or to the insured property that is the
526 subject of a claim.

527 (c) A public adjuster may not act or fail to reasonably act
528 in any manner that obstructs or prevents an insurer or insurer's
529 adjuster from timely conducting an inspection of any part of the
530 insured property for which there is a claim for loss or damage.
531 The public adjuster representing the insureds ~~insured~~ may be
532 present for the insurer's inspection, but if the unavailability
533 of the public adjuster otherwise delays the insurer's timely
534 inspection of the property, the public adjuster or the insureds
535 ~~insured~~ must allow the insurer to have access to the property
536 without the participation or presence of the public adjuster or
537 insureds ~~insured~~ in order to facilitate the insurer's prompt
538 inspection of the loss or damage.

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

542 (18) ~~(17)~~ The provisions of subsections (5)-(17) ~~(5)-(16)~~
543 apply only to residential property insurance policies and
544 condominium unit owner policies as defined in s. 718.111(11).

545 Section 4. The Legislature intends to enhance the expertise
546 immediately available to the commission by increasing the
547 membership of the Florida Commission on Hurricane Loss
548 Projection Methodology to provide for the appointment of an

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549 additional member with special qualifications or attributes.

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

552 627.0628 Florida Commission on Hurricane Loss Projection
553 Methodology; public records exemption; public meetings
554 exemption.—

555 (2) COMMISSION CREATED.—

556 (a) There is created the Florida Commission on Hurricane
557 Loss Projection Methodology, which is assigned to the State
558 Board of Administration. For the purposes of this section, the
559 term "commission" means the Florida Commission on Hurricane Loss
560 Projection Methodology. The commission shall be administratively
561 housed within the State Board of Administration, but it shall
562 independently exercise the powers and duties specified in this
563 section.

564 (b) The commission shall consist of the following 12 ~~11~~
565 members:

566 1. The insurance consumer advocate.

567 2. The senior employee of the State Board of Administration
568 responsible for operations of the Florida Hurricane Catastrophe
569 Fund.

570 3. The Executive Director of the Citizens Property
571 Insurance Corporation.

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

573 5. The actuary member of the Florida Hurricane Catastrophe
574 Fund Advisory Council.

575 6. An employee of the office who is an actuary responsible
576 for property insurance rate filings and who is appointed by the

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577 director of the office.

578 7. Five members appointed by the Chief Financial Officer,
579 as follows:

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

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

588 c. An expert in statistics who is a full-time member of the
589 faculty of the State University System and who has a background
590 in insurance.

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

593 e. An expert in meteorology who is a full-time member of
594 the faculty of the State University System and who specializes
595 in hurricanes.

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

600 (c) Members designated under subparagraphs (b)1.-5. shall
601 serve on the commission as long as they maintain the respective
602 offices designated in subparagraphs (b)1.-5. The member
603 appointed by the director of the office under subparagraph (b)6.
604 shall serve on the commission until the end of the term of

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605 office of the director who appointed him or her, unless removed
606 earlier by the director for cause. Members appointed by the
607 Chief Financial Officer under subparagraph (b)7. shall serve on
608 the commission until the end of the term of office of the Chief
609 Financial Officer who appointed them, unless earlier removed by
610 the Chief Financial Officer for cause. Vacancies on the
611 commission shall be filled in the same manner as the original
612 appointment.

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

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

618 (f) The State Board of Administration shall, as a cost of
619 administration of the Florida Hurricane Catastrophe Fund,
620 provide for travel, expenses, and staff support for the
621 commission.

622 (g) There shall be no liability on the part of, and no
623 cause of action of any nature shall arise against, any member of
624 the commission, any member of the State Board of Administration,
625 or any employee of the State Board of Administration for any
626 action taken in the performance of their duties under this
627 section. In addition, the commission may, in writing, waive any
628 potential cause of action for negligence of a consultant,
629 contractor, or contract employee engaged to assist the
630 commission.

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

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633 627.0629 Residential property insurance; rate filings.—

634 (5) In order to provide an appropriate transition period,
635 an insurer may implement an approved rate filing for residential
636 property insurance over a period of years. Such insurer must
637 provide an informational notice to the office setting out its
638 schedule for implementation of the phased-in rate filing. The
639 insurer may include in its rate the actual cost of private
640 market reinsurance that corresponds to available coverage of the
641 Temporary Increase in Coverage Limits, TICL, from the Florida
642 Hurricane Catastrophe Fund. The insurer may also include the
643 cost of reinsurance to replace the TICL reduction implemented
644 pursuant to s. 215.555(16)(d)9. ~~215.555(17)(d)9.~~ However, this
645 cost for reinsurance may not include any expense or profit load
646 or result in a total annual base rate increase in excess of 10
647 percent.

648 Section 7. Paragraphs (a), (c), (i), (k), and (q) of
649 subsection (6) of section 627.351, Florida Statutes, are
650 amended, and paragraphs (gg) and (hh) are added to that
651 subsection, to read:

652 627.351 Insurance risk apportionment plans.—

653 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

657 1. The Legislature finds that private insurers are
658 unwilling or unable to provide affordable property insurance
659 coverage in this state to the extent sought and needed. The
660 absence of affordable property insurance threatens the public

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661 health, safety, and welfare and likewise threatens the economic
662 health of the state. The state therefore has a compelling public
663 interest and a public purpose to assist in assuring that
664 property in the state is insured and that it is insured at
665 affordable rates so as to facilitate the remediation,
666 reconstruction, and replacement of damaged or destroyed property
667 in order to reduce or avoid the negative effects otherwise
668 resulting to the public health, safety, and welfare, to the
669 economy of the state, and to the revenues of the state and local
670 governments which are needed to provide for the public welfare.
671 It is necessary, therefore, to provide affordable property
672 insurance to applicants who are in good faith entitled to
673 procure insurance through the voluntary market but are unable to
674 do so. The Legislature intends, therefore, that affordable
675 property insurance be provided and that it continue to be
676 provided, as long as necessary, through Citizens Property
677 Insurance Corporation, a government entity that is an integral
678 part of the state, and that is not a private insurance company.
679 To that end, the corporation shall strive to increase the
680 availability of affordable property insurance in this state,
681 while achieving efficiencies and economies, and while providing
682 service to policyholders, applicants, and agents which is no
683 less than the quality generally provided in the voluntary
684 market, for the achievement of the foregoing public purposes.
685 Because it is essential for this government entity to have the
686 maximum financial resources to pay claims following a
687 catastrophic hurricane, it is the intent of the Legislature that
688 the corporation continue to be an integral part of the state and

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689 that the income of the corporation be exempt from federal income
690 taxation and that interest on the debt obligations issued by the
691 corporation be exempt from federal income taxation.

692 2. The Residential Property and Casualty Joint Underwriting
693 Association originally created by this statute shall be known as
694 the Citizens Property Insurance Corporation. The corporation
695 shall provide insurance for residential and commercial property,
696 for applicants who are entitled, but, in good faith, are unable
697 to procure insurance through the voluntary market. The
698 corporation shall operate pursuant to a plan of operation
699 approved by order of the Financial Services Commission. The plan
700 is subject to continuous review by the commission. The
701 commission may, by order, withdraw approval of all or part of a
702 plan if the commission determines that conditions have changed
703 since approval was granted and that the purposes of the plan
704 require changes in the plan. For the purposes of this
705 subsection, residential coverage includes both personal lines
706 residential coverage, which consists of the type of coverage
707 provided by homeowner's, mobile home owner's, dwelling,
708 tenant's, condominium unit owner's, and similar policies; and
709 commercial lines residential coverage, which consists of the
710 type of coverage provided by condominium association, apartment
711 building, and similar policies.

712 3. With respect to coverage for personal lines residential
713 structures:

714 a. Effective January 1, 2014 ~~2009~~, a ~~personal lines~~
715 ~~residential~~ structure that has a dwelling replacement cost of \$1
716 ~~\$2~~ million or more, or a single condominium unit that has a

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717 combined dwelling and contents replacement cost of \$1 ~~\$2~~ million
718 or more is not eligible for coverage by the corporation. Such
719 dwellings insured by the corporation on December 31, 2013 ~~2008~~,
720 may continue to be covered by the corporation until the end of
721 the policy term. ~~However, such dwellings may reapply and obtain~~
722 ~~coverage if the property owner provides the corporation with a~~
723 ~~sworn affidavit from one or more insurance agents, on a form~~
724 ~~provided by the corporation, stating that the agents have made~~
725 ~~their best efforts to obtain coverage and that the property has~~
726 ~~been rejected for coverage by at least one authorized insurer~~
727 ~~and at least three surplus lines insurers. If such conditions~~
728 ~~are met, the dwelling may be insured by the corporation for up~~
729 ~~to 3 years, after which time the dwelling is ineligible for~~
730 ~~coverage.~~ The office shall approve the method used by the
731 corporation for valuing the dwelling replacement cost for the
732 purposes of this subparagraph. If a policyholder is insured by
733 the corporation before ~~prior to~~ being determined to be
734 ineligible pursuant to this subparagraph and such policyholder
735 files a lawsuit challenging the determination, the policyholder
736 may remain insured by the corporation until the conclusion of
737 the litigation.

738 b. Effective January 1, 2015, a structure that has a
739 dwelling replacement cost of \$900,000 or more, or a single
740 condominium unit that has a combined dwelling and contents
741 replacement cost of \$900,000 or more, is not eligible for
742 coverage by the corporation. Such dwellings insured by the
743 corporation on December 31, 2014, may continue to be covered by
744 the corporation only until the end of the policy term.

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745 c. Effective January 1, 2016, a structure that has a
746 dwelling replacement cost of \$800,000 or more, or a single
747 condominium unit that has a combined dwelling and contents
748 replacement cost of \$800,000 or more, is not eligible for
749 coverage by the corporation. Such dwellings insured by the
750 corporation on December 31, 2015, may continue to be covered by
751 the corporation until the end of the policy term.

752 d. Effective January 1, 2017, a structure that has a
753 dwelling replacement cost of \$700,000 or more, or a single
754 condominium unit that has a combined dwelling and contents
755 replacement cost of \$700,000 or more, is not eligible for
756 coverage by the corporation. Such dwellings insured by the
757 corporation on December 31, 2016, may continue to be covered by
758 the corporation until the end of the policy term.

759
760 The requirements of sub-subparagraphs b.-d. do not apply in
761 counties where the office determines there is not a reasonable
762 degree of competition. In such counties a personal lines
763 residential structure that has a dwelling replacement cost of
764 less than \$1 million, or a single condominium unit that has a
765 combined dwelling and contents replacement cost of less than \$1
766 million, is eligible for coverage by the corporation.

767 4. It is the intent of the Legislature that policyholders,
768 applicants, and agents of the corporation receive service and
769 treatment of the highest possible level but never less than that
770 generally provided in the voluntary market. It is also intended
771 that the corporation be held to service standards no less than
772 those applied to insurers in the voluntary market by the office

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773 with respect to responsiveness, timeliness, customer courtesy,
774 and overall dealings with policyholders, applicants, or agents
775 of the corporation.

776 5.a. Effective January 1, 2009, a personal lines
777 residential structure that is located in the "wind-borne debris
778 region," as defined in s. 1609.2, International Building Code
779 (2006), and that has an insured value on the structure of
780 \$750,000 or more is not eligible for coverage by the corporation
781 unless the structure has opening protections as required under
782 the Florida Building Code for a newly constructed residential
783 structure in that area. A residential structure is ~~shall be~~
784 deemed to comply with this subparagraph if it has shutters or
785 opening protections on all openings and if such opening
786 protections complied with the Florida Building Code at the time
787 they were installed.

788 b. Any major structure as defined in s. 161.54(6)(a) for
789 which a permit is applied on or after July 1, 2014, for new
790 construction or substantial improvement as defined in s.
791 161.54(12) is not eligible for coverage by the corporation if
792 the structure is seaward of the coastal construction control
793 line established pursuant to s. 161.053 or is within the Coastal
794 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
795 3510.

796 ~~6. For any claim filed under any policy of the corporation,~~
797 ~~a public adjuster may not charge, agree to, or accept any~~
798 ~~compensation, payment, commission, fee, or other thing of value~~
799 ~~greater than 10 percent of the additional amount actually paid~~
800 ~~over the amount that was originally offered by the corporation~~

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801 ~~for any one claim.~~

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

803 1. Must provide for adoption of residential property and
804 casualty insurance policy forms and commercial residential and
805 nonresidential property insurance forms, which must be approved
806 by the office before use. The corporation shall adopt the
807 following policy forms:

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

812 b. Basic personal lines policy forms that are policies
813 similar to an HO-8 policy or a dwelling fire policy that provide
814 coverage meeting the requirements of the secondary mortgage
815 market, but which is more limited than the coverage under a
816 standard policy.

817 c. Commercial lines residential and nonresidential policy
818 forms that are generally similar to the basic perils of full
819 coverage obtainable for commercial residential structures and
820 commercial nonresidential structures in the admitted voluntary
821 market.

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

827 e. Commercial lines nonresidential property insurance forms
828 that cover the peril of wind only. The forms are applicable only

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829 to nonresidential properties located in areas eligible for
830 coverage under the coastal account referred to in sub-
831 subparagraph (b)2.a.

832 f. The corporation may adopt variations of the policy forms
833 listed in sub-subparagraphs a.-e. which contain more restrictive
834 coverage.

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

839 2. Must provide that the corporation adopt a program in
840 which the corporation and authorized insurers enter into quota
841 share primary insurance agreements for hurricane coverage, as
842 defined in s. 627.4025(2)(a), for eligible risks, and adopt
843 property insurance forms for eligible risks which cover the
844 peril of wind only.

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

846 (I) "Quota share primary insurance" means an arrangement in
847 which the primary hurricane coverage of an eligible risk is
848 provided in specified percentages by the corporation and an
849 authorized insurer. The corporation and authorized insurer are
850 each solely responsible for a specified percentage of hurricane
851 coverage of an eligible risk as set forth in a quota share
852 primary insurance agreement between the corporation and an
853 authorized insurer and the insurance contract. The
854 responsibility of the corporation or authorized insurer to pay
855 its specified percentage of hurricane losses of an eligible
856 risk, as set forth in the agreement, may not be altered by the

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857 inability of the other party to pay its specified percentage of
858 losses. Eligible risks that are provided hurricane coverage
859 through a quota share primary insurance arrangement must be
860 provided policy forms that set forth the obligations of the
861 corporation and authorized insurer under the arrangement,
862 clearly specify the percentages of quota share primary insurance
863 provided by the corporation and authorized insurer, and
864 conspicuously and clearly state that the authorized insurer and
865 the corporation may not be held responsible beyond their
866 specified percentage of coverage of hurricane losses.

867 (II) "Eligible risks" means personal lines residential and
868 commercial lines residential risks that meet the underwriting
869 criteria of the corporation and are located in areas that were
870 eligible for coverage by the Florida Windstorm Underwriting
871 Association on January 1, 2002.

872 b. The corporation may enter into quota share primary
873 insurance agreements with authorized insurers at corporation
874 coverage levels of 90 percent and 50 percent.

875 c. If the corporation determines that additional coverage
876 levels are necessary to maximize participation in quota share
877 primary insurance agreements by authorized insurers, the
878 corporation may establish additional coverage levels. However,
879 the corporation's quota share primary insurance coverage level
880 may not exceed 90 percent.

881 d. Any quota share primary insurance agreement entered into
882 between an authorized insurer and the corporation must provide
883 for a uniform specified percentage of coverage of hurricane
884 losses, by county or territory as set forth by the corporation

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885 board, for all eligible risks of the authorized insurer covered
886 under the agreement.

887 e. Any quota share primary insurance agreement entered into
888 between an authorized insurer and the corporation is subject to
889 review and approval by the office. However, such agreement shall
890 be authorized only as to insurance contracts entered into
891 between an authorized insurer and an insured who is already
892 insured by the corporation for wind coverage.

893 f. For all eligible risks covered under quota share primary
894 insurance agreements, the exposure and coverage levels for both
895 the corporation and authorized insurers shall be reported by the
896 corporation to the Florida Hurricane Catastrophe Fund. For all
897 policies of eligible risks covered under such agreements, the
898 corporation and the authorized insurer must maintain complete
899 and accurate records for the purpose of exposure and loss
900 reimbursement audits as required by fund rules. The corporation
901 and the authorized insurer shall each maintain duplicate copies
902 of policy declaration pages and supporting claims documents.

903 g. The corporation board shall establish in its plan of
904 operation standards for quota share agreements which ensure that
905 there is no discriminatory application among insurers as to the
906 terms of the agreements, pricing of the agreements, incentive
907 provisions if any, and consideration paid for servicing policies
908 or adjusting claims.

909 h. The quota share primary insurance agreement between the
910 corporation and an authorized insurer must set forth the
911 specific terms under which coverage is provided, including, but
912 not limited to, the sale and servicing of policies issued under

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913 the agreement by the insurance agent of the authorized insurer
914 producing the business, the reporting of information concerning
915 eligible risks, the payment of premium to the corporation, and
916 arrangements for the adjustment and payment of hurricane claims
917 incurred on eligible risks by the claims adjuster and personnel
918 of the authorized insurer. Entering into a quota sharing
919 insurance agreement between the corporation and an authorized
920 insurer is voluntary and at the discretion of the authorized
921 insurer.

922 3.a. May provide that the corporation may employ or
923 otherwise contract with individuals or other entities to provide
924 administrative or professional services that may be appropriate
925 to effectuate the plan. The corporation may borrow funds by
926 issuing bonds or by incurring other indebtedness, and shall have
927 other powers reasonably necessary to effectuate the requirements
928 of this subsection, including, without limitation, the power to
929 issue bonds and incur other indebtedness in order to refinance
930 outstanding bonds or other indebtedness. The corporation may
931 seek judicial validation of its bonds or other indebtedness
932 under chapter 75. The corporation may issue bonds or incur other
933 indebtedness, or have bonds issued on its behalf by a unit of
934 local government pursuant to subparagraph (q)2. in the absence
935 of a hurricane or other weather-related event, upon a
936 determination by the corporation, subject to approval by the
937 office, that such action would enable it to efficiently meet the
938 financial obligations of the corporation and that such
939 financings are reasonably necessary to effectuate the
940 requirements of this subsection. The corporation may take all

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941 actions needed to facilitate tax-free status for such bonds or
942 indebtedness, including formation of trusts or other affiliated
943 entities. The corporation may pledge assessments, projected
944 recoveries from the Florida Hurricane Catastrophe Fund, other
945 reinsurance recoverables, policyholder surcharges and other
946 surcharges, and other funds available to the corporation as
947 security for bonds or other indebtedness. In recognition of s.
948 10, Art. I of the State Constitution, prohibiting the impairment
949 of obligations of contracts, it is the intent of the Legislature
950 that no action be taken whose purpose is to impair any bond
951 indenture or financing agreement or any revenue source committed
952 by contract to such bond or other indebtedness.

953 b. To ensure that the corporation is operating in an
954 efficient and economic manner while providing quality service to
955 policyholders, applicants, and agents, the board shall
956 commission an independent third-party consultant having
957 expertise in insurance company management or insurance company
958 management consulting to prepare a report and make
959 recommendations on the relative costs and benefits of
960 outsourcing various policy issuance and service functions to
961 private servicing carriers or entities performing similar
962 functions in the private market for a fee, rather than
963 performing such functions in-house. In making such
964 recommendations, the consultant shall consider how other
965 residual markets, both in this state and around the country,
966 outsource appropriate functions or use servicing carriers to
967 better match expenses with revenues that fluctuate based on a
968 widely varying policy count. The report must be completed by

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969 July 1, 2012. Upon receiving the report, the board shall develop
970 a plan to implement the report and submit the plan for review,
971 modification, and approval to the Financial Services Commission.
972 Upon the commission's approval of the plan, the board shall
973 begin implementing the plan by January 1, 2013.

974 4. Must require that the corporation operate subject to the
975 supervision and approval of a board of governors consisting of
976 nine ~~eight~~ individuals who are residents of this state and who
977 are, from different geographical areas of the this state, one of
978 whom is appointed by the Governor and serves solely to advocate
979 on behalf of the consumer. The appointment of a consumer
980 representative by the Governor is in addition to the
981 appointments authorized under sub-subparagraph a.

982 a. The Governor, the Chief Financial Officer, the President
983 of the Senate, and the Speaker of the House of Representatives
984 shall each appoint two members of the board. At least one of the
985 two members appointed by each appointing officer must have
986 demonstrated expertise in insurance and is deemed to be within
987 the scope of the exemption provided in s. 112.313(7)(b). The
988 Chief Financial Officer shall designate one of the appointees as
989 chair. All board members serve at the pleasure of the appointing
990 officer. All members of the board are subject to removal at will
991 by the officers who appointed them. All board members, including
992 the chair, must be appointed to serve for 3-year terms beginning
993 annually on a date designated by the plan. However, for the
994 first term beginning on or after July 1, 2009, each appointing
995 officer shall appoint one member of the board for a 2-year term
996 and one member for a 3-year term. A board vacancy shall be

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997 filled for the unexpired term by the appointing officer. The
998 Chief Financial Officer shall appoint a technical advisory group
999 to provide information and advice to the board in connection
1000 with the board's duties under this subsection. The executive
1001 director and senior managers of the corporation shall be engaged
1002 by the board and serve at the pleasure of the board. Any
1003 executive director appointed on or after July 1, 2006, is
1004 subject to confirmation by the Senate. The executive director is
1005 responsible for employing other staff as the corporation may
1006 require, subject to review and concurrence by the board.

1007 b. The board shall create a Market Accountability Advisory
1008 Committee to assist the corporation in developing awareness of
1009 its rates and its customer and agent service levels in
1010 relationship to the voluntary market insurers writing similar
1011 coverage.

1012 (I) The members of the advisory committee consist of the
1013 following 11 persons, one of whom must be elected chair by the
1014 members of the committee: four representatives, one appointed by
1015 the Florida Association of Insurance Agents, one by the Florida
1016 Association of Insurance and Financial Advisors, one by the
1017 Professional Insurance Agents of Florida, and one by the Latin
1018 American Association of Insurance Agencies; three
1019 representatives appointed by the insurers with the three highest
1020 voluntary market share of residential property insurance
1021 business in the state; one representative from the Office of
1022 Insurance Regulation; one consumer appointed by the board who is
1023 insured by the corporation at the time of appointment to the
1024 committee; one representative appointed by the Florida

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1025 Association of Realtors; and one representative appointed by the
1026 Florida Bankers Association. All members shall be appointed to
1027 3-year terms and may serve for consecutive terms.

1028 (II) The committee shall report to the corporation at each
1029 board meeting on insurance market issues which may include rates
1030 and rate competition with the voluntary market; service,
1031 including policy issuance, claims processing, and general
1032 responsiveness to policyholders, applicants, and agents; and
1033 matters relating to depopulation.

1034 5. Must provide a procedure for determining the eligibility
1035 of a risk for coverage, as follows:

1036 a. Subject to s. 627.3517, with respect to personal lines
1037 residential risks, if the risk is offered coverage from an
1038 authorized insurer at the insurer's approved rate under a
1039 standard policy including wind coverage or, if consistent with
1040 the insurer's underwriting rules as filed with the office, a
1041 basic policy including wind coverage, for a new application to
1042 the corporation for coverage, the risk is not eligible for any
1043 policy issued by the corporation unless the premium for coverage
1044 from the authorized insurer is more than 15 percent greater than
1045 the premium for comparable coverage from the corporation.

1046 Whenever an offer of coverage for a personal lines residential
1047 risk is received for a policyholder of the corporation at
1048 renewal from an authorized insurer, if the offer is equal to or
1049 less than the corporation's renewal premium for comparable
1050 coverage, the risk is not eligible for coverage with the
1051 corporation. If the risk is not able to obtain such offer, the
1052 risk is eligible for a standard policy including wind coverage

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1053 or a basic policy including wind coverage issued by the
1054 corporation; however, if the risk could not be insured under a
1055 standard policy including wind coverage regardless of market
1056 conditions, the risk is eligible for a basic policy including
1057 wind coverage unless rejected under subparagraph 8. However, a
1058 ~~policyholder of the corporation or~~ a policyholder removed from
1059 the corporation through an assumption agreement remains eligible
1060 for coverage from the corporation until the end of the
1061 assumption period ~~remains eligible for coverage from the~~
1062 ~~corporation regardless of any offer of coverage from an~~
1063 ~~authorized insurer or surplus lines insurer~~. The corporation
1064 shall determine the type of policy to be provided on the basis
1065 of objective standards specified in the underwriting manual and
1066 based on generally accepted underwriting practices.

1067 (I) If the risk accepts an offer of coverage through the
1068 market assistance plan or through a mechanism established by the
1069 corporation other than a plan established by s. 627.3518, before
1070 a policy is issued to the risk by the corporation or during the
1071 first 30 days of coverage by the corporation, and the producing
1072 agent who submitted the application to the plan or to the
1073 corporation is not currently appointed by the insurer, the
1074 insurer shall:

1075 (A) Pay to the producing agent of record of the policy for
1076 the first year, an amount that is the greater of the insurer's
1077 usual and customary commission for the type of policy written or
1078 a fee equal to the usual and customary commission of the
1079 corporation; or

1080 (B) Offer to allow the producing agent of record of the

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1081 policy to continue servicing the policy for at least 1 year and
1082 offer to pay the agent the greater of the insurer's or the
1083 corporation's usual and customary commission for the type of
1084 policy written.

1085
1086 If the producing agent is unwilling or unable to accept
1087 appointment, the new insurer shall pay the agent in accordance
1088 with sub-sub-sub-subparagraph (A).

1089 (II) If the corporation enters into a contractual agreement
1090 for a take-out plan, the producing agent of record of the
1091 corporation policy is entitled to retain any unearned commission
1092 on the policy, and the insurer shall:

1093 (A) Pay to the producing agent of record, for the first
1094 year, an amount that is the greater of the insurer's usual and
1095 customary commission for the type of policy written or a fee
1096 equal to the usual and customary commission of the corporation;
1097 or

1098 (B) Offer to allow the producing agent of record to
1099 continue servicing the policy for at least 1 year and offer to
1100 pay the agent the greater of the insurer's or the corporation's
1101 usual and customary commission for the type of policy written.

1102
1103 If the producing agent is unwilling or unable to accept
1104 appointment, the new insurer shall pay the agent in accordance
1105 with sub-sub-sub-subparagraph (A).

1106 b. With respect to commercial lines residential risks, for
1107 a new application to the corporation for coverage, if the risk
1108 is offered coverage under a policy including wind coverage from

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1109 an authorized insurer at its approved rate, the risk is not
1110 eligible for a policy issued by the corporation unless the
1111 premium for coverage from the authorized insurer is more than 15
1112 percent greater than the premium for comparable coverage from
1113 the corporation. Whenever an offer of coverage for a commercial
1114 lines residential risk is received for a policyholder of the
1115 corporation at renewal from an authorized insurer, if the offer
1116 is equal to or less than the corporation's renewal premium for
1117 comparable coverage, the risk is not eligible for coverage with
1118 the corporation. If the risk is not able to obtain any such
1119 offer, the risk is eligible for a policy including wind coverage
1120 issued by the corporation. However, ~~a policyholder of the~~
1121 ~~corporation or~~ a policyholder removed from the corporation
1122 through an assumption agreement remains eligible for coverage
1123 from the corporation until the end of the assumption period
1124 ~~remains eligible for coverage from the corporation regardless of~~
1125 ~~an offer of coverage from an authorized insurer or surplus lines~~
1126 ~~insurer.~~

1127 (I) If the risk accepts an offer of coverage through the
1128 market assistance plan or through a mechanism established by the
1129 corporation other than a plan established by s. 627.3518, before
1130 a policy is issued to the risk by the corporation or during the
1131 first 30 days of coverage by the corporation, and the producing
1132 agent who submitted the application to the plan or the
1133 corporation is not currently appointed by the insurer, the
1134 insurer shall:

1135 (A) Pay to the producing agent of record of the policy, for
1136 the first year, an amount that is the greater of the insurer's

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1137 usual and customary commission for the type of policy written or
1138 a fee equal to the usual and customary commission of the
1139 corporation; or

1140 (B) Offer to allow the producing agent of record of the
1141 policy to continue servicing the policy for at least 1 year and
1142 offer to pay the agent the greater of the insurer's or the
1143 corporation's usual and customary commission for the type of
1144 policy written.

1145
1146 If the producing agent is unwilling or unable to accept
1147 appointment, the new insurer shall pay the agent in accordance
1148 with sub-sub-sub-subparagraph (A).

1149 (II) If the corporation enters into a contractual agreement
1150 for a take-out plan, the producing agent of record of the
1151 corporation policy is entitled to retain any unearned commission
1152 on the policy, and the insurer shall:

1153 (A) Pay to the producing agent of record, for the first
1154 year, an amount that is the greater of the insurer's usual and
1155 customary commission for the type of policy written or a fee
1156 equal to the usual and customary commission of the corporation;
1157 or

1158 (B) Offer to allow the producing agent of record to
1159 continue servicing the policy for at least 1 year and offer to
1160 pay the agent the greater of the insurer's or the corporation's
1161 usual and customary commission for the type of policy written.

1162
1163 If the producing agent is unwilling or unable to accept
1164 appointment, the new insurer shall pay the agent in accordance

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1165 with sub-sub-sub-subparagraph (A).

1166 c. For purposes of determining comparable coverage under
1167 sub-subparagraphs a. and b., the comparison must be based on
1168 those forms and coverages that are reasonably comparable. The
1169 corporation may rely on a determination of comparable coverage
1170 and premium made by the producing agent who submits the
1171 application to the corporation, made in the agent's capacity as
1172 the corporation's agent. A comparison may be made solely of the
1173 premium with respect to the main building or structure only on
1174 the following basis: the same coverage A or other building
1175 limits; the same percentage hurricane deductible that applies on
1176 an annual basis or that applies to each hurricane for commercial
1177 residential property; the same percentage of ordinance and law
1178 coverage, if the same limit is offered by both the corporation
1179 and the authorized insurer; the same mitigation credits, to the
1180 extent the same types of credits are offered both by the
1181 corporation and the authorized insurer; the same method for loss
1182 payment, such as replacement cost or actual cash value, if the
1183 same method is offered both by the corporation and the
1184 authorized insurer in accordance with underwriting rules; and
1185 any other form or coverage that is reasonably comparable as
1186 determined by the board. If an application is submitted to the
1187 corporation for wind-only coverage in the coastal account, the
1188 premium for the corporation's wind-only policy plus the premium
1189 for the ex-wind policy that is offered by an authorized insurer
1190 to the applicant must be compared to the premium for multiperil
1191 coverage offered by an authorized insurer, subject to the
1192 standards for comparison specified in this subparagraph. If the

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1193 corporation or the applicant requests from the authorized
1194 insurer a breakdown of the premium of the offer by types of
1195 coverage so that a comparison may be made by the corporation or
1196 its agent and the authorized insurer refuses or is unable to
1197 provide such information, the corporation may treat the offer as
1198 not being an offer of coverage from an authorized insurer at the
1199 insurer's approved rate.

1200 6. Must include rules for classifications of risks and
1201 rates.

1202 7. Must provide that if premium and investment income for
1203 an account attributable to a particular calendar year are in
1204 excess of projected losses and expenses for the account
1205 attributable to that year, such excess shall be held in surplus
1206 in the account. Such surplus must be available to defray
1207 deficits in that account as to future years and used for that
1208 purpose before assessing assessable insurers and assessable
1209 insureds as to any calendar year.

1210 8. Must provide objective criteria and procedures to be
1211 uniformly applied to all applicants in determining whether an
1212 individual risk is so hazardous as to be uninsurable. In making
1213 this determination and in establishing the criteria and
1214 procedures, the following must be considered:

1215 a. Whether the likelihood of a loss for the individual risk
1216 is substantially higher than for other risks of the same class;
1217 and

1218 b. Whether the uncertainty associated with the individual
1219 risk is such that an appropriate premium cannot be determined.

1220

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1221 The acceptance or rejection of a risk by the corporation shall
1222 be construed as the private placement of insurance, and the
1223 provisions of chapter 120 do not apply.

1224 9. Must provide that the corporation make its best efforts
1225 to procure catastrophe reinsurance at reasonable rates, to cover
1226 its projected 100-year probable maximum loss as determined by
1227 the board of governors.

1228 10. The policies issued by the corporation must provide
1229 that if the corporation or the market assistance plan obtains an
1230 offer from an authorized insurer to cover the risk at its
1231 approved rates, the risk is no longer eligible for renewal
1232 through the corporation, except as otherwise provided in this
1233 subsection.

1234 11. Corporation policies and applications must include a
1235 notice that the corporation policy could, under this section, be
1236 replaced with a policy issued by an authorized insurer which
1237 does not provide coverage identical to the coverage provided by
1238 the corporation. The notice must also specify that acceptance of
1239 corporation coverage creates a conclusive presumption that the
1240 applicant or policyholder is aware of this potential.

1241 12. May establish, subject to approval by the office,
1242 different eligibility requirements and operational procedures
1243 for any line or type of coverage for any specified county or
1244 area if the board determines that such changes are justified due
1245 to the voluntary market being sufficiently stable and
1246 competitive in such area or for such line or type of coverage
1247 and that consumers who, in good faith, are unable to obtain
1248 insurance through the voluntary market through ordinary methods

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1249 continue to have access to coverage from the corporation. If
1250 coverage is sought in connection with a real property transfer,
1251 the requirements and procedures may not provide an effective
1252 date of coverage later than the date of the closing of the
1253 transfer as established by the transferor, the transferee, and,
1254 if applicable, the lender.

1255 13. Must provide that, with respect to the coastal account,
1256 any assessable insurer with a surplus as to policyholders of \$25
1257 million or less writing 25 percent or more of its total
1258 countrywide property insurance premiums in this state may
1259 petition the office, within the first 90 days of each calendar
1260 year, to qualify as a limited apportionment company. A regular
1261 assessment levied by the corporation on a limited apportionment
1262 company for a deficit incurred by the corporation for the
1263 coastal account may be paid to the corporation on a monthly
1264 basis as the assessments are collected by the limited
1265 apportionment company from its insureds, but a limited
1266 apportionment company must begin collecting the regular
1267 assessments not later than 90 days after the regular assessments
1268 are levied by the corporation, and the regular assessments must
1269 be paid in full within 15 months after being levied by the
1270 corporation. A limited apportionment company shall collect from
1271 its policyholders any emergency assessment imposed under sub-
1272 subparagraph (b)3.d. The plan must provide that, if the office
1273 determines that any regular assessment will result in an
1274 impairment of the surplus of a limited apportionment company,
1275 the office may direct that all or part of such assessment be
1276 deferred as provided in subparagraph (q)4. However, an emergency

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1277 assessment to be collected from policyholders under sub-
1278 subparagraph (b)3.d. may not be limited or deferred.

1279 14. Must provide that the corporation appoint as its
1280 licensed agents only those agents who also hold an appointment
1281 as defined in s. 626.015(3) with an insurer who at the time of
1282 the agent's initial appointment by the corporation is authorized
1283 to write and is actually writing personal lines residential
1284 property coverage, commercial residential property coverage, or
1285 commercial nonresidential property coverage within the state.

1286 15. Must provide a premium payment plan option to its
1287 policyholders which, at a minimum, allows for quarterly and
1288 semiannual payment of premiums. A monthly payment plan may, but
1289 is not required to, be offered.

1290 16. Must limit coverage on mobile homes or manufactured
1291 homes built before 1994 to actual cash value of the dwelling
1292 rather than replacement costs of the dwelling.

1293 17. May provide such limits of coverage as the board
1294 determines, consistent with the requirements of this subsection.

1295 18. May require commercial property to meet specified
1296 hurricane mitigation construction features as a condition of
1297 eligibility for coverage.

1298 19. Must provide that new or renewal policies issued by the
1299 corporation on or after January 1, 2012, which cover sinkhole
1300 loss do not include coverage for any loss to appurtenant
1301 structures, driveways, sidewalks, decks, or patios that are
1302 directly or indirectly caused by sinkhole activity. The
1303 corporation shall exclude such coverage using a notice of
1304 coverage change, which may be included with the policy renewal,

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1305 and not by issuance of a notice of nonrenewal of the excluded
1306 coverage upon renewal of the current policy.

1307 20. As of January 1, 2012, must require that the agent
1308 obtain from an applicant for coverage from the corporation an
1309 acknowledgment signed by the applicant, which includes, at a
1310 minimum, the following statement:

1311 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

1312 AND ASSESSMENT LIABILITY:

1313 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1314 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
1315 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1316 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1317 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1318 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1319 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1320 LEGISLATURE.

1321 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1322 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1323 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
1324 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
1325 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1326 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1327 ARE REGULATED AND APPROVED BY THE STATE.

1328 3.2. I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
1329 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1330 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1331 FLORIDA LEGISLATURE.

1332 4.3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE

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1333 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1334 STATE OF FLORIDA.

1335 a. The corporation shall maintain, in electronic format or
1336 otherwise, a copy of the applicant's signed acknowledgment and
1337 provide a copy of the statement to the policyholder as part of
1338 the first renewal after the effective date of this subparagraph.

1339 b. The signed acknowledgment form creates a conclusive
1340 presumption that the policyholder understood and accepted his or
1341 her potential surcharge and assessment liability as a
1342 policyholder of the corporation.

1343 (i)1. The Office of the Internal Auditor is established
1344 within the corporation to provide a central point for
1345 coordination of and responsibility for activities that promote
1346 accountability, integrity, and efficiency to the policyholders
1347 and to the taxpayers of this state. The internal auditor shall
1348 be appointed by the board of governors, shall report to and be
1349 under the general supervision of the board of governors, and is
1350 not subject to supervision by an ~~any~~ employee of the
1351 corporation. Administrative staff and support shall be provided
1352 by the corporation. The internal auditor shall be appointed
1353 without regard to political affiliation. It is the duty and
1354 responsibility of the internal auditor to:

1355 a. Provide direction for, supervise, conduct, and
1356 coordinate audits, investigations, and management reviews
1357 relating to the programs and operations of the corporation.

1358 b. Conduct, supervise, or coordinate other activities
1359 carried out or financed by the corporation for the purpose of
1360 promoting efficiency in the administration of, or preventing and

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1361 detecting fraud, abuse, and mismanagement in, its programs and
1362 operations.

1363 c. Submit final audit reports, reviews, or investigative
1364 reports to the board of governors, the executive director, the
1365 members of the Financial Services Commission, and the President
1366 of the Senate and the Speaker of the House of Representatives.

1367 d. Keep the board of governors informed concerning fraud,
1368 abuses, and internal control deficiencies relating to programs
1369 and operations administered or financed by the corporation,
1370 recommend corrective action, and report on the progress made in
1371 implementing corrective action.

1372 e. Cooperate and coordinate activities with the
1373 corporation's inspector general ~~Report expeditiously to the~~
1374 ~~Department of Law Enforcement or other law enforcement agencies,~~
1375 ~~as appropriate, whenever the internal auditor has reasonable~~
1376 ~~grounds to believe there has been a violation of criminal law.~~

1377 2. On or before February 15, the internal auditor shall
1378 prepare an annual report evaluating the effectiveness of the
1379 internal controls of the corporation and providing
1380 recommendations for corrective action, if necessary, and
1381 summarizing the audits, reviews, and investigations conducted by
1382 the office during the preceding fiscal year. The final report
1383 shall be furnished to the board of governors and the executive
1384 director, the President of the Senate, the Speaker of the House
1385 of Representatives, and the Financial Services Commission.

1386 (k)1. The corporation shall establish and maintain a unit
1387 or division to investigate possible fraudulent claims by
1388 insureds or by persons making claims for services or repairs

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1389 against policies held by insureds; or it may contract with
1390 others to investigate possible fraudulent claims for services or
1391 repairs against policies held by the corporation pursuant to s.
1392 626.9891. The corporation must comply with reporting
1393 requirements of s. 626.9891. An employee of the corporation
1394 shall notify the corporation's Office of the Inspector General
1395 ~~Internal Auditor~~ and the Division of Insurance Fraud within 48
1396 hours after having information that would lead a reasonable
1397 person to suspect that fraud may have been committed by any
1398 employee of the corporation.

1399 2. The corporation shall establish a unit or division
1400 responsible for receiving and responding to consumer complaints,
1401 which unit or division is the sole responsibility of a senior
1402 manager of the corporation.

1403 (q)1. The corporation shall certify to the office its needs
1404 for annual assessments as to a particular calendar year, and for
1405 any interim assessments that it deems to be necessary to sustain
1406 operations as to a particular year pending the receipt of annual
1407 assessments. Upon verification, the office shall approve such
1408 certification, and the corporation shall levy such annual or
1409 interim assessments. Such assessments shall be prorated as
1410 provided in paragraph (b). The corporation shall take all
1411 reasonable and prudent steps necessary to collect the amount of
1412 assessments due from each assessable insurer, including, if
1413 prudent, filing suit to collect the assessments, and the office
1414 may provide such assistance to the corporation it deems
1415 appropriate. If the corporation is unable to collect an
1416 assessment from any assessable insurer, the uncollected

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1417 assessments shall be levied as an additional assessment against
1418 the assessable insurers and any assessable insurer required to
1419 pay an additional assessment as a result of such failure to pay
1420 shall have a cause of action against such nonpaying assessable
1421 insurer. Assessments shall be included as an appropriate factor
1422 in the making of rates. The failure of a surplus lines agent to
1423 collect and remit any regular or emergency assessment levied by
1424 the corporation is considered to be a violation of s. 626.936
1425 and subjects the surplus lines agent to the penalties provided
1426 in that section.

1427 2. The governing body of any unit of local government, any
1428 residents of which are insured by the corporation, may issue
1429 bonds as defined in s. 125.013 or s. 166.101 from time to time
1430 to fund an assistance program, in conjunction with the
1431 corporation, for the purpose of defraying deficits of the
1432 corporation. In order to avoid needless and indiscriminate
1433 proliferation, duplication, and fragmentation of such assistance
1434 programs, any unit of local government, any residents of which
1435 are insured by the corporation, may provide for the payment of
1436 losses, regardless of whether or not the losses occurred within
1437 or outside of the territorial jurisdiction of the local
1438 government. Revenue bonds under this subparagraph may not be
1439 issued until validated pursuant to chapter 75, unless a state of
1440 emergency is declared by executive order or proclamation of the
1441 Governor pursuant to s. 252.36 making such findings as are
1442 necessary to determine that it is in the best interests of, and
1443 necessary for, the protection of the public health, safety, and
1444 general welfare of residents of this state and declaring it an

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1445 essential public purpose to permit certain municipalities or
1446 counties to issue such bonds as will permit relief to claimants
1447 and policyholders of the corporation. Any such unit of local
1448 government may enter into such contracts with the corporation
1449 and with any other entity created pursuant to this subsection as
1450 are necessary to carry out this paragraph. Any bonds issued
1451 under this subparagraph shall be payable from and secured by
1452 moneys received by the corporation from emergency assessments
1453 under sub-subparagraph (b)3.d., and assigned and pledged to or
1454 on behalf of the unit of local government for the benefit of the
1455 holders of such bonds. The funds, credit, property, and taxing
1456 power of the state or of the unit of local government shall not
1457 be pledged for the payment of such bonds.

1458 3.a. The corporation shall adopt one or more programs
1459 subject to approval by the office for the reduction of both new
1460 and renewal writings in the corporation. Beginning January 1,
1461 2008, any program the corporation adopts for the payment of
1462 bonuses to an insurer for each risk the insurer removes from the
1463 corporation shall comply with s. 627.3511(2) and may not exceed
1464 the amount referenced in s. 627.3511(2) for each risk removed.
1465 The corporation may consider any prudent and not unfairly
1466 discriminatory approach to reducing corporation writings, and
1467 may adopt a credit against assessment liability or other
1468 liability that provides an incentive for insurers to take risks
1469 out of the corporation and to keep risks out of the corporation
1470 by maintaining or increasing voluntary writings in counties or
1471 areas in which corporation risks are highly concentrated and a
1472 program to provide a formula under which an insurer voluntarily

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1473 taking risks out of the corporation by maintaining or increasing
1474 voluntary writings will be relieved wholly or partially from
1475 assessments under sub-subparagraph (b)3.a. However, any "take-
1476 out bonus" or payment to an insurer must be conditioned on the
1477 property being insured for at least 5 years by the insurer,
1478 unless canceled or nonrenewed by the policyholder. If the policy
1479 is canceled or nonrenewed by the policyholder before the end of
1480 the 5-year period, the amount of the take-out bonus must be
1481 prorated for the time period the policy was insured. When the
1482 corporation enters into a contractual agreement for a take-out
1483 plan, the producing agent of record of the corporation policy is
1484 entitled to retain any unearned commission on such policy, and
1485 the insurer shall either:

1486 (I) Pay to the producing agent of record of the policy, for
1487 the first year, an amount which is the greater of the insurer's
1488 usual and customary commission for the type of policy written or
1489 a policy fee equal to the usual and customary commission of the
1490 corporation; or

1491 (II) Offer to allow the producing agent of record of the
1492 policy to continue servicing the policy for a period of not less
1493 than 1 year and offer to pay the agent the insurer's usual and
1494 customary commission for the type of policy written. If the
1495 producing agent is unwilling or unable to accept appointment by
1496 the new insurer, the new insurer shall pay the agent in
1497 accordance with sub-sub-subparagraph (I).

1498 b. Any credit or exemption from regular assessments adopted
1499 under this subparagraph shall last no longer than the 3 years
1500 following the cancellation or expiration of the policy by the

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1501 corporation. With the approval of the office, the board may
1502 extend such credits for an additional year if the insurer
1503 guarantees an additional year of renewability for all policies
1504 removed from the corporation, or for 2 additional years if the
1505 insurer guarantees 2 additional years of renewability for all
1506 policies so removed.

1507 c. There shall be no credit, limitation, exemption, or
1508 deferment from emergency assessments to be collected from
1509 policyholders pursuant to sub-subparagraph (b)3.d.

1510 4. The plan shall provide for the deferment, in whole or in
1511 part, of the assessment of an assessable insurer, other than an
1512 emergency assessment collected from policyholders pursuant to
1513 sub-subparagraph (b)3.d., if the office finds that payment of
1514 the assessment would endanger or impair the solvency of the
1515 insurer. In the event an assessment against an assessable
1516 insurer is deferred in whole or in part, the amount by which
1517 such assessment is deferred may be assessed against the other
1518 assessable insurers in a manner consistent with the basis for
1519 assessments set forth in paragraph (b).

1520 5. Effective July 1, 2007, in order to evaluate the costs
1521 and benefits of approved take-out plans, if the corporation pays
1522 a bonus or other payment to an insurer for an approved take-out
1523 plan, it shall maintain a record of the address or such other
1524 identifying information on the property or risk removed in order
1525 to track if and when the property or risk is later insured by
1526 the corporation.

1527 6. Any policy taken out, assumed, or removed from the
1528 corporation is, as of the effective date of the take-out,

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1529 assumption, or removal, direct insurance issued by the insurer
1530 and not by the corporation, even if the corporation continues to
1531 service the policies. This subparagraph applies to policies of
1532 the corporation and not policies taken out, assumed, or removed
1533 from any other entity.

1534 7. For a policy taken out, assumed, or removed from the
1535 corporation, the insurer may, for a period of no more than 3
1536 years, continue to use any of the corporation's policy forms or
1537 endorsements that apply to the policy taken out, removed, or
1538 assumed without obtaining approval from the office for use of
1539 such policy form or endorsement.

1540 (gg) The Office of Inspector General is established within
1541 the corporation to provide a central point for coordination of
1542 and responsibility for activities that promote accountability,
1543 integrity, and efficiency. The office shall be headed by an
1544 inspector general, which is a senior management position that
1545 involves planning, coordinating, and performing activities
1546 assigned to and assumed by the inspector general for the
1547 corporation.

1548 1. The inspector general shall be appointed by the
1549 Financial Services Commission and may only be removed from
1550 office by the commission. The inspector general shall be
1551 appointed without regard to political affiliation.

1552 a. At a minimum, the inspector general must possess a
1553 bachelor's degree from an accredited college or university and 8
1554 years of professional experience related to the duties of an
1555 inspector general as described in this paragraph, of which 5
1556 years must have been at a supervisory level.

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1557 b. The inspector general shall report to, and be under the
1558 supervision of, the chair of the board of governors. The
1559 executive director or corporation staff may not prevent or
1560 prohibit the inspector general from initiating, carrying out, or
1561 completing any audit, review, evaluation, study, or
1562 investigation.

1563 2. The inspector general shall initiate, direct,
1564 coordinate, participate in, and perform audits, reviews,
1565 evaluations, studies, and investigations designed to assess
1566 management practices; compliance with laws, rules, and policies;
1567 and program effectiveness and efficiency. This includes:

1568 a. Conducting internal examinations; investigating
1569 allegations of fraud, waste, abuse, malfeasance, mismanagement,
1570 employee misconduct, or violations of corporation policies; and
1571 conducting any other investigations as directed by the Financial
1572 Services Commission or as independently determined.

1573 b. Evaluating and recommending actions regarding security,
1574 the ethical behavior of personnel and vendors, and compliance
1575 with rules, laws, policies, and personnel matters; and rendering
1576 ethics opinions.

1577 c. Evaluating personnel and administrative policy
1578 compliance, management and operational matters, and human
1579 resources-related matters.

1580 d. Evaluating the application of a corporation code of
1581 ethics, providing reviews and recommendations on the design and
1582 content of ethics-related policy training courses, educating
1583 employees on the code and on appropriate conduct, and checking
1584 for compliance.

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1585 e. Evaluating the activities of the senior management team
1586 and management's compliance with recommended solutions.

1587 f. Cooperating and coordinating activities with the chief
1588 of internal audit.

1589 g. Maintaining records of investigations and discipline in
1590 accordance with established policies, or as otherwise required.

1591 h. Supervising and directing the tasks and assignments of
1592 the staff assigned to assist with the inspector general's
1593 projects, including regular review and feedback regarding work
1594 in progress and providing recommendations regarding relevant
1595 training and staff development activities.

1596 i. Directing, planning, preparing, and presenting interim
1597 and final reports and oral briefings which communicate the
1598 results of studies, reviews, and investigations.

1599 j. Providing the executive director with independent and
1600 objective assessments of programs and activities.

1601 k. Completing special projects, assignments, and other
1602 duties as requested by the Financial Services Commission.

1603 l. Reporting expeditiously to the Department of Law
1604 Enforcement or other law enforcement agencies, as appropriate,
1605 whenever the inspector general has reasonable grounds to believe
1606 there has been a violation of criminal law.

1607 (hh) The corporation must prepare a report for each
1608 calendar year outlining both the statewide average and county-
1609 specific details of the loss ratio attributable to losses that
1610 are not catastrophic losses for residential coverage provided by
1611 the corporation, which information must be presented to the
1612 office and available for public inspection on the Internet

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1613 website of the corporation by January 15th of the following
1614 calendar year.

1615 Section 8. Effective October 1, 2013, paragraphs (e) and
1616 (t) of subsection (6) of section 627.351, Florida Statutes, are
1617 amended to read:

1618 627.351 Insurance risk apportionment plans.—

1619 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1620 (e) The corporation is subject to s. 287.057 for the
1621 purchase of commodities and contractual services except as
1622 otherwise provided in this paragraph. Services provided by
1623 traders or technical experts to assist a licensed adjuster
1624 in the evaluation of individual claims are not subject to the
1625 procurement requirements of this section. Additionally, the
1626 procurement of financial services providers and underwriters
1627 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~
1628 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~
1629 ~~receipt of written quotes, written record of telephone quotes,~~
1630 ~~or informal bids, whenever practical. The procurement of goods~~
1631 ~~or services valued at or over \$25,000 shall be subject to~~
1632 ~~competitive solicitation, except in situations where the goods~~
1633 ~~or services are provided by a sole source or are deemed an~~
1634 ~~emergency purchase; the services are exempted from competitive~~
1635 ~~solicitation requirements under s. 287.057(3)(f); or the~~
1636 ~~procurement of services is subject to s. 627.3513. Justification~~
1637 ~~for the sole sourcing or emergency procurement must be~~
1638 ~~documented.~~ Contracts for goods or services valued at or more
1639 than ~~over~~ \$100,000 are subject to approval by the board.

1640 1. The corporation is an agency for purposes of s. 287.057,

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1641 except that, for purposes of s. 287.057(22), the corporation is
1642 an eligible user.

1643 a. The authority of the Department of Management Services
1644 and the Chief Financial Officer under s. 287.057 extends to the
1645 corporation as if the corporation were an agency.

1646 b. The executive director of the corporation is the agency
1647 head under s. 287.057, except for resolution of bid protests for
1648 which the board would serve as the agency head.

1649 2. The corporation must provide notice of a decision or
1650 intended decision concerning a solicitation, contract award, or
1651 exceptional purchase by electronic posting. Such notice must
1652 contain the following statement: "Failure to file a protest
1653 within the time prescribed in this section constitutes a waiver
1654 of proceedings."

1655 a. A person adversely affected by the corporation's
1656 decision or intended decision to award a contract pursuant to s.
1657 287.057(1) or s. 287.057(3)(c) who elects to challenge the
1658 decision must file a written notice of protest with the
1659 executive director of the corporation within 72 hours after the
1660 corporation posts a notice of its decision or intended decision.
1661 For a protest of the terms, conditions, and specifications
1662 contained in a solicitation, including any provisions governing
1663 the methods for ranking bids, proposals, replies, awarding
1664 contracts, reserving rights of further negotiation, or modifying
1665 or amending any contract, the notice of protest must be filed in
1666 writing within 72 hours after the posting of the solicitation.
1667 Saturdays, Sundays, and state holidays are excluded in the
1668 computation of the 72-hour time period.

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1669 b. A formal written protest must be filed within 10 days
1670 after the date the notice of protest is filed. The formal
1671 written protest must state with particularity the facts and law
1672 upon which the protest is based. Upon receipt of a formal
1673 written protest that has been timely filed, the corporation must
1674 stop the solicitation or contract award process until the
1675 subject of the protest is resolved by final board action unless
1676 the executive director sets forth in writing particular facts
1677 and circumstances that require the continuance of the
1678 solicitation or contract award process without delay in order to
1679 avoid an immediate and serious danger to the public health,
1680 safety, or welfare. The corporation must provide an opportunity
1681 to resolve the protest by mutual agreement between the parties
1682 within 7 business days after receipt of the formal written
1683 protest. If the subject of a protest is not resolved by mutual
1684 agreement within 7 business days, the corporation's board must
1685 place the protest on the agenda and resolve it at its next
1686 regularly scheduled meeting. The protest must be heard by the
1687 board at a publicly noticed meeting in accordance with
1688 procedures established by the board.

1689 c. In a protest of an invitation-to-bid or request-for-
1690 proposals procurement, submissions made after the bid or
1691 proposal opening which amend or supplement the bid or proposal
1692 may not be considered. In protesting an invitation-to-negotiate
1693 procurement, submissions made after the corporation announces
1694 its intent to award a contract, reject all replies, or withdraw
1695 the solicitation that amends or supplements the reply may not be
1696 considered. Unless otherwise provided by law, the burden of

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1697 proof rests with the party protesting the corporation's action.
1698 In a competitive-procurement protest, other than a rejection of
1699 all bids, proposals, or replies, the corporation's board must
1700 conduct a de novo proceeding to determine whether the
1701 corporation's proposed action is contrary to the corporation's
1702 governing statutes, the corporation's rules or policies, or the
1703 solicitation specifications. The standard of proof for the
1704 proceeding is whether the corporation's action was clearly
1705 erroneous, contrary to competition, arbitrary, or capricious. In
1706 any bid-protest proceeding contesting an intended corporation
1707 action to reject all bids, proposals, or replies, the standard
1708 of review by the board is whether the corporation's intended
1709 action is illegal, arbitrary, dishonest, or fraudulent.

1710 d. Failure to file a notice of protest or failure to file a
1711 formal written protest constitutes a waiver of proceedings.

1712 3. Contract actions and decisions by the board under this
1713 paragraph are final. Any further legal remedy must be made in
1714 the Circuit Court of Leon County.

1715 (t) For the purposes of s. 199.183(1), the corporation
1716 shall be considered a political subdivision of the state and
1717 shall be exempt from the corporate income tax. The premiums,
1718 assessments, investment income, and other revenue of the
1719 corporation are funds received for providing property insurance
1720 coverage as required by this subsection, paying claims for
1721 Florida citizens insured by the corporation, securing and
1722 repaying debt obligations issued by the corporation, and
1723 conducting all other activities of the corporation, and shall
1724 not be considered taxes, fees, licenses, or charges for services

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1725 imposed by the Legislature on individuals, businesses, or
1726 agencies outside state government. Bonds and other debt
1727 obligations issued by or on behalf of the corporation are not to
1728 be considered "state bonds" within the meaning of s. 215.58(8).
1729 The corporation is ~~not~~ subject to the procurement provisions of
1730 chapter 287 as provided in paragraph (e), and policies and
1731 decisions of the corporation relating to incurring debt, levying
1732 of assessments and the sale, issuance, continuation, terms and
1733 claims under corporation policies, and all services relating
1734 thereto, are not subject to the provisions of chapter 120. The
1735 corporation is not required to obtain or to hold a certificate
1736 of authority issued by the office, nor is it required to
1737 participate as a member insurer of the Florida Insurance
1738 Guaranty Association. However, the corporation is required to
1739 pay, in the same manner as an authorized insurer, assessments
1740 levied by the Florida Insurance Guaranty Association. It is the
1741 intent of the Legislature that the tax exemptions provided in
1742 this paragraph will augment the financial resources of the
1743 corporation to better enable the corporation to fulfill its
1744 public purposes. Any debt obligations issued by the corporation,
1745 their transfer, and the income therefrom, including any profit
1746 made on the sale thereof, shall at all times be free from
1747 taxation of every kind by the state and any political
1748 subdivision or local unit or other instrumentality thereof;
1749 however, this exemption does not apply to any tax imposed by
1750 chapter 220 on interest, income, or profits on debt obligations
1751 owned by corporations other than the corporation.

1752 Section 9. The purchase of commodities and contractual

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1753 services by Citizens Property Insurance Corporation commenced
1754 before October 1, 2013, is governed by the law in effect on
1755 September 30, 2013.

1756 Section 10. Section 627.3518, Florida Statutes, is created
1757 to read:

1758 627.3518 Citizens Property Insurance Corporation
1759 policyholder eligibility clearinghouse program.—The purpose of
1760 this section is to provide a framework for the corporation to
1761 implement a clearinghouse program by January 1, 2014.

1762 (1) As used in this section, the term:

1763 (a) "Corporation" means Citizens Property Insurance
1764 Corporation.

1765 (b) "Exclusive agent" means any licensed insurance agent
1766 that has, by contract, agreed to act exclusively for one company
1767 or group of affiliated insurance companies and is disallowed by
1768 the provisions of that contract to directly write for any other
1769 unaffiliated insurer absent express consent from the company or
1770 group of affiliated insurance companies.

1771 (c) "Independent agent" means any licensed insurance agent
1772 not described in paragraph (b).

1773 (d) "Program" means the clearinghouse created under this
1774 section.

1775 (2) In order to confirm eligibility with the corporation
1776 and to enhance access of new applicants for coverage and
1777 existing policyholders of the corporation to offers of coverage
1778 from authorized insurers, the corporation shall establish a
1779 program for personal residential risks in order to facilitate
1780 the diversion of ineligible applicants and existing

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1781 policyholders from the corporation into the voluntary insurance
1782 market. The corporation shall also develop appropriate
1783 procedures for facilitating the diversion of ineligible
1784 applicants and existing policyholders for commercial residential
1785 coverage into the private insurance market and shall report such
1786 procedures to the President of the Senate and the Speaker of the
1787 House of Representatives by January 1, 2014.

1788 (3) The corporation board shall establish the clearinghouse
1789 program as an organizational unit within the corporation. The
1790 program shall have all the rights and responsibilities in
1791 carrying out its duties as a licensed general lines agent, but
1792 may not be required to employ or engage a licensed general lines
1793 agent or to maintain an insurance agency license to carry out
1794 its activities in the solicitation and placement of insurance
1795 coverage. In establishing the program, the corporation may:

1796 (a) Require all new applications, and all policies due for
1797 renewal, to be submitted for coverage to the program in order to
1798 facilitate obtaining an offer of coverage from an authorized
1799 insurer before binding or renewing coverage by the corporation.

1800 (b) Employ or otherwise contract with individuals or other
1801 entities for appropriate administrative or professional services
1802 to effectuate the plan within the corporation in accordance with
1803 the applicable purchasing requirements under s. 627.351.

1804 (c) Enter into contracts with any authorized insurer to
1805 participate in the program and accept an appointment by such
1806 insurer.

1807 (d) Provide funds to operate the program. Insurers and
1808 agents participating in the program are not required to pay a

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1809 fee to offset or partially offset the cost of the program or use
1810 the program for renewal of policies initially written through
1811 the clearinghouse.

1812 (e) Develop an enhanced application that includes
1813 information to assist private insurers in determining whether to
1814 make an offer of coverage through the program.

1815 (f) For personal lines residential risks, require, before
1816 approving all new applications for coverage by the corporation,
1817 that every application be subject to a period of 2 business days
1818 when any insurer participating in the program may select the
1819 application for coverage. The insurer may issue a binder on any
1820 policy selected for coverage for a period of at least 30 days
1821 but not more than 60 days.

1822 (4) Any authorized insurer may participate in the program;
1823 however, participation is not mandatory for any insurer.
1824 Insurers making offers of coverage to new applicants or renewal
1825 policyholders through the program:

1826 (a) May not be required to individually appoint any agent
1827 whose customer is underwritten and bound through the program.
1828 Notwithstanding s. 626.112, insurers are not required to appoint
1829 any agent on a policy underwritten through the program for as
1830 long as that policy remains with the insurer. Insurers may, at
1831 their election, appoint any agent whose customer is initially
1832 underwritten and bound through the program. In the event an
1833 insurer accepts a policy from an agent who is not appointed
1834 pursuant to this paragraph, and thereafter elects to accept a
1835 policy from such agent, the provisions of s. 626.112 requiring
1836 appointment apply to the agent.

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1837 (b) Must enter into a limited agency agreement with each
1838 agent that is not appointed in accordance with paragraph (a) and
1839 whose customer is underwritten and bound through the program.

1840 (c) Must enter into its standard agency agreement with each
1841 agent whose customer is underwritten and bound through the
1842 program when that agent has been appointed by the insurer
1843 pursuant to s. 626.112.

1844 (d) Must comply with s. 627.4133(2).

1845 (e) May participate through their single-designated
1846 managing general agent or broker; however, the provisions of
1847 paragraph (6) (a) regarding ownership, control, and use of the
1848 expirations continue to apply.

1849 (f) Must pay to the producing agent a commission equal to
1850 that paid by the corporation or the usual and customary
1851 commission paid by the insurer for that line of business,
1852 whichever is greater.

1853 (5) Notwithstanding s. 627.3517, any applicant for new
1854 coverage from the corporation is not eligible for coverage from
1855 the corporation, if provided an offer of coverage from an
1856 authorized insurer through the program at a premium that is at
1857 or below the eligibility threshold established in s.
1858 627.351(6) (c) 5.a. Whenever an offer of coverage for a personal
1859 lines risk is received for a policyholder of the corporation at
1860 renewal from an authorized insurer through the program, if the
1861 offer is equal to or less than the corporation's renewal premium
1862 for comparable coverage, the risk is not eligible for coverage
1863 with the corporation. In the event an offer of coverage for a
1864 new applicant is received from an authorized insurer through the

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1865 program, and the premium offered exceeds the eligibility
1866 threshold contained in s. 627.351(6)(c)5.a., the applicant or
1867 insured may elect to accept such coverage, or may elect to
1868 accept or continue coverage with the corporation. In the event
1869 an offer of coverage for a personal lines risk is received from
1870 an authorized insurer at renewal through the program, and the
1871 premium offered is more than the corporation's renewal premium
1872 for comparable coverage, the insured may elect to accept such
1873 coverage, or may elect to accept or continue coverage with the
1874 corporation. Sub-sub-subparagraph 627.351(6)(c)5.a.(I) does not
1875 apply to an offer of coverage from an authorized insurer
1876 obtained through the program. An applicant for coverage from the
1877 corporation who was previously declared ineligible for coverage
1878 at renewal by the corporation in the previous 36 months due to
1879 an offer of coverage pursuant to this subsection shall be
1880 considered a renewal under this section if the corporation
1881 determines that the authorized insurer making the offer of
1882 coverage pursuant to this subsection continues to insure the
1883 applicant and increased the rate on the policy in excess of the
1884 increase allowed for the corporation under s. 627.351(6)(n)6.

1885 (6) Independent insurance agents submitting new
1886 applications for coverage or that are the agent of record on a
1887 renewal policy submitted to the program:

1888 (a) Are granted and must maintain ownership and the
1889 exclusive use of expirations, records, or other written or
1890 electronic information directly related to such applications or
1891 renewals written through the corporation or through an insurer
1892 participating in the program, notwithstanding s.

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1893 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
1894 for as long as the insured remains with the agency or until sold
1895 or surrendered in writing by the agent. Contracts with the
1896 corporation or required by the corporation must not amend,
1897 modify, interfere with, or limit such rights of ownership. Such
1898 expirations, records, or other written or electronic information
1899 may be used to review an application, issue a policy, or for any
1900 other purpose necessary for placing such business through the
1901 program.

1902 (b) May not be required to be appointed by any insurer
1903 participating in the program for policies written solely through
1904 the program, notwithstanding the provisions of s. 626.112.

1905 (c) May accept an appointment from any insurer
1906 participating in the program.

1907 (d) May enter into either a standard or limited agency
1908 agreement with the insurer, at the insurer's option.

1909
1910 Applicants ineligible for coverage in accordance with subsection
1911 (5) remain ineligible if their independent agent is unwilling or
1912 unable to enter into a standard or limited agency agreement with
1913 an insurer participating in the program.

1914 (7) Exclusive agents submitting new applications for
1915 coverage or that are the agent of record on a renewal policy
1916 submitted to the program:

1917 (a) Must maintain ownership and the exclusive use of
1918 expirations, records, or other written or electronic information
1919 directly related to such applications or renewals written
1920 through the corporation or through an insurer participating in

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1921 the program, notwithstanding s. 627.351(6) (c) 5.a. (I) (B) and
1922 (II) (B). Contracts with the corporation or required by the
1923 corporation must not amend, modify, interfere with, or limit
1924 such rights of ownership. Such expirations, records, or other
1925 written or electronic information may be used to review an
1926 application, issue a policy, or for any other purpose necessary
1927 for placing such business through the program.

1928 (b) May not be required to be appointed by any insurer
1929 participating in the program for policies written solely through
1930 the program, notwithstanding the provisions of s. 626.112.

1931 (c) Must only facilitate the placement of an offer of
1932 coverage from an insurer whose limited servicing agreement is
1933 approved by that exclusive agent's exclusive insurer.

1934 (d) May enter into a limited servicing agreement with the
1935 insurer making an offer of coverage, and only after the
1936 exclusive agent's insurer has approved the limited servicing
1937 agreement terms. The exclusive agent's insurer must approve a
1938 limited service agreement for the program for any insurer for
1939 which it has approved a service agreement for other purposes.

1940
1941 Applicants ineligible for coverage in accordance with subsection
1942 (5) remain ineligible if their exclusive agent is unwilling or
1943 unable to enter into a standard or limited agency agreement with
1944 an insurer making an offer of coverage to that applicant.

1945 (8) Submission of an application for coverage by the
1946 corporation to the program does not constitute the binding of
1947 coverage by the corporation, and failure of the program to
1948 obtain an offer of coverage by an insurer may not be considered

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1949 acceptance of coverage of the risk by the corporation.

1950 (9) The 45-day notice of nonrenewal requirement set forth
1951 in s. 627.4133(2)(b)4.b. applies when a policy is nonrenewed by
1952 the corporation because the risk has received an offer of
1953 coverage pursuant to this section which renders the risk
1954 ineligible for coverage by the corporation.

1955 (10) The program may not include commercial nonresidential
1956 policies.

1957 Section 11. Section 627.35191, Florida Statutes, is created
1958 to read:

1959 627.35191 Annual report of aggregate net probable maximum
1960 losses, financing options, and potential assessments.—No later
1961 than February 1 of each year, the Florida Hurricane Catastrophe
1962 Fund and Citizens Property Insurance Corporation shall each
1963 submit a report to the Legislature and the Financial Services
1964 Commission identifying their respective aggregate net probable
1965 maximum losses, financing options, and potential assessments.
1966 The report issued by the fund and the corporation must include
1967 their respective 50-year, 100-year, and 250-year probable
1968 maximum losses; analysis of all reasonable financing strategies
1969 for each such probable maximum loss, including the amount and
1970 term of debt instruments; specification of the percentage
1971 assessments that would be needed to support each of the
1972 financing strategies; and calculations of the aggregate
1973 assessment burden on Florida property and casualty policyholders
1974 for each of the probable maximum losses.

1975 Section 12. Except as otherwise expressly provided in this
1976 act, this act shall take effect July 1, 2013.

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

Remove everything before the enacting clause and insert:

A bill to be entitled

An act relating to property insurance; amending s. 215.555, F.S., relating to the Florida Hurricane Catastrophe Fund; revising the definition of the term "corporation"; deleting an outdated coverage level; revising the exemption of medical malpractice insurance premiums from emergency assessments if certain revenues are determined to be insufficient to fund the obligations, costs, and expenses of the Florida Hurricane Catastrophe Fund and the Florida Hurricane Catastrophe Fund Finance Corporation; changing the name of the Florida Hurricane Catastrophe Fund Finance Corporation; deleting provisions relating to temporary emergency options for additional coverage; amending s. 626.752, F.S.; exempting Citizens Property Insurance Corporation from exchange of business limitations and restrictions when placing business with authorized insurers; amending s. 626.854, F.S.; revising the restrictions on public adjuster compensation, payment, commission, fee, or any other thing of value; providing penalties; deleting a provision requiring the public adjuster to ensure prompt notice of property loss claims; requiring a public adjuster to ensure that prompt

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2005 notice is given of a claim to the insurer; requiring a
2006 public adjuster to meet or communicate with the
2007 insurer for a specified purpose; prohibiting a public
2008 adjuster from acquiring any interest in salvaged
2009 property; providing an exception; providing
2010 legislative intent; amending s. 627.0628, F.S.;

2011 revising the membership of the Florida Commission on
2012 Hurricane Loss Projection Methodology; amending s.
2013 627.0629, F.S.; conforming a cross-reference; amending
2014 s. 627.351, F.S.; providing that certain residential
2015 structures are not eligible for coverage by the
2016 corporation after specified dates; providing an
2017 exception; prohibiting the corporation from covering
2018 any new construction of a major structure, or
2019 substantial improvements on any major structure,
2020 commencing on or after July 1, 2014, that is seaward
2021 of the coastal construction control line or is within
2022 the Coastal Barrier Resources System; deleting a
2023 provision that limits the amount that a public
2024 adjuster may charge, agree to, or accept as
2025 compensation with respect to a claim filed under a
2026 policy of the Citizens Property Insurance Corporation;
2027 revising the membership of the board of governors of
2028 the corporation; restricting the eligibility of a risk
2029 for a renewal policy issued by the corporation under
2030 certain circumstances; revising provisions allowing a
2031 policyholder removed from the corporation to remain
2032 eligible for coverage under certain circumstances;

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2033 requiring disclosure of potential corporation
2034 surcharges and policyholder obligations to try to
2035 obtain private market coverage; revising the duties
2036 and responsibilities of the internal auditor of the
2037 corporation; authorizing insurers taking out,
2038 assuming, or removing policies from the corporation to
2039 use the corporation's policy forms and endorsements
2040 for a specified time without approval by the Office of
2041 Insurance Regulation; establishing the Office of
2042 Inspector General within the corporation; providing
2043 for appointment, qualifications, duties, and
2044 responsibilities of the inspector general; requiring
2045 the corporation to prepare a report for each calendar
2046 year relating to the loss ratio attributable to losses
2047 that are not catastrophic losses for residential
2048 coverage provided by the corporation; revising
2049 provisions relating to purchases by the corporation;
2050 providing that the corporation is subject to state
2051 agency purchasing requirements; requiring the
2052 corporation to provide notice of purchasing decisions;
2053 providing procedures for protesting such decisions;
2054 providing applicability; creating s. 627.3518, F.S.;
2055 providing purpose; providing definitions; requiring
2056 the creation of a clearinghouse program within the
2057 corporation; specifying the purposes of the program;
2058 requiring the corporation to provide a report to the
2059 Legislature; specifying certain rights and
2060 responsibilities with respect to the program;

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2061 authorizing the corporation to take specified actions
2062 in establishing the program; providing conditions and
2063 requirements relating to the participation of insurers
2064 in the program; providing conditions, requirements,
2065 limitations, and procedures applicable to offers of
2066 coverage with respect to applicants for coverage with
2067 the corporation and existing policyholders of the
2068 corporation; providing requirements for certain
2069 independent insurance agents and exclusive agents with
2070 respect to submitting applications for coverage or
2071 policies for renewal to the program; providing for
2072 applicability and construction; creating s. 627.35191,
2073 F.S.; requiring the Florida Hurricane Catastrophe Fund
2074 and Citizens Property Insurance Corporation to each
2075 submit reports annually to the Legislature and the
2076 Financial Services Commission relating to aggregate
2077 net probable maximum losses, financing options, and
2078 potential assessments; providing effective dates.