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LEGISLATIVE ACTION

Senate . House

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Senator Simmons moved the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Paragraph (n) of subsection (2) and paragraph
(d) of subsection (6) of section 215.555, Florida Statutes, are
amended 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).

(6) REVENUE BONDS.—



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14 (d) State Board of Administration ~~Florida Hurricane~~
15 ~~Catastrophe Fund Finance Corporation.~~

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

18 a. The public benefits corporation created under this
19 paragraph will provide a mechanism ~~necessary~~ for the cost-
20 effective and efficient issuance of bonds. This mechanism will
21 eliminate unnecessary costs in the bond issuance process,
22 thereby increasing the amounts available for ~~to pay~~
23 reimbursement for losses to property sustained as a result of
24 hurricane damage.

25 b. The purpose of such bonds is to fund reimbursements
26 through the Florida Hurricane Catastrophe Fund ~~to pay~~ for the
27 costs of construction, reconstruction, repair, restoration, and
28 other costs associated with damage to properties of
29 policyholders of covered policies due to the occurrence of a
30 hurricane.

31 c. The efficacy of the financing mechanism will be enhanced
32 by the corporation's ownership of the assessments, by the
33 insulation of the assessments from possible bankruptcy
34 proceedings, and by covenants of the state with the
35 corporation's bondholders.

36 2. ~~a.~~ The State Board of Administration Finance Corporation
37 ~~There is created, which is a public benefits corporation and,~~
38 ~~which is an instrumentality of the state, to be known as the~~
39 ~~Florida Hurricane Catastrophe Fund Finance Corporation. The~~
40 State Board of Administration Finance Corporation is for all
41 purposes the successor to the Florida Hurricane Catastrophe Fund
42 Finance Corporation.



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43 ~~a.d.~~ The corporation shall operate under a five-member
44 board of directors consisting of the Governor or a designee, the
45 Chief Financial Officer or a designee, the Attorney General or a
46 designee, the director of the Division of Bond Finance of the
47 State Board of Administration, and the Chief Operating Officer
48 ~~senior employee of the State Board of Administration responsible~~
49 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

50 ~~b.e.~~ The corporation has all of the powers of corporations
51 under chapter 607 and under chapter 617, subject only to ~~the~~
52 ~~provisions of~~ this subsection.

53 ~~c.d.~~ The corporation may issue bonds and engage in such
54 other financial transactions as are necessary to provide
55 sufficient funds to achieve the purposes of this section.

56 ~~d.e.~~ The corporation may invest in any of the investments
57 authorized under s. 215.47.

58 ~~e.f.~~ There is ~~shall be~~ no liability on the part of, and no
59 cause of action shall arise against, any board members or
60 employees of the corporation for any actions taken by them in
61 the performance of their duties under this paragraph.

62 3.a. In actions under chapter 75 to validate any bonds
63 issued by the corporation, the notice required by s. 75.06 must
64 ~~shall~~ be published in two newspapers of general circulation in
65 the state, and the complaint and order of the court shall be
66 served only on the State Attorney of the Second Judicial
67 Circuit.

68 b. The state hereby covenants with holders of bonds of the
69 corporation that the state will not repeal or abrogate the power
70 of the board to direct the Office of Insurance Regulation to
71 levy the assessments and to collect the proceeds of the revenues



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72 pledged to the payment of such bonds as long as ~~any~~ such bonds
73 remain outstanding unless adequate provision has been made for
74 the payment of such bonds pursuant to the documents authorizing
75 the issuance of the ~~such~~ bonds.

76 ~~c.4.~~ The bonds of the corporation are not a debt of the
77 state or of any political subdivision, and neither the state nor
78 any political subdivision is liable on such bonds. The
79 corporation may not ~~does not have the power to~~ pledge the
80 credit, the revenues, or the taxing power of the state or of any
81 political subdivision. The credit, revenues, or taxing power of
82 the state or of any political subdivision may ~~shall~~ not be
83 deemed to be pledged to the payment of any bonds of the
84 corporation.

85 ~~d.5.a.~~ The property, revenues, and other assets of the
86 corporation; the transactions and operations of the corporation
87 and the income from such transactions and operations; and all
88 bonds issued under this paragraph and interest on such bonds are
89 exempt from taxation by the state and any political subdivision,
90 including the intangibles tax under chapter 199 and the income
91 tax under chapter 220. This exemption does not apply to any tax
92 imposed by chapter 220 on interest, income, or profits on debt
93 obligations owned by corporations other than the State Board of
94 Administration ~~Florida Hurricane Catastrophe Fund~~ Finance
95 Corporation.

96 ~~e.b.~~ All bonds of the corporation are ~~shall be and~~
97 ~~constitute~~ legal investments without limitation for all public
98 bodies of this state; for all banks, trust companies, savings
99 banks, savings associations, savings and loan associations, and
100 investment companies; for all administrators, executors,



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101 trustees, and other fiduciaries; for all insurance companies and
102 associations and other persons carrying on an insurance
103 business; and for all other persons who are now or may hereafter
104 be authorized to invest in bonds or other obligations of the
105 state and are ~~shall be and constitute~~ eligible securities to be
106 deposited as collateral for the security of any state, county,
107 municipal, or other public funds. This sub-subparagraph shall be
108 considered ~~as~~ additional and supplemental authority and may
109 ~~shall~~ not be limited without specific reference to this sub-
110 subparagraph.

111 ~~4.6.~~ The corporation and its corporate existence shall
112 continue until terminated by law; however, no such law shall
113 take effect as long as the corporation has bonds outstanding
114 unless adequate provision has been made for the payment of such
115 bonds pursuant to the documents authorizing the issuance of such
116 bonds. Upon termination of the existence of the corporation, all
117 of its rights and properties in excess of its obligations shall
118 pass to and be vested in the state.

119 Section 2. Subsection (1) of section 624.155, Florida
120 Statutes, is amended and subsection (10) is added to that
121 section, to read:

122 624.155 Civil remedy.—

123 (1) Any person may bring a civil action against an insurer,
124 including Citizens Property Insurance Corporation, if ~~when~~ such
125 person is damaged:

126 (a) By a violation of any of the following provisions by
127 the insurer:

- 128 1. Section 626.9541(1)(i), (o), or (x);
129 2. Section 626.9551;



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- 130 3. Section 626.9705;
131 4. Section 626.9706;
132 5. Section 626.9707; or
133 6. Section 627.7283.

134 (b) By the commission of any of the following acts by the
135 insurer:

136 1. Not attempting in good faith to settle claims if when,
137 under all the circumstances, it could and should have done so,
138 had it acted fairly and honestly toward its insured and with due
139 regard for her or his interests;

140 2. Making claims payments to insureds or beneficiaries not
141 accompanied by a statement setting forth the coverage under
142 which payments are being made; or

143 3. Except as to liability coverages, failing to promptly
144 settle claims, when the obligation to settle a claim has become
145 reasonably clear, under one portion of the insurance policy
146 coverage in order to influence settlements under other portions
147 of the insurance policy coverage.

148
149 Notwithstanding the provisions of this subsection ~~the above to~~
150 ~~the contrary~~, a person pursuing a remedy under this section need
151 not prove that such act was committed or performed with such
152 frequency as to indicate a general business practice.

153 (10) For the purposes of this section, Citizens Property
154 Insurance Corporation is an agent of the state covered by s.
155 768.28, and any cause of action brought pursuant to this section
156 is considered a tort action against the corporation and the
157 limits of s. 768.28 applicable to tort actions apply.

158 Section 3. Subsection (4) of section 626.752, Florida



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159 Statutes, is amended to read:

160 626.752 Exchange of business.—

161 (4) The foregoing limitations and restrictions do ~~shall~~ not
162 ~~be construed and shall not~~ apply to the placing of surplus lines
163 business under the provisions of part VIII, or to the activities
164 of Citizens Property Insurance Corporation when placing new and
165 renewal business with authorized insurers in accordance with s.
166 627.3518.

167 Section 4. Subsection (2) and paragraph (d) of subsection
168 (3) of section 627.062, Florida Statutes, are amended to read:

169 627.062 Rate standards.—

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

171 (a) Insurers or rating organizations shall establish and
172 use rates, rating schedules, or rating manuals that allow the
173 insurer a reasonable rate of return on the classes of insurance
174 written in this state. A copy of rates, rating schedules, rating
175 manuals, premium credits or discount schedules, and surcharge
176 schedules, and changes thereto, must be filed with the office in
177 accordance with ~~under~~ one of the following procedures:

178 1. If the filing is made at least 90 days before the
179 proposed effective date and is not implemented during the
180 office's review of the filing and any proceeding and judicial
181 review, such filing is considered a "file and use" filing. In
182 such case, the office shall finalize its review by issuance of a
183 notice of intent to approve or a notice of intent to disapprove
184 within 90 days after receipt of the filing. The notice of intent
185 to approve and the notice of intent to disapprove constitute
186 agency action for purposes of the Administrative Procedure Act.
187 Requests for supporting information, requests for mathematical



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188 or mechanical corrections, or notification to the insurer by the
189 office of its preliminary findings does not toll the 90-day
190 period during ~~any~~ such proceedings and subsequent judicial
191 review. The rate shall be deemed approved if the office does not
192 issue a notice of intent to approve or a notice of intent to
193 disapprove within 90 days after receipt of the filing.

194 2. If the filing is not made in accordance with
195 subparagraph 1., such filing must be made as soon as
196 practicable, but within 30 days after the effective date, and is
197 considered a "use and file" filing. An insurer making a "use and
198 file" filing is potentially subject to an order by the office to
199 return ~~to policyholders~~ those portions of rates found to be
200 excessive to policyholders, as provided in paragraph (i) ~~(h)~~.

201 ~~3. For all property insurance filings made or submitted~~
202 ~~after January 25, 2007, but before May 1, 2012, an insurer~~
203 ~~seeking a rate that is greater than the rate most recently~~
204 ~~approved by the office shall make a "file and use" filing. For~~
205 ~~purposes of this subparagraph, motor vehicle collision and~~
206 ~~comprehensive coverages are not considered property coverages.~~

207 (b) Upon receiving a rate filing, the office shall review
208 the filing to determine if a rate is excessive, inadequate, or
209 unfairly discriminatory. In making that determination, the
210 office shall, in accordance with generally accepted and
211 reasonable actuarial techniques, consider the following factors:

212 1. Past and prospective loss experience within and without
213 this state.

214 2. Past and prospective expenses.

215 3. The degree of competition among insurers for the risk
216 insured.



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217 4. Investment income reasonably expected by the insurer,
218 consistent with the insurer's investment practices, from
219 investable premiums anticipated from ~~in~~ the filing, plus any
220 other expected income from currently invested assets
221 representing the amount expected on unearned premium reserves
222 and loss reserves. The commission may adopt rules that use ~~using~~
223 reasonable techniques of actuarial science and economics to
224 specify the manner in which insurers calculate investment income
225 attributable to classes of insurance written in this state and
226 ~~the manner~~ in which investment income is used to calculate
227 insurance rates. Such rules ~~manner~~ must allow ~~contemplate~~
228 ~~allowances~~ for an underwriting profit factor and full
229 consideration of investment income which produce a reasonable
230 rate of return; however, investment income from invested surplus
231 may not be considered.

232 5. The reasonableness of the judgment reflected in the
233 filing.

234 6. Dividends, savings, or unabsorbed premium deposits
235 allowed or returned to state ~~Florida~~ policyholders, members, or
236 subscribers.

237 7. The adequacy of loss reserves.

238 8. The cost of reinsurance. The office may not disapprove a
239 rate as excessive ~~solely~~ due solely to the insurer having
240 obtained catastrophic reinsurance to cover the insurer's
241 estimated 250-year probable maximum loss or any lower level of
242 loss, or due solely to an admitted carrier purchasing private
243 reinsurance that would insure against potential deficits within
244 the Florida Hurricane Catastrophe Fund which the most recent
245 estimate made pursuant to s. 215.555(4)(c)2. predicts would be



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246 funded through revenue bonds issued under s. 215.555(6).

247 9. Trend factors, including trends in actual losses per
248 insured unit for the insurer making the filing.

249 10. Conflagration and catastrophe hazards, if applicable.

250 11. Projected hurricane losses, if applicable, which must
251 be estimated using a model or method found to be acceptable or
252 reliable by the Florida Commission on Hurricane Loss Projection
253 Methodology, and as further provided in s. 627.0628.

254 12. A reasonable margin for underwriting profit and
255 contingencies.

256 13. The cost of medical services, if applicable.

257 14. Other relevant factors that affect the frequency or
258 severity of claims or expenses.

259 (c) The office shall calculate and publish insurance
260 inflation factors based on noncatastrophe direct loss costs for
261 use in residential property insurance filings. The office shall
262 update the published factors at least annually and make them
263 available on its website. The calculation of insurance inflation
264 factors are not subject to rulemaking under chapter 120.

265 1. An insurer making a residential property insurance rate
266 filing that proposes a change in noncatastrophe base rates by a
267 uniform factor equal to or less than the applicable published
268 insurance inflation factor, may make a rate filing under s.
269 627.0645 which consists of a rate certification in lieu of a
270 full rate filing under paragraph (a). The office shall verify
271 insurer use of the appropriate published inflation factor and,
272 if the inflation factor is used appropriately, the filed rates
273 shall be deemed not excessive.

274 2. An insurer filing under this paragraph may make a



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275 separate filing pursuant to paragraph (l) to adjust its rates
276 for reinsurance rates, reinsurance financing costs and products,
277 and cash buildup factor costs. The insurance inflation factors
278 do not apply to these filings.

279 3. This paragraph does not apply to filings made by
280 Citizens Property Insurance Corporation.

281 (d)-(e) In the case of fire insurance rates, consideration
282 must be given to the availability of water supplies and the
283 experience of the fire insurance business during ~~a period of not~~
284 ~~less than~~ the most recent 5-year or longer period for which such
285 experience is available.

286 (e)-(d) If conflagration or catastrophe hazards are
287 considered by an insurer in its rates or rating plan, including
288 surcharges and discounts, the insurer must ~~shall~~ establish a
289 reserve for that portion of the premium allocated to such hazard
290 and maintain the premium in a catastrophe reserve. Removal of
291 such premiums from the reserve for purposes other than paying
292 claims associated with a catastrophe or purchasing reinsurance
293 for catastrophes must be approved by the office. Any ceding
294 commission received by an insurer purchasing reinsurance for
295 catastrophes must be placed in the catastrophe reserve.

296 (f)-(e) After consideration of the rate factors provided in
297 paragraphs (b), ~~(c), and~~ (d), and (e) the office may find a rate
298 to be excessive, inadequate, or unfairly discriminatory based
299 upon the following standards:

300 1. Rates shall be deemed excessive if they are likely to
301 produce a profit from Florida business which is unreasonably
302 high in relation to the risk involved in the class of business
303 or if expenses are unreasonably high in relation to services



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304 rendered.

305 2. Rates shall be deemed excessive if, among other things,
306 the rate structure established by a stock insurance company
307 provides for replenishment of surpluses from premiums, if the
308 such replenishment is attributable to investment losses.

309 3. Rates shall be deemed inadequate if ~~they are clearly~~
310 ~~insufficient~~, together with the investment income attributable
311 to them, they are clearly insufficient to sustain projected
312 losses and expenses in the class of business to which they
313 apply.

314 4. A rating plan, including discounts, credits, or
315 surcharges, shall be deemed unfairly discriminatory if it fails
316 to clearly and equitably reflect consideration of the
317 policyholder's participation in a risk management program
318 adopted pursuant to s. 627.0625.

319 5. A rate shall be deemed inadequate as to the premium
320 charged to a risk or group of risks if discounts or credits are
321 allowed which exceed a reasonable reflection of expense savings
322 and reasonably expected loss experience from the risk or group
323 of risks.

324 6. A rate shall be deemed unfairly discriminatory as to a
325 risk or group of risks if the application of premium discounts,
326 credits, or surcharges among such risks does not bear a
327 reasonable relationship to the expected loss and expense
328 experience among the various risks.

329 (g) ~~(f)~~ In reviewing a rate filing, the office may require
330 the insurer to provide, at the insurer's expense, all
331 information necessary to evaluate the condition of the company
332 and the reasonableness of the filing according to the criteria



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333 enumerated in this section.

334 (h) ~~(g)~~ The office may at any time review a rate, rating
335 schedule, rating manual, or rate change; the pertinent records
336 of the insurer; and market conditions. If the office finds on a
337 preliminary basis that a rate may be excessive, inadequate, or
338 unfairly discriminatory, the office shall initiate proceedings
339 to disapprove the rate and ~~shall so~~ notify the insurer. However,
340 the office may not disapprove as excessive any rate for which it
341 has given final approval or which has been deemed approved for 1
342 year after the effective date of the filing unless the office
343 finds that a material misrepresentation or material error was
344 made by the insurer or was contained in the filing. Upon
345 notification being notified, the insurer or rating organization
346 shall, within 60 days, file with the office all information
347 that, in the belief of the insurer or organization, proves the
348 reasonableness, adequacy, and fairness of the rate or rate
349 change. The office shall issue a notice of intent to approve or
350 a notice of intent to disapprove pursuant to paragraph (a)
351 within 90 days after receipt of the insurer's initial response.
352 In such instances and in any administrative proceeding relating
353 to the legality of the rate, the insurer or rating organization
354 ~~shall~~ carry the burden of proof of showing, by a preponderance
355 of the evidence, ~~to show~~ that the rate is not excessive,
356 inadequate, or unfairly discriminatory. After the office
357 notifies an insurer that a rate may be excessive, inadequate, or
358 unfairly discriminatory, unless the office withdraws the
359 notification, the insurer may not alter the rate except to
360 conform to the office's notice until the earlier of 120 days
361 after the date the notification was provided or 180 days after



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362 the date of implementing the rate. ~~The office,~~ Subject to
363 chapter 120, the office may disapprove without the 60-day
364 notification any rate increase filed by an insurer within the
365 prohibited time period or during the time that the legality of
366 the increased rate is being contested.

367 (i) ~~(h)~~ If the office finds that a rate or rate change is
368 excessive, inadequate, or unfairly discriminatory, the office
369 shall issue an order of disapproval requiring ~~specifying~~ that a
370 new rate or rate schedule, which responds to the findings of the
371 office, be filed by the insurer. The office shall further order,
372 for any "use and file" filing made in accordance with
373 subparagraph (a)2., that the portion of premiums charged which
374 constitute each policyholder constituting the portion of the
375 rate above that which was actuarially justified be returned to
376 the policyholder in the form of a credit or refund. If the
377 office finds that an insurer's rate or rate change is
378 inadequate, the new rate or rate schedule filed with the office
379 in response to such a finding applies ~~is applicable~~ only to new
380 or renewal business ~~of the insurer~~ written by the insurer on or
381 after the effective date of the responsive filing.

382 (j) ~~(i)~~ Except as otherwise specifically provided in this
383 chapter, for property and casualty insurance the office may not
384 directly or indirectly:

385 1. Prohibit an ~~any~~ insurer, including any residual market
386 plan or joint underwriting association, from paying acquisition
387 costs based on the full amount of premium, as defined in s.
388 627.403, applicable to any policy, or prohibit ~~any~~ such insurer
389 from including the full amount of acquisition costs in a rate
390 filing; or



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391 2. Impede, abridge, or otherwise compromise an insurer's
392 right to acquire policyholders, advertise, or appoint agents,
393 including the calculation, manner, or amount of such agent
394 commissions, if any.

395 ~~(k)-(j)~~ With respect to residential property insurance rate
396 filings, the rate filing must account for mitigation measures
397 undertaken by policyholders to reduce hurricane losses.

398 ~~(l)-(k)~~1. A residential property insurer may make a separate
399 filing limited solely to an adjustment of its rates for
400 reinsurance, the cost of financing products used as a
401 replacement for reinsurance, financing costs incurred in the
402 purchase of reinsurance, and the actual cost paid due to the
403 application of the cash build-up factor pursuant to s.
404 215.555(5) (b) if the insurer:

405 a. Elects to purchase financing products, such as a
406 liquidity instrument or line of credit, in which case the cost
407 included in filing for the liquidity instrument or line of
408 credit may not result in a premium increase exceeding 3 percent
409 for any individual policyholder. All costs contained in the
410 filing may not result in an overall premium increase of more
411 than 15 percent for any individual policyholder.

412 b. Includes in the filing a copy of all of its reinsurance,
413 liquidity instrument, or line of credit contracts; proof of the
414 billing or payment for the contracts; and the calculation upon
415 which the proposed rate change is based demonstrating that the
416 costs meet the criteria of this section.

417 2. An insurer that purchases reinsurance or financing
418 products from an affiliated company may make a separate filing
419 only if the costs for such reinsurance or financing products are



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420 charged at or below charges made for comparable coverage by
421 nonaffiliated reinsurers or financial entities making such
422 coverage or financing products available in this state.

423 3. An insurer may make only one filing per 12-month period
424 under this paragraph.

425 4. An insurer that elects to implement a rate change under
426 this paragraph must file its rate filing with the office at
427 least 45 days before the effective date of the rate change.
428 After an insurer submits a complete filing that meets all of the
429 requirements of this paragraph, the office has 45 days after the
430 date of the filing to review the rate filing and determine if
431 the rate is excessive, inadequate, or unfairly discriminatory.

432
433 The provisions of this subsection do not apply to workers'
434 compensation, employer's liability insurance, and motor vehicle
435 insurance.

436 (3)

437 (d)1. The following categories or kinds of insurance and
438 types of commercial lines risks are not subject to paragraph
439 (2) (a) or paragraph (2) (g) ~~(2) (f)~~:

440 a. Excess or umbrella.

441 b. Surety and fidelity.

442 c. Boiler and machinery and leakage and fire extinguishing
443 equipment.

444 d. Errors and omissions.

445 e. Directors and officers, employment practices, fiduciary
446 liability, and management liability.

447 f. Intellectual property and patent infringement liability.

448 g. Advertising injury and Internet liability insurance.



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449 h. Property risks rated under a highly protected risks
450 rating plan.

451 i. General liability.

452 j. Nonresidential property, except for collateral
453 protection insurance as defined in s. 624.6085.

454 k. Nonresidential multiperil.

455 l. Excess property.

456 m. Burglary and theft.

457 n. Any other commercial lines categories or kinds of
458 insurance or types of commercial lines risks that the office
459 determines should not be subject to paragraph (2) (a) or
460 paragraph (2) (g) ~~(2) (f)~~ because of the existence of a
461 competitive market for such insurance, similarity of such
462 insurance to other categories or kinds of insurance not subject
463 to paragraph (2) (a) or paragraph (2) (g) ~~(2) (f)~~, or to improve
464 the general operational efficiency of the office.

465 2. Insurers or rating organizations shall establish and use
466 rates, rating schedules, or rating manuals that ~~to~~ allow the
467 insurer a reasonable rate of return on insurance and risks
468 described in subparagraph 1. which are written in this state.

469 3. An insurer must notify the office of any changes to
470 rates for insurance and risks described in subparagraph 1.
471 within 30 days after the effective date of the change. The
472 notice must include the name of the insurer, the type or kind of
473 insurance subject to rate change, total premium written during
474 the immediately preceding year by the insurer for the ~~type or~~
475 ~~kind of~~ insurance subject to the rate change, and the average
476 statewide percentage change in rates. Underwriting files,
477 premiums, losses, and expense statistics relating ~~with regard~~ to



478 such insurance and risks written by an insurer must be
479 maintained by the insurer and subject to examination by the
480 office. Upon examination, the office, in accordance with
481 generally accepted and reasonable actuarial techniques, shall
482 consider the rate factors in paragraphs (2) (b), (d) ~~(e)~~, and (e)
483 ~~(d)~~ and the standards in paragraph (2) (f) ~~(2) (e)~~ to determine if
484 the rate is excessive, inadequate, or unfairly discriminatory.

485 4. A rating organization must notify the office of any
486 changes to loss cost for insurance and risks described in
487 subparagraph 1. within 30 days after the effective date of the
488 change. The notice must include the name of the rating
489 organization, the type or kind of insurance subject to a loss
490 cost change, loss costs during the immediately preceding year
491 for the type or kind of insurance subject to the loss cost
492 change, and the average statewide percentage change in loss
493 cost. Actuarial data relating ~~with regard~~ to changes to loss
494 cost for risks not subject to paragraph (2) (a) or paragraph
495 (2) (g) ~~(2) (f)~~ must be maintained by the rating organization for
496 2 years after the effective date of the change and are subject
497 to examination by the office. The office may require the rating
498 organization to incur the costs associated with an examination.
499 Upon examination, the office, in accordance with generally
500 accepted and reasonable actuarial techniques, shall consider the
501 rate factors in paragraphs (2) (b), (d), and (e) ~~(2) (b) - (d)~~ and
502 the standards in paragraph (2) (f) ~~(2) (e)~~ to determine if the
503 rate is excessive, inadequate, or unfairly discriminatory.

504 Section 5. Paragraph (b) of subsection (2) of section
505 627.0628, Florida Statutes, is amended to read:

506 627.0628 Florida Commission on Hurricane Loss Projection



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507 Methodology; public records exemption; public meetings
508 exemption.—
509 (2) COMMISSION CREATED.—
510 (b) The commission shall consist of the following 12 ~~11~~
511 members:
512 1. The insurance consumer advocate.
513 2. The senior employee of the State Board of Administration
514 responsible for operations of the Florida Hurricane Catastrophe
515 Fund.
516 3. The Executive Director of the Citizens Property
517 Insurance Corporation.
518 4. The Director of the Division of Emergency Management.
519 5. The actuary member of the Florida Hurricane Catastrophe
520 Fund Advisory Council.
521 6. An employee of the office who is an actuary responsible
522 for property insurance rate filings and who is appointed by the
523 director of the office.
524 7. Five members appointed by the Chief Financial Officer,
525 as follows:
526 a. An actuary who is employed full time by a property and
527 casualty insurer that was responsible for at least 1 percent of
528 the aggregate statewide direct written premium for homeowner's
529 insurance in the calendar year preceding the member's
530 appointment to the commission.
531 b. An expert in insurance finance who is a full-time member
532 of the faculty of the State University System and who has a
533 background in actuarial science.
534 c. An expert in statistics who is a full-time member of the
535 faculty of the State University System and who has a background



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536 in insurance.

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

539 e. An expert in meteorology who is a full-time member of
540 the faculty of the State University System and who specializes
541 in hurricanes.

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

546 Section 6. Subsection (1) of section 627.0629, Florida
547 Statutes, is amended to read:

548 627.0629 Residential property insurance; rate filings.—

549 (1) It is the intent of the Legislature that insurers
550 provide savings to consumers who install or implement windstorm
551 damage mitigation techniques, alterations, or solutions to their
552 properties to prevent windstorm losses. A rate filing for
553 residential property insurance must include notice of the
554 mitigation discounts offered by the insurer, which must be
555 actuarially reasonable discounts, credits, or other rate
556 differentials, or appropriate reductions in deductibles, for
557 properties on which fixtures or construction techniques
558 demonstrated to reduce the amount of loss in a windstorm have
559 been installed or implemented. The fixtures or construction
560 techniques must include, but are not limited to, fixtures or
561 construction techniques that enhance roof strength, roof
562 covering performance, roof-to-wall strength, wall-to-floor-to-
563 foundation strength, ~~opening protection,~~ and the impact
564 resistance of window, door, and skylight openings strength.



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565 Credits, discounts, or other rate differentials, or appropriate
566 reductions in deductibles, for fixtures and construction
567 techniques that meet the minimum requirements of the Florida
568 Building Code must be included in the rate filing. The office
569 shall determine the discounts, credits, other rate
570 differentials, and appropriate reductions in deductibles that
571 reflect the full actuarial value of such revaluation, which may
572 be used by insurers in rate filings.

573 Section 7. Paragraphs (a), (b), (c), (g), (i), (m), (q),
574 (t), and (z) of subsection (6) of section 627.351, Florida
575 Statutes, are amended, and paragraph (gg) is added to that
576 subsection, to read:

577 627.351 Insurance risk apportionment plans.—

578 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

582 1. The Legislature finds that private insurers are entering
583 the Florida property insurance market unwilling or unable to
584 provide affordable property insurance coverage in many regions
585 of the state. The Legislature further finds that when Citizens
586 Property Insurance Corporation offers rates that are not
587 adequate to cover the average costs that are generated from the
588 claims filed by its policyholders, the deficiency may create a
589 financial burden on all other state policyholders who must
590 purchase their own insurance from private insurers at full
591 actuarial cost and pay an added fee to cover a portion of the
592 cost for claims filed by policyholders of the corporation. The
593 Legislature intends that the corporation not act as a barrier or



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594 competitor to the private insurance market but be available to
595 residents of ~~in~~ this state only if there is no private market
596 coverage available at rates determined reasonable by the Office
597 of Insurance Regulation to the extent sought and needed. The
598 absence of affordable property insurance threatens the public
599 health, safety, and welfare and likewise threatens the economic
600 health of the state. As the corporation has continued its rapid
601 growth and exposure, it increasingly threatens state residents
602 with having to absorb an even greater financial burden than they
603 are currently bearing. The state, therefore, has a compelling
604 public interest and a public purpose to assist in assuring that
605 property in the state is insured and ~~that it is~~ insured at
606 affordable, actuarially sound, noncompetitive rates so as to
607 facilitate the remediation, reconstruction, and replacement of
608 damaged or destroyed property without overburdening the
609 policyholders of this state in order to reduce or avoid ~~the~~
610 negative effects on ~~otherwise resulting to~~ the public health,
611 safety, and welfare; on, ~~to~~ the economy of the state; and on,
612 and ~~to~~ the revenues of the state and local governments which are
613 needed to provide for the public welfare. It is necessary,
614 therefore, to make ~~provide~~ affordable, actuarially sound,
615 noncompetitive property insurance available to applicants who
616 are, in good faith, entitled to procure insurance through the
617 voluntary market but are unable to do so. The Legislature
618 intends, therefore, that affordable, actuarially sound,
619 noncompetitive property insurance be provided and ~~that it~~
620 continue to be provided, as long as necessary, through Citizens
621 Property Insurance Corporation, a government entity that is an
622 integral part of the state, ~~and that is~~ not a private insurance



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623 company, or through referrals to private insurers participating
624 in a clearinghouse established by the corporation. To that end,
625 the corporation shall strive to promote ~~increase~~ the
626 availability of affordable and actuarially sound private
627 property insurance in this state, supplemented by coverage
628 provided by the corporation if appropriate, while achieving
629 efficiencies and economies, ~~and while~~ providing service to
630 policyholders, applicants, and agents which is no less than the
631 quality generally provided in the voluntary market, for the
632 achievement of the foregoing public purposes. Because it is
633 essential for this government entity to have the maximum
634 financial resources to pay claims following a catastrophic
635 hurricane, it is further the intent of the Legislature that the
636 corporation continue to be an integral part of the state and not
637 a private insurance company, ~~and~~ that the income of the
638 corporation be exempt from federal income taxation, and that
639 interest on the debt obligations issued by the corporation be
640 exempt from federal income taxation.

641 2. The Residential Property and Casualty Joint Underwriting
642 Association originally created by this statute shall be known as
643 the Citizens Property Insurance Corporation. The corporation
644 shall provide ~~insurance for~~ residential and commercial property
645 insurance, ~~for~~ applicants who are eligible ~~entitled,~~ but, in
646 good faith, are unable to procure insurance through the
647 voluntary market. The corporation shall operate pursuant to a
648 plan of operation approved by order of the Financial Services
649 Commission. The plan is subject to continuous review by the
650 commission, and ~~the~~ commission may, by order, withdraw approval
651 of all or part of a plan if the commission determines that



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652 conditions have changed since approval was granted and that the
653 purposes of the plan require changes in the plan. For the
654 purposes of this subsection, residential coverage includes both
655 personal lines residential coverage, which consists of the type
656 of coverage provided by homeowner's, mobile home owner's,
657 dwelling, tenant's, condominium unit owner's, and similar
658 policies; and commercial lines residential coverage, which
659 consists of the type of coverage provided by condominium
660 association, apartment building, and similar policies.

661 3. With respect to coverage for personal lines residential
662 structures:

663 a. Effective January 1, 2014 ~~2009~~, a personal lines
664 residential structure that has a dwelling replacement cost of \$1
665 ~~\$2~~ million or more, or a single condominium unit that has a
666 combined dwelling and contents replacement cost of \$1 ~~\$2~~ million
667 or more is not eligible for coverage by the corporation. Such
668 dwellings insured by the corporation on December 31, 2013 ~~2008~~,
669 may continue to be covered by the corporation until the end of
670 the policy term. ~~However, such dwellings may reapply and obtain~~
671 ~~coverage if the property owner provides the corporation with a~~
672 ~~sworn affidavit from one or more insurance agents, on a form~~
673 ~~provided by the corporation, stating that the agents have made~~
674 ~~their best efforts to obtain coverage and that the property has~~
675 ~~been rejected for coverage by at least one authorized insurer~~
676 ~~and at least three surplus lines insurers. If such conditions~~
677 ~~are met, the dwelling may be insured by the corporation for up~~
678 ~~to 3 years, after which time the dwelling is ineligible for~~
679 ~~coverage.~~ The office shall approve the method used by the
680 corporation for valuing ~~the~~ dwelling replacement costs under



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681 ~~cost for the purposes of~~ this subparagraph. If a policyholder is
682 insured by the corporation before ~~prior to~~ being determined ~~to~~
683 ~~be~~ ineligible pursuant to this subparagraph and such
684 policyholder files a lawsuit challenging the determination, the
685 policyholder may remain insured by the corporation until the
686 conclusion of the litigation.

687 b. Effective January 1, 2015, a structure that has a
688 dwelling replacement cost of \$900,000 or more, or a single
689 condominium unit that has a combined dwelling and contents
690 replacement cost of \$900,000 or more, is not eligible for
691 coverage by the corporation. Such dwellings insured by the
692 corporation on December 31, 2014, may continue to be covered by
693 the corporation until the end of the policy term.

694 c. Effective January 1, 2016, a structure that has a
695 dwelling replacement cost of \$800,000 or more, or a single
696 condominium unit that has a combined dwelling and contents
697 replacement cost of \$800,000 or more, is not eligible for
698 coverage by the corporation. Such dwellings insured by the
699 corporation on December 31, 2015, may continue to be covered by
700 the corporation until the end of the policy term.

701 d. Effective January 1, 2017, a structure that has a
702 dwelling replacement cost of \$700,000 or more, or a single
703 condominium unit that has a combined dwelling and contents
704 replacement cost of \$700,000 or more, is not eligible for
705 coverage by the corporation. Such dwellings insured by the
706 corporation on December 31, 2016, may continue to be covered by
707 the corporation until the end of the policy term.

708 e. Effective January 1, 2018, a structure that has a
709 dwelling replacement cost of \$600,000 or more, or a single



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710 condominium unit that has a combined dwelling and contents
711 replacement cost of \$600,000 or more, is not eligible for
712 coverage by the corporation. Such dwellings insured by the
713 corporation on December 31, 2017, may continue to be covered by
714 the corporation until the end of the policy term.

715 f. Effective January 1, 2019, a structure that has a
716 dwelling replacement cost of \$500,000 or more, or a single
717 condominium unit that has a combined dwelling and contents
718 replacement cost of \$500,000 or more, is not eligible for
719 coverage by the corporation. Such dwellings insured by the
720 corporation on December 31, 2018, may continue to be covered by
721 the corporation until the end of the policy term.

722
723 The requirements of sub-subparagraphs b.-f. do not apply in
724 counties where the corporation provides more than 75 percent of
725 the personal lines residential policies providing wind coverage.
726 In such counties the eligibility requirements of sub-
727 subparagraph a. apply.

728 4. It is the intent of the Legislature that policyholders,
729 applicants, and agents of the corporation receive service and
730 treatment of the highest possible level but never less than that
731 generally provided in the voluntary market. It is also intended
732 that the corporation be held to service standards no less than
733 those applied to insurers in the voluntary market by the office
734 with respect to responsiveness, timeliness, customer courtesy,
735 and overall dealings with policyholders, applicants, or agents
736 of the corporation.

737 5. A new structure for which a notice of commencement has
738 been issued on or after July 1, 2014, pursuant to s. 713.135,



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739 which is located seaward of the coastal construction control
740 line created pursuant to s. 161.053, is ineligible for coverage
741 through the corporation unless the structure meets the coastal
742 code-plus building code criteria developed and recommended by
743 the Florida Building Commission. Filing a notice of commencement
744 for an addition to an existing structure that was built before
745 July 1, 2014, requires that the addition be built according to
746 the code-plus building criteria but does not require that the
747 existing structure meet the code-plus criteria in order to be
748 eligible for coverage through the corporation. ~~Effective January~~
749 ~~1, 2009, a personal lines residential structure that is located~~
750 ~~in the "wind-borne debris region," as defined in s. 1609.2,~~
751 ~~International Building Code (2006), and that has an insured~~
752 ~~value on the structure of \$750,000 or more is not eligible for~~
753 ~~coverage by the corporation unless the structure has opening~~
754 ~~protections as required under the Florida Building Code for a~~
755 ~~newly constructed residential structure in that area. A~~
756 ~~residential structure shall be deemed to comply with this~~
757 ~~subparagraph if it has shutters or opening protections on all~~
758 ~~openings and if such opening protections complied with the~~
759 ~~Florida Building Code at the time they were installed.~~

760 6. For any claim filed under any policy of the corporation,
761 a public adjuster may not charge, agree to, or accept any
762 compensation, payment, commission, fee, or other thing of value
763 greater than 10 percent of the additional amount actually paid
764 over the amount that was originally offered by the corporation
765 for any one claim.

766 (b)1. All insurers authorized to write one or more subject
767 lines of business in this state are subject to assessment by the



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768 corporation and, for the purposes of this subsection, are
769 referred to collectively as "assessable insurers." Insurers
770 writing one or more subject lines of business in this state
771 pursuant to part VIII of chapter 626 are not assessable
772 insurers; however, ~~but~~ insureds who procure one or more subject
773 lines of business in this state pursuant to part VIII of chapter
774 626 are subject to assessment by the corporation and are
775 referred to collectively as "assessable insureds." An insurer's
776 assessment liability begins on the first day of the calendar
777 year following the year in which the insurer was issued a
778 certificate of authority to transact insurance for subject lines
779 of business in this state and terminates 1 year after the end of
780 the first calendar year during which the insurer no longer holds
781 a certificate of authority to transact insurance for subject
782 lines of business in this state.

783 2.a. All revenues, assets, liabilities, losses, and
784 expenses of the corporation shall be divided into three separate
785 accounts as follows:

786 (I) A personal lines account for personal residential
787 policies issued by the corporation, or issued by the Residential
788 Property and Casualty Joint Underwriting Association and renewed
789 by the corporation, which provides comprehensive, multiperil
790 coverage on risks that are not located in areas eligible for
791 coverage by the Florida Windstorm Underwriting Association as
792 those areas were defined on January 1, 2002, and for policies
793 that do not provide coverage for the peril of wind on risks that
794 are located in such areas;

795 (II) A commercial lines account for commercial residential
796 and commercial nonresidential policies issued by the



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797 corporation, or issued by the Residential Property and Casualty
798 Joint Underwriting Association and renewed by the corporation,
799 which provides coverage for basic property perils on risks that
800 are not located in areas eligible for coverage by the Florida
801 Windstorm Underwriting Association as those areas were defined
802 on January 1, 2002, and for policies that do not provide
803 coverage for the peril of wind on risks that are located in such
804 areas; and

805 (III) A coastal account for personal residential policies
806 and commercial residential and commercial nonresidential
807 property policies issued by the corporation, or transferred to
808 the corporation, which provides coverage for the peril of wind
809 on risks that are located in areas eligible for coverage by the
810 Florida Windstorm Underwriting Association as those areas were
811 defined on January 1, 2002. The corporation may offer policies
812 that provide multiperil coverage and ~~the corporation~~ shall
813 ~~continue to~~ offer policies that provide coverage only for the
814 peril of wind for risks located in areas eligible for coverage
815 in the coastal account. In issuing multiperil coverage, the
816 corporation may use its approved policy forms and rates for the
817 personal lines account. An applicant or insured who is eligible
818 to purchase a multiperil policy from the corporation may
819 purchase a multiperil policy from an authorized insurer without
820 prejudice to the applicant's or insured's eligibility to
821 prospectively purchase a policy that provides coverage only for
822 the peril of wind from the corporation. An applicant or insured
823 who is eligible for a corporation policy that provides coverage
824 only for the peril of wind may elect to purchase or retain such
825 policy and also purchase or retain coverage excluding wind from



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826 an authorized insurer without prejudice to the applicant's or
827 insured's eligibility to prospectively purchase a policy that
828 provides multiperil coverage from the corporation. It is the
829 goal of the Legislature that there be an overall average savings
830 of 10 percent or more for a policyholder who currently has a
831 wind-only policy with the corporation, and an ex-wind policy
832 with a voluntary insurer or the corporation, and who obtains a
833 multiperil policy from the corporation. It is the intent of the
834 Legislature that the offer of multiperil coverage in the coastal
835 account be made and implemented in a manner that does not
836 adversely affect the tax-exempt status of the corporation or
837 creditworthiness of or security for currently outstanding
838 financing obligations or credit facilities of the coastal
839 account, the personal lines account, or the commercial lines
840 account. ~~The coastal account must also include quota share~~
841 ~~primary insurance under subparagraph (c)2.~~ The area eligible for
842 coverage under the coastal account also includes the area within
843 Port Canaveral, which is bordered on the south by the City of
844 Cape Canaveral, bordered on the west by the Banana River, and
845 bordered on the north by Federal Government property.

846 b. The three separate accounts must be maintained as long
847 as financing obligations entered into by the Florida Windstorm
848 Underwriting Association or Residential Property and Casualty
849 Joint Underwriting Association are outstanding, in accordance
850 with the terms of the corresponding financing documents. If the
851 financing obligations are no longer outstanding, the corporation
852 may use a single account for all revenues, assets, liabilities,
853 losses, and expenses of the corporation. Consistent with this
854 subparagraph and prudent investment policies that minimize the



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855 cost of carrying debt, the board shall exercise its best efforts
856 to retire existing debt or obtain the approval of necessary
857 parties to amend the terms of existing debt, in order ~~so as~~ to
858 structure the most efficient plan for consolidating ~~to~~
859 ~~consolidate~~ the three separate accounts into a single account.

860 c. Creditors of the Residential Property and Casualty Joint
861 Underwriting Association and the accounts specified in sub-sub-
862 subparagraphs a.(I) and (II) may have a claim against, and
863 recourse to, those accounts and no claim against, or recourse
864 to, the account referred to in sub-sub-subparagraph a.(III).
865 Creditors of the Florida Windstorm Underwriting Association have
866 a claim against, and recourse to, the account referred to in
867 sub-sub-subparagraph a.(III) and no claim against, or recourse
868 to, the accounts referred to in sub-sub-subparagraphs a.(I) and
869 (II).

870 d. Revenues, assets, liabilities, losses, and expenses not
871 attributable to particular accounts shall be prorated among the
872 accounts.

873 e. The Legislature finds that the revenues of the
874 corporation are revenues that are necessary to meet the
875 requirements set forth in documents authorizing the issuance of
876 bonds under this subsection.

877 f. The income of the corporation may not inure to the
878 benefit of any private person.

879 3. With respect to a deficit in an account:

880 a. After accounting for the Citizens policyholder surcharge
881 imposed under sub-subparagraph i., if the remaining projected
882 deficit incurred in the coastal account in a particular calendar
883 year:



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884 (I) Is not greater than 2 percent of the aggregate
885 statewide direct written premium for the subject lines of
886 business for the prior calendar year, the entire deficit shall
887 be recovered through regular assessments of assessable insurers
888 under paragraph (q) and assessable insureds.

889 (II) Exceeds 2 percent of the aggregate statewide direct
890 written premium for the subject lines of business for the prior
891 calendar year, the corporation shall levy regular assessments on
892 assessable insurers under paragraph (q) and on assessable
893 insureds in an amount equal to the greater of 2 percent of the
894 projected deficit or 2 percent of the aggregate statewide direct
895 written premium for the subject lines of business for the prior
896 calendar year. Any remaining projected deficit shall be
897 recovered through emergency assessments under sub-subparagraph
898 d.

899 b. Each assessable insurer's share of the amount being
900 assessed under sub-subparagraph a. must be in the proportion
901 that the assessable insurer's direct written premium for the
902 subject lines of business for the year preceding the assessment
903 bears to the aggregate statewide direct written premium for the
904 subject lines of business for that year. The assessment
905 percentage applicable to each assessable insured is the ratio of
906 the amount being assessed under sub-subparagraph a. to the
907 aggregate statewide direct written premium for the subject lines
908 of business for the prior year. Assessments levied by the
909 corporation on assessable insurers under sub-subparagraph a.
910 must be paid as required by the corporation's plan of operation
911 and paragraph (q). Assessments levied by the corporation on
912 assessable insureds under sub-subparagraph a. shall be collected



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913 by the surplus lines agent at the time the surplus lines agent
914 collects the surplus lines tax required by s. 626.932, and paid
915 to the Florida Surplus Lines Service Office at the time the
916 surplus lines agent pays the surplus lines tax to that office.
917 Upon receipt of regular assessments from surplus lines agents,
918 the Florida Surplus Lines Service Office shall transfer the
919 assessments directly to the corporation as determined by the
920 corporation.

921 c. After accounting for the Citizens policyholder surcharge
922 imposed under sub-subparagraph i., the remaining projected
923 deficits in the personal lines account and in the commercial
924 lines account in a particular calendar year shall be recovered
925 through emergency assessments under sub-subparagraph d.

926 d. Upon a determination by the executive director, with the
927 concurrence of the board of governors, that a projected deficit
928 in an account exceeds the amount that is expected to be
929 recovered through regular assessments under sub-subparagraph a.,
930 plus the amount that is expected to be recovered through
931 policyholder surcharges under sub-subparagraph i., the executive
932 director, with concurrence by the board, after verification by
933 the office, shall levy emergency assessments for as many years
934 as necessary to cover the deficits, to be collected by
935 assessable insurers and the corporation and collected from
936 assessable insureds upon issuance or renewal of policies for
937 subject lines of business, excluding National Flood Insurance
938 policies. The executive director shall notify the Financial
939 Services Commission of the emergency assessments within 5 days
940 after the board's concurrence with the executive director's
941 determination that such assessments are necessary. The amount



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942 collected in a particular year must be a uniform percentage of
943 that year's direct written premium for subject lines of business
944 and all accounts of the corporation, excluding National Flood
945 Insurance Program policy premiums, as annually determined by the
946 executive director, with concurrence by the board, and verified
947 by the office. The office shall verify the arithmetic
948 calculations involved in the board's determination within 30
949 days after receipt of the information on which the determination
950 was based. The office shall notify assessable insurers and the
951 Florida Surplus Lines Service Office of the date on which
952 assessable insurers shall begin to collect and assessable
953 insureds shall begin to pay such assessment. The date must be at
954 least ~~may be not less than~~ 90 days after the date the
955 corporation levies emergency assessments pursuant to this sub-
956 subparagraph. Notwithstanding any other provision of law, the
957 corporation and each assessable insurer that writes subject
958 lines of business shall collect emergency assessments from its
959 policyholders without such obligation being affected by any
960 credit, limitation, exemption, or deferment. Emergency
961 assessments levied by the corporation on assessable insureds
962 shall be collected by the surplus lines agent at the time the
963 surplus lines agent collects the surplus lines tax required by
964 s. 626.932 and paid to the Florida Surplus Lines Service Office
965 at the time the surplus lines agent pays the surplus lines tax
966 to that office. The emergency assessments collected shall be
967 transferred directly to the corporation on a periodic basis as
968 determined by the corporation and held by the corporation solely
969 in the applicable account. The aggregate amount of emergency
970 assessments levied for an account ~~under this sub-subparagraph~~ in



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971 any calendar year may be less than but not exceed the greater of
972 10 percent of the amount needed to cover the deficit, plus
973 interest, fees, commissions, required reserves, and other costs
974 associated with financing the original deficit, or 10 percent of
975 the aggregate statewide direct written premium for subject lines
976 of business and all accounts of the corporation for the prior
977 year, plus interest, fees, commissions, required reserves, and
978 other costs associated with financing the deficit.

979 e. The corporation may pledge the proceeds of assessments,
980 projected recoveries from the Florida Hurricane Catastrophe
981 Fund, other insurance and reinsurance recoverables, policyholder
982 surcharges and other surcharges, and other funds available to
983 the corporation as the source of revenue for and to secure bonds
984 issued under paragraph (q), bonds or other indebtedness issued
985 under subparagraph (c)3., or lines of credit or other financing
986 mechanisms issued or created under this subsection, or to retire
987 any other debt incurred as a result of deficits or events giving
988 rise to deficits, or in any other way that the executive
989 director, with the concurrence of the board, determines will
990 efficiently recover such deficits. The purpose of the lines of
991 credit or other financing mechanisms is to provide additional
992 resources to assist the corporation in covering claims and
993 expenses attributable to a catastrophe. As used in this
994 subsection, the term "assessments" includes regular assessments
995 under sub-subparagraph a. or subparagraph (q)1. and emergency
996 assessments under sub-subparagraph d. Emergency assessments
997 collected under sub-subparagraph d. are not part of an insurer's
998 rates, are not premium, and are not subject to premium tax,
999 fees, or commissions; however, failure to pay the emergency



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1000 assessment shall be treated as failure to pay premium. The
1001 emergency assessments ~~under sub-subparagraph d.~~ shall continue
1002 as long as any bonds issued or other indebtedness incurred with
1003 respect to a deficit for which the assessment was imposed remain
1004 outstanding, unless adequate provision has been made for the
1005 payment of such bonds or other indebtedness pursuant to the
1006 documents governing such bonds or indebtedness.

1007 f. As used in this subsection for purposes of any deficit
1008 incurred on or after January 25, 2007, the term "subject lines
1009 of business" means insurance written by assessable insurers or
1010 procured by assessable insureds for all property and casualty
1011 lines of business in this state, but not including workers'
1012 compensation or medical malpractice. As used in this sub-
1013 subparagraph, the term "property and casualty lines of business"
1014 includes all lines of business identified on Form 2, Exhibit of
1015 Premiums and Losses, in the annual statement required of
1016 authorized insurers under s. 624.424 and any rule adopted under
1017 this section, except for those lines identified as accident and
1018 health insurance and except for policies written under the
1019 National Flood Insurance Program or the Federal Crop Insurance
1020 Program. For purposes of this sub-subparagraph, the term
1021 "workers' compensation" includes both workers' compensation
1022 insurance and excess workers' compensation insurance.

1023 g. The Florida Surplus Lines Service Office shall annually
1024 determine ~~annually~~ the aggregate statewide written premium in
1025 subject lines of business procured by assessable insureds and
1026 report that information to the corporation in a form and at a
1027 time the corporation specifies to ensure that the corporation
1028 can meet the requirements of this subsection and the



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1029 corporation's financing obligations.

1030 h. The Florida Surplus Lines Service Office shall verify
1031 the proper application by surplus lines agents of assessment
1032 percentages for regular assessments and emergency assessments
1033 levied under this subparagraph on assessable insureds and assist
1034 the corporation in ensuring the accurate, timely collection and
1035 payment of assessments by surplus lines agents as required by
1036 the corporation.

1037 i. ~~In 2008 or thereafter,~~ Upon a determination by the board
1038 of governors that an account has a projected deficit, the board
1039 shall levy a Citizens policyholder surcharge against all
1040 policyholders of the corporation.

1041 (I) The surcharge shall be levied as a uniform percentage
1042 ~~of the premium for the policy~~ of up to 15 percent of the policy
1043 ~~such~~ premium, which funds shall be used to offset the deficit.

1044 (II) The surcharge is payable upon cancellation or
1045 termination of the policy, upon renewal of the policy, or upon
1046 issuance of a new policy by the corporation within the first 12
1047 months after the date of the levy or the period of time
1048 necessary to fully collect the surcharge amount.

1049 (III) The corporation may not levy any regular assessments
1050 under paragraph (q) pursuant to sub-subparagraph a. or sub-
1051 subparagraph b. with respect to a particular year's deficit
1052 until the corporation has first levied the full amount of the
1053 surcharge authorized by this sub-subparagraph.

1054 (IV) The surcharge is not considered premium and is not
1055 subject to commissions, fees, or premium taxes. However, failure
1056 to pay the surcharge shall be treated as failure to pay premium.

1057 j. If the amount of any assessments or surcharges collected



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1058 from corporation policyholders, assessable insurers or their
1059 policyholders, or assessable insureds exceeds the amount of the
1060 deficits, such excess amounts shall be remitted to and retained
1061 by the corporation in a reserve to be used by the corporation,
1062 as determined by the executive director, with the concurrence of
1063 the board of governors, and approved by the office, to pay
1064 claims or reduce any past, present, or future plan-year deficits
1065 or to reduce outstanding debt.

1066 (c) The corporation's plan of operation:

1067 1. Must provide for adoption of residential property and
1068 casualty insurance policy forms and commercial residential and
1069 nonresidential property insurance forms, which must be approved
1070 by the office before use. The corporation shall adopt the
1071 following policy forms:

1072 a. Standard personal lines policy forms that are
1073 comprehensive multiperil policies providing full coverage of a
1074 residential property equivalent to the coverage provided in the
1075 private insurance market under an HO-3, HO-4, or HO-6 policy.

1076 b. Basic personal lines policy forms that are policies
1077 similar to an HO-8 policy or a dwelling fire policy that provide
1078 coverage meeting the requirements of the secondary mortgage
1079 market, but which is more limited than the coverage under a
1080 standard policy.

1081 c. Commercial lines residential and nonresidential policy
1082 forms that are generally similar to the basic perils of full
1083 coverage obtainable for commercial residential structures and
1084 commercial nonresidential structures in the admitted voluntary
1085 market.

1086 d. Personal lines and commercial lines residential property



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1087 insurance forms that cover the peril of wind only. Such ~~The~~
1088 forms are applicable only to residential properties located in
1089 areas eligible for coverage under the coastal account referred
1090 to in sub-subparagraph (b)2.a.

1091 e. Commercial lines nonresidential property insurance forms
1092 that cover the peril of wind only. Such ~~The~~ forms are applicable
1093 only to nonresidential properties located in areas eligible for
1094 coverage under the coastal account referred to in sub-
1095 subparagraph (b)2.a.

1096 f. The corporation may adopt variations of the policy forms
1097 listed in sub-subparagraphs a.-e. which contain more restrictive
1098 coverage.

1099 g. Effective January 1, 2013, the corporation shall offer a
1100 basic personal lines policy similar to an HO-8 policy with
1101 dwelling repair based on common construction materials and
1102 methods.

1103 2. Must provide that the corporation and an authorized
1104 insurer may enter into a risk-sharing agreement for the purpose
1105 of reducing the corporation's exposure. As used in this
1106 subparagraph, the term "risk-sharing agreement" means an
1107 agreement between the corporation and an authorized insurer for
1108 the corporation to retain part, but not all, of the risk for a
1109 specified group of policies or specified perils within a group
1110 of policies, as part of the terms for removal of policies from
1111 the corporation.

1112 a. Entering into a risk-sharing agreement is voluntary and
1113 at the discretion of the corporation and the authorized insurer.
1114 To avoid unnecessary expense, the executive director, with
1115 concurrence of the board of governors, may limit the



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1116 corporation's participation in risk-sharing agreements to those
1117 participants capable and willing to assume a minimum of 25
1118 percent of the exposure on at least 100,000 policies and may
1119 specify other limitations. A risk-sharing agreement in which the
1120 corporation retains part of the risk may not exceed 5 years.

1121 b. The risk-sharing agreement may cover policies in any
1122 account and may cover any perils. The corporation may act as a
1123 reinsurer or a cedent under a risk sharing agreement or an
1124 excess of loss agreement. If the corporation is the reinsurer,
1125 the insurance policy forms and endorsements must be approved by
1126 the office, cover all perils that are the subject of the risk-
1127 sharing agreement, and cover at least the same limits as the
1128 corporation policies being replaced.

1129 c. The terms of each risk-sharing agreement must ensure
1130 that the consideration received by the corporation is
1131 commensurate with the risk retained by the corporation and the
1132 risk assumed by the authorized insurer. The corporation may not
1133 share risk for bad faith.

1134 d. The risk-sharing agreement must specify the proportion
1135 of exposure that the authorized insurer reports to the Florida
1136 Hurricane Catastrophe Fund and the exposure retained by the
1137 corporation. Each shall pay premium and receive reimbursements
1138 from the fund for the exposure that they retain or assume as
1139 provided in the risk-sharing agreement. The risk retained or
1140 assumed is eligible for coverage by the fund and is not
1141 considered reinsurance for purposes of coverage by the fund.
1142 However, the authorized insurer and the corporation may report
1143 participation in the risk sharing agreement on their financial
1144 statements as reinsurance if appropriate according to the



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1145 characteristics of the agreement based on statutory accounting
1146 rules and instructions.

1147 e. Notwithstanding any other provision of law:

1148 (I) Policies offered coverage by the corporation or an
1149 authorized insurer through a risk-sharing agreement are not
1150 eligible for coverage by the corporation outside of the
1151 agreement; and

1152 (II) A risk-sharing agreement between the corporation and
1153 an authorized insurer is not subject to the requirements of a
1154 take-out or keep-out program under ss. 627.3517 and this
1155 subsection, except that the agreement must be filed by the
1156 authorized insurer with the office for review and approval
1157 before the execution of the agreement by the insurer.

1158 f. To ensure that exposures are accurately reported to the
1159 Florida Hurricane Catastrophe Fund, the corporation and each
1160 insurer participating in a risk-sharing agreement under this
1161 subparagraph must report its exposure under covered policies to
1162 the fund as required under s. 215.555(5)(c), including the
1163 requirement that, by September 1 of each year, each insurer
1164 notify the board of its insured values under covered policies as
1165 of June 30 of that year. Each report must also specify the
1166 percentage of liability applicable to the corporation and the
1167 percentage applicable to the insurer. Pursuant to its authority
1168 under s. 215.555, the State Board of Administration shall adopt
1169 rules to administer this sub-subparagraph.

1170 ~~2. Must provide that the corporation adopt a program in~~
1171 ~~which the corporation and authorized insurers enter into quota~~
1172 ~~share primary insurance agreements for hurricane coverage, as~~
1173 ~~defined in s. 627.4025(2)(a), for eligible risks, and adopt~~



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1174 ~~property insurance forms for eligible risks which cover the~~
1175 ~~peril of wind only.~~

1176 ~~a. As used in this subsection, the term:~~

1177 ~~(I) "Quota share primary insurance" means an arrangement in~~
1178 ~~which the primary hurricane coverage of an eligible risk is~~
1179 ~~provided in specified percentages by the corporation and an~~
1180 ~~authorized insurer. The corporation and authorized insurer are~~
1181 ~~each solely responsible for a specified percentage of hurricane~~
1182 ~~coverage of an eligible risk as set forth in a quota share~~
1183 ~~primary insurance agreement between the corporation and an~~
1184 ~~authorized insurer and the insurance contract. The~~
1185 ~~responsibility of the corporation or authorized insurer to pay~~
1186 ~~its specified percentage of hurricane losses of an eligible~~
1187 ~~risk, as set forth in the agreement, may not be altered by the~~
1188 ~~inability of the other party to pay its specified percentage of~~
1189 ~~losses. Eligible risks that are provided hurricane coverage~~
1190 ~~through a quota share primary insurance arrangement must be~~
1191 ~~provided policy forms that set forth the obligations of the~~
1192 ~~corporation and authorized insurer under the arrangement,~~
1193 ~~clearly specify the percentages of quota share primary insurance~~
1194 ~~provided by the corporation and authorized insurer, and~~
1195 ~~conspicuously and clearly state that the authorized insurer and~~
1196 ~~the corporation may not be held responsible beyond their~~
1197 ~~specified percentage of coverage of hurricane losses.~~

1198 ~~(II) "Eligible risks" means personal lines residential and~~
1199 ~~commercial lines residential risks that meet the underwriting~~
1200 ~~criteria of the corporation and are located in areas that were~~
1201 ~~eligible for coverage by the Florida Windstorm Underwriting~~
1202 ~~Association on January 1, 2002.~~



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1203 ~~b. The corporation may enter into quota share primary~~
1204 ~~insurance agreements with authorized insurers at corporation~~
1205 ~~coverage levels of 90 percent and 50 percent.~~

1206 ~~e. If the corporation determines that additional coverage~~
1207 ~~levels are necessary to maximize participation in quota share~~
1208 ~~primary insurance agreements by authorized insurers, the~~
1209 ~~corporation may establish additional coverage levels. However,~~
1210 ~~the corporation's quota share primary insurance coverage level~~
1211 ~~may not exceed 90 percent.~~

1212 ~~d. Any quota share primary insurance agreement entered into~~
1213 ~~between an authorized insurer and the corporation must provide~~
1214 ~~for a uniform specified percentage of coverage of hurricane~~
1215 ~~losses, by county or territory as set forth by the corporation~~
1216 ~~board, for all eligible risks of the authorized insurer covered~~
1217 ~~under the agreement.~~

1218 ~~e. Any quota share primary insurance agreement entered into~~
1219 ~~between an authorized insurer and the corporation is subject to~~
1220 ~~review and approval by the office. However, such agreement shall~~
1221 ~~be authorized only as to insurance contracts entered into~~
1222 ~~between an authorized insurer and an insured who is already~~
1223 ~~insured by the corporation for wind coverage.~~

1224 ~~f. For all eligible risks covered under quota share primary~~
1225 ~~insurance agreements, the exposure and coverage levels for both~~
1226 ~~the corporation and authorized insurers shall be reported by the~~
1227 ~~corporation to the Florida Hurricane Catastrophe Fund. For all~~
1228 ~~policies of eligible risks covered under such agreements, the~~
1229 ~~corporation and the authorized insurer must maintain complete~~
1230 ~~and accurate records for the purpose of exposure and loss~~
1231 ~~reimbursement audits as required by fund rules. The corporation~~



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1232 ~~and the authorized insurer shall each maintain duplicate copies~~
1233 ~~of policy declaration pages and supporting claims documents.~~

1234 ~~g. The corporation board shall establish in its plan of~~
1235 ~~operation standards for quota share agreements which ensure that~~
1236 ~~there is no discriminatory application among insurers as to the~~
1237 ~~terms of the agreements, pricing of the agreements, incentive~~
1238 ~~provisions if any, and consideration paid for servicing policies~~
1239 ~~or adjusting claims.~~

1240 ~~h. The quota share primary insurance agreement between the~~
1241 ~~corporation and an authorized insurer must set forth the~~
1242 ~~specific terms under which coverage is provided, including, but~~
1243 ~~not limited to, the sale and servicing of policies issued under~~
1244 ~~the agreement by the insurance agent of the authorized insurer~~
1245 ~~producing the business, the reporting of information concerning~~
1246 ~~eligible risks, the payment of premium to the corporation, and~~
1247 ~~arrangements for the adjustment and payment of hurricane claims~~
1248 ~~incurred on eligible risks by the claims adjuster and personnel~~
1249 ~~of the authorized insurer. Entering into a quota sharing~~
1250 ~~insurance agreement between the corporation and an authorized~~
1251 ~~insurer is voluntary and at the discretion of the authorized~~
1252 ~~insurer.~~

1253 ~~3.a. May provide that the corporation may employ or~~
1254 ~~otherwise contract with individuals or other entities to provide~~
1255 ~~administrative or professional services that may be appropriate~~
1256 ~~to effectuate the plan. The corporation may borrow funds by~~
1257 ~~issuing bonds or by incurring other indebtedness, and shall have~~
1258 ~~other powers reasonably necessary to effectuate the requirements~~
1259 ~~of this subsection, including, without limitation, the power to~~
1260 ~~issue bonds and incur other indebtedness in order to refinance~~



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1261 outstanding bonds or other indebtedness. The corporation may
1262 seek judicial validation of its bonds or other indebtedness
1263 under chapter 75. The corporation may issue bonds or incur other
1264 indebtedness, or have bonds issued on its behalf by a unit of
1265 local government pursuant to subparagraph (q)2. in the absence
1266 of a hurricane or other weather-related event, upon a
1267 determination by the corporation, subject to approval by the
1268 office, that such action would enable it to efficiently meet the
1269 financial obligations of the corporation and that such
1270 financings are reasonably necessary to effectuate the
1271 requirements of this subsection. The corporation may take all
1272 actions needed to facilitate tax-free status for such bonds or
1273 indebtedness, including formation of trusts or other affiliated
1274 entities. The corporation may pledge assessments, projected
1275 recoveries from the Florida Hurricane Catastrophe Fund, other
1276 reinsurance recoverables, Citizens policyholder surcharges and
1277 other surcharges, and other funds available to the corporation
1278 as security for bonds or other indebtedness. In recognition of
1279 s. 10, Art. I of the State Constitution, prohibiting the
1280 impairment of obligations of contracts, it is the intent of the
1281 Legislature that ~~no~~ action not be taken whose purpose is to
1282 impair any bond indenture or financing agreement or any revenue
1283 source committed by contract to such bond or other indebtedness.

1284 b. May provide that the corporation employ or otherwise
1285 contract with individuals or other entities to provide
1286 administrative or professional services that may be appropriate
1287 to effectuate the plan. To ensure that the corporation is
1288 operating in an efficient and economic manner while providing
1289 quality service to policyholders, applicants, and agents, the



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1290 board shall commission an independent third-party consultant
1291 having expertise in insurance company management or insurance
1292 company management consulting to prepare a report and make
1293 recommendations on the relative costs and benefits of
1294 outsourcing various policy issuance and service functions to
1295 private servicing carriers or entities performing similar
1296 functions in the private market for a fee~~7~~ rather than
1297 performing such functions in-house. In making such
1298 recommendations, the consultant shall consider how other
1299 residual markets, both in this state and around the country,
1300 outsource appropriate functions or use servicing carriers to
1301 better match expenses with revenues that fluctuate based on a
1302 widely varying policy count. The report must be completed by
1303 July 1, 2012. Upon receiving the report, the executive director,
1304 with the concurrence of the board, shall develop a plan to
1305 implement the report and submit the plan for review,
1306 modification, and approval to the Financial Services Commission.
1307 Upon the commission's approval of the plan, the board shall
1308 begin implementing the plan by January 1, 2013.

1309 4. Must require that the corporation operate subject to the
1310 supervision and approval of a board of governors consisting of
1311 nine ~~eight~~ individuals who are residents of this state and who
1312 are~~7~~ from different geographical areas of the ~~this~~ state, one of
1313 whom is appointed by the Governor and serves solely to advocate
1314 on behalf of the consumer. The appointment of a consumer
1315 representative by the Governor is in addition to the
1316 appointments authorized under sub-subparagraph a.

1317 a. The Governor, the Chief Financial Officer, the President
1318 of the Senate, and the Speaker of the House of Representatives



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1319 shall each appoint two members of the board. All board members,
1320 except those appointed by the speaker, must be confirmed by the
1321 Senate during the legislative session following their
1322 appointment. At least one of the two members appointed by each
1323 appointing officer must have demonstrated expertise in insurance
1324 and must be ~~is~~ deemed to be within the scope of the exemption
1325 provided under ~~in~~ s. 112.313(7) (b). The Chief Financial Officer
1326 shall designate one of the appointees as chair for the purpose
1327 of presiding over the orderly conduct of meetings. An appointee
1328 serves as chair for no more than one term. All board members
1329 serve at the pleasure of the appointing officer. All members of
1330 the board are subject to removal at will by the officers who
1331 appointed them. All board members, including the chair, shall
1332 ~~must~~ be appointed ~~to serve~~ for 3-year terms beginning annually
1333 on a date designated by the plan. ~~However, for the first term~~
1334 ~~beginning on or after July 1, 2009, each appointing officer~~
1335 ~~shall appoint one member of the board for a 2-year term and one~~
1336 ~~member for a 3-year term.~~ A board vacancy shall be filled for
1337 the unexpired term by the appointing officer. The Chief
1338 Financial Officer shall appoint a technical advisory group to
1339 provide information and advice to the executive director and the
1340 board in connection with the corporation's board's duties under
1341 this subsection. The executive director shall be appointed by
1342 and serve at the pleasure of the Governor and the Chief
1343 Financial Officer. ~~and~~ Senior managers of the corporation shall
1344 be appointed by the executive director, with the concurrence of
1345 engaged by the board, and serve at the pleasure of the executive
1346 director board. Appointment of the ~~Any~~ executive director
1347 ~~appointed on or after July 1, 2006,~~ is subject to confirmation



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1348 by the Senate upon original appointment and upon the election or
1349 reelection of the Governor and Chief Financial Officer if
1350 retained. The executive director is responsible for employing
1351 other staff ~~as~~ the corporation may require, subject to review
1352 and concurrence by the board.

1353 b. The board shall create a Market Accountability Advisory
1354 Committee to assist the corporation in developing awareness of
1355 its rates and its customer and agent service levels in
1356 relationship to the voluntary market insurers writing similar
1357 coverage.

1358 (I) The members of the advisory committee consist of the
1359 following 11 persons, one of whom must be elected chair by the
1360 members of the committee: four representatives, one appointed by
1361 the Florida Association of Insurance Agents, one by the Florida
1362 Association of Insurance and Financial Advisors, one by the
1363 Professional Insurance Agents of Florida, and one by the Latin
1364 American Association of Insurance Agencies; three
1365 representatives appointed by the insurers with the three highest
1366 voluntary market share of residential property insurance
1367 business in the state; one representative from the Office of
1368 Insurance Regulation; one consumer appointed by the board who is
1369 insured by the corporation at the time of appointment to the
1370 committee; one representative appointed by the Florida
1371 Association of Realtors; and one representative appointed by the
1372 Florida Bankers Association. All members shall be appointed to
1373 3-year terms, serve at the pleasure of the board of governors,
1374 and may serve for consecutive terms.

1375 (II) The committee shall report to the corporation at each
1376 board meeting on insurance market issues that ~~which~~ may include



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1377 rates and rate competition within ~~with~~ the voluntary market;
1378 service, including policy issuance, claims processing, and
1379 general responsiveness to policyholders, applicants, and agents;
1380 and matters relating to depopulation.

1381 5. Must provide a procedure for determining the eligibility
1382 of a risk for coverage by the corporation which applies to both
1383 new and renewal policies, as follows:

1384 a. Subject to s. 627.3517, with respect to personal lines
1385 residential risks, if the risk is offered coverage from an
1386 authorized insurer at the insurer's approved rate under a
1387 standard policy including wind coverage or, if consistent with
1388 the insurer's underwriting rules as filed with the office, a
1389 basic policy including wind coverage, for a new application to
1390 the corporation for coverage, the risk is not eligible for any
1391 policy issued by the corporation unless the premium for coverage
1392 from the authorized insurer is more than 15 percent greater than
1393 the premium for comparable coverage from the corporation. For
1394 renewal policies, the risk is not eligible for a policy issued
1395 by the corporation unless the premium for coverage from an
1396 authorized insurer is more than 5 percent higher than the
1397 premium for comparable coverage from the corporation. If the
1398 risk is not able to obtain such offer, the risk is eligible for
1399 a standard policy including wind coverage or a basic policy
1400 including wind coverage issued by the corporation; however, if
1401 the risk could not be insured under a standard policy including
1402 wind coverage regardless of market conditions, the risk is
1403 eligible for a basic policy including wind coverage unless
1404 rejected under subparagraph 8. ~~However, a policyholder of the~~
1405 ~~corporation or a policyholder removed from the corporation~~



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1406 ~~through an assumption agreement until the end of the assumption~~
1407 ~~period remains eligible for coverage from the corporation~~
1408 ~~regardless of any offer of coverage from an authorized insurer~~
1409 ~~or surplus lines insurer.~~ The corporation shall determine the
1410 type of policy to be provided on the basis of objective
1411 standards specified in the underwriting manual and based on
1412 generally accepted underwriting practices.

1413 (I) If the risk accepts an offer of coverage through the
1414 market assistance plan or through a mechanism established by the
1415 corporation before a policy is issued to the risk by the
1416 corporation or during the first 30 days of coverage by the
1417 corporation, and the producing agent who submitted the
1418 application to the plan or to the corporation is not currently
1419 appointed by the insurer, the insurer shall:

1420 (A) Pay to the producing agent of record ~~of the policy~~ for
1421 the first year, an amount that is the greater of the insurer's
1422 usual and customary commission for the type of policy written or
1423 a fee equal to the usual and customary commission of the
1424 corporation; or

1425 (B) Offer to allow the producing agent of record ~~of the~~
1426 ~~policy~~ to continue servicing the policy for at least 1 year and
1427 offer to pay the agent the greater of the insurer's or the
1428 corporation's usual and customary commission for the type of
1429 policy written.

1430
1431 If the producing agent is unwilling or unable to accept
1432 appointment, the new insurer shall pay the agent in accordance
1433 with sub-sub-sub-subparagraph (A).

1434 (II) If the corporation enters into a contractual agreement



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1435 for a take-out plan, the producing agent of record of the
1436 corporation policy is entitled to retain any unearned commission
1437 on the policy, and the insurer shall:

1438 (A) Pay to the producing agent of record, for the first
1439 year, an amount that is the greater of the insurer's usual and
1440 customary commission for the type of policy written or a fee
1441 equal to the usual and customary commission of the corporation;
1442 or

1443 (B) Offer to allow the producing agent of record to
1444 continue servicing the policy for at least 1 year and offer to
1445 pay the agent the greater of the insurer's or the corporation's
1446 usual and customary commission for the type of policy written.

1447
1448 If the producing agent is unwilling or unable to accept
1449 appointment, the new insurer shall pay the agent in accordance
1450 with sub-sub-sub-subparagraph (A).

1451 b. With respect to commercial lines residential risks, ~~for~~
1452 ~~a new application to the corporation for coverage,~~ if the risk
1453 is offered coverage under a policy including wind coverage from
1454 an authorized insurer at its approved rate, the risk is not
1455 eligible for a policy issued by the corporation unless the
1456 premium for coverage from the authorized insurer is more than 15
1457 percent greater than the premium for comparable coverage from
1458 the corporation. If the risk is not able to obtain any such
1459 offer, the risk is eligible for a policy including wind coverage
1460 issued by the corporation. ~~However, a policyholder of the~~
1461 ~~corporation or a policyholder removed from the corporation~~
1462 ~~through an assumption agreement until the end of the assumption~~
1463 ~~period remains eligible for coverage from the corporation~~



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1464 ~~regardless of an offer of coverage from an authorized insurer or~~
1465 ~~surplus lines insurer.~~

1466 (I) If the risk accepts an offer of coverage through the
1467 market assistance plan or through a mechanism established by the
1468 corporation before a policy is issued to the risk by the
1469 corporation or during the first 30 days of coverage by the
1470 corporation, and the producing agent who submitted the
1471 application to the plan or the corporation is not currently
1472 appointed by the insurer, the insurer shall:

1473 (A) Pay to the producing agent of record ~~of the policy~~, for
1474 the first year, an amount that is the greater of the insurer's
1475 usual and customary commission for the type of policy written or
1476 a fee equal to the usual and customary commission of the
1477 corporation; or

1478 (B) Offer to allow the producing agent of record ~~of the~~
1479 ~~policy~~ to continue servicing the policy for at least 1 year and
1480 offer to pay the agent the greater of the insurer's or the
1481 corporation's usual and customary commission for the type of
1482 policy written.

1483
1484 If the producing agent is unwilling or unable to accept
1485 appointment, the new insurer shall pay the agent in accordance
1486 with sub-sub-sub-subparagraph (A).

1487 (II) If the corporation enters into a contractual agreement
1488 for a take-out plan, the producing agent of record of the
1489 corporation policy is entitled to retain any unearned commission
1490 on the policy, and the insurer shall:

1491 (A) Pay to the producing agent of record, for the first
1492 year, an amount that is the greater of the insurer's usual and



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1493 customary commission for the type of policy written or a fee
1494 equal to the usual and customary commission of the corporation;
1495 or

1496 (B) Offer to allow the producing agent of record to
1497 continue servicing the policy for at least 1 year and offer to
1498 pay the agent the greater of the insurer's or the corporation's
1499 usual and customary commission for the type of policy written.

1500

1501 If the producing agent is unwilling or unable to accept
1502 appointment, the new insurer shall pay the agent in accordance
1503 with sub-sub-sub-subparagraph (A).

1504 c. For purposes of determining comparable coverage under
1505 sub-subparagraphs a. and b., the comparison must be based on
1506 those forms and coverages that are reasonably comparable. The
1507 corporation may rely on a determination of comparable coverage
1508 and premium made by the producing agent who submits the
1509 application to the corporation, made in the agent's capacity as
1510 the corporation's agent. A comparison may be made solely of the
1511 premium with respect to the main building or structure ~~only~~ on
1512 the following basis: the same coverage A or other building
1513 limits; the same percentage hurricane deductible that applies on
1514 an annual basis or that applies to each hurricane for commercial
1515 residential property; the same percentage of ordinance and law
1516 coverage, if the same limit is offered by both the corporation
1517 and the authorized insurer; the same mitigation credits, to the
1518 extent the same types of credits are offered both by the
1519 corporation and the authorized insurer; the same method for loss
1520 payment, such as replacement cost or actual cash value, if the
1521 same method is offered both by the corporation and the



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1522 authorized insurer in accordance with underwriting rules; and
1523 any other form or coverage that is reasonably comparable as
1524 determined by the board. If an application is submitted to the
1525 corporation for wind-only coverage in the coastal account, the
1526 premium for the corporation's wind-only policy plus the premium
1527 for the ex-wind policy that is offered by an authorized insurer
1528 to the applicant must be compared to the premium for multiperil
1529 coverage offered by an authorized insurer, subject to the
1530 standards for comparison specified in this subparagraph. If the
1531 corporation or the applicant requests from the authorized
1532 insurer a breakdown of the premium of the offer by types of
1533 coverage so that a comparison may be made by the corporation or
1534 its agent and the authorized insurer refuses or is unable to
1535 provide such information, the corporation may treat the offer as
1536 not being an offer of coverage from an authorized insurer at the
1537 insurer's approved rate.

1538 6. Must include rules for classifications of risks and
1539 rates.

1540 7. Must provide that if premium and investment income for
1541 an account attributable to a particular calendar year are in
1542 excess of projected losses and expenses for the account
1543 attributable to that year, such excess must ~~shall~~ be held in
1544 surplus in the account. Such surplus must be available to defray
1545 deficits in that account as to future years and used for that
1546 purpose before assessing assessable insurers and assessable
1547 insureds as to any calendar year.

1548 8. Must provide objective criteria and procedures that are
1549 ~~to be~~ uniformly applied to all applicants in determining whether
1550 an individual risk is so hazardous as to be uninsurable. In



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1551 making this determination and in establishing the criteria and
1552 procedures, the following must be considered:

1553 a. Whether the likelihood of a loss for the individual risk
1554 is substantially higher than for other risks of the same class;
1555 and

1556 b. Whether the uncertainty associated with the individual
1557 risk is such that an appropriate premium cannot be determined.

1558
1559 The acceptance or rejection of a risk by the corporation shall
1560 be construed as the private placement of insurance, and the
1561 provisions of chapter 120 do not apply.

1562 9. Must provide that the corporation make its best efforts
1563 to procure catastrophe reinsurance at reasonable rates, to cover
1564 its projected 100-year probable maximum loss as determined by
1565 the board of governors.

1566 10. Must provide that the policies issued by the
1567 corporation ~~must~~ provide that if the corporation or the market
1568 assistance plan obtains an offer from an authorized insurer to
1569 cover the risk at its approved rates, the risk is no longer
1570 eligible for renewal through the corporation, except as
1571 otherwise provided in this subsection.

1572 11. Must provide that corporation policies and applications
1573 ~~must~~ include a notice that the corporation policy could, under
1574 this section, be replaced with a policy issued by an authorized
1575 insurer which does not provide coverage identical to the
1576 coverage provided by the corporation. The notice must also
1577 specify that acceptance of corporation coverage creates a
1578 conclusive presumption that the applicant or policyholder is
1579 aware of this potential.



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1580 12. May establish, subject to approval by the office,
1581 different eligibility requirements and operational procedures
1582 for any line or type of coverage for any specified county or
1583 area if the board determines that such changes are justified due
1584 to the voluntary market being sufficiently stable and
1585 competitive in such area or for such line or type of coverage
1586 and that consumers who, in good faith, are unable to obtain
1587 insurance through the voluntary market through ordinary methods
1588 continue to have access to coverage from the corporation. If
1589 coverage is sought in connection with a real property transfer,
1590 the requirements and procedures may not provide an effective
1591 date of coverage later than the date of the closing of the
1592 transfer as established by the transferor, the transferee, and,
1593 if applicable, the lender.

1594 13. Must provide that, with respect to the coastal account,
1595 any assessable insurer that has ~~with~~ a surplus as to
1596 policyholders of \$25 million or less writing 25 percent or more
1597 of its total countrywide property insurance premiums in this
1598 state may ~~petition the office~~, within the first 90 days of each
1599 calendar year, petition the office to qualify as a limited
1600 apportionment company. A regular assessment levied by the
1601 corporation on a limited apportionment company for a deficit
1602 incurred by the corporation for the coastal account may be paid
1603 to the corporation on a monthly basis as the assessments are
1604 collected by the limited apportionment company from its
1605 insureds. ~~The, but a~~ limited apportionment company must begin
1606 collecting the regular assessments within ~~not later than~~ 90 days
1607 after the regular assessments are levied by the corporation, and
1608 the regular assessments must be paid in full within 15 months



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1609 after being levied by the corporation. A limited apportionment
1610 company shall collect from its policyholders any emergency
1611 assessment imposed under sub-subparagraph (b)3.d. The plan must
1612 provide that, if the office determines that any regular
1613 assessment will result in an impairment of the surplus of a
1614 limited apportionment company, the office may direct that all or
1615 part of such assessment be deferred as provided in subparagraph
1616 (q)4. However, an emergency assessment to be collected from
1617 policyholders under sub-subparagraph (b)3.d. may not be limited
1618 or deferred.

1619 14. Must provide that the corporation appoint as its
1620 licensed agents only those agents who at the time of initial
1621 appointment also hold an appointment as defined in s. 626.015(3)
1622 with an insurer who ~~at the time of the agent's initial~~
1623 ~~appointment by the corporation~~ is authorized to write and is
1624 actually writing personal lines residential property coverage,
1625 commercial residential property coverage, or commercial
1626 nonresidential property coverage within the state. As a
1627 condition of continued appointment, agents of the corporation
1628 must maintain appropriate documentation specified by the
1629 corporation which warrants and certifies that alternative
1630 coverage was annually sought for each risk placed by that agent
1631 with the corporation in accordance with s. 627.3518. After
1632 January 1, 2014, if an agent places a policy with the
1633 corporation which was ineligible for coverage based on
1634 eligibility standards at the time of placement, agent
1635 commissions may not be paid on that policy.

1636 15. Must provide a premium payment plan option to its
1637 policyholders which, at a minimum, allows for quarterly and



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1638 semiannual payment of premiums. A monthly payment plan may, but
1639 is not required to, be offered.

1640 16. Must make available a policy for mobile homes or
1641 manufactured homes with a minimum insured value of at least
1642 \$3,000. ~~Must limit~~ Coverage on mobile homes or manufactured
1643 homes built before 1994 is limited to actual cash value of the
1644 dwelling rather than replacement costs of the dwelling. Such
1645 coverage must also include the following attached structures:

1646 a. Screened enclosures that are aluminum framed or that are
1647 not covered by the same or substantially the same materials as
1648 those of the primary dwelling;

1649 b. Carports that are aluminum or that are not covered by
1650 the same or substantially the same materials as those of the
1651 primary dwelling; and

1652 c. Patios that have a roof covering constructed of
1653 materials that are not the same or substantially the same
1654 materials as those of the primary dwelling.

1655 17. May provide such limits of coverage as the board
1656 determines, consistent with the requirements of this subsection.

1657 18. May require commercial property to meet specified
1658 hurricane mitigation construction features as a condition of
1659 eligibility for coverage.

1660 19. Must provide that new or renewal policies issued by the
1661 corporation on or after January 1, 2012, which cover sinkhole
1662 loss do not include coverage for any loss to appurtenant
1663 structures, driveways, sidewalks, decks, or patios that are
1664 directly or indirectly caused by sinkhole activity. The
1665 corporation shall exclude such coverage using a notice of
1666 coverage change, which may be included with the policy renewal,



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1667 and not by issuance of a notice of nonrenewal of the excluded
1668 coverage upon renewal of the current policy.

1669 20. Must, as of July ~~January~~ 1, 2014 ~~2012~~, ~~must~~ require
1670 that the agent obtain from an applicant for coverage from the
1671 corporation an acknowledgment signed by the applicant, which
1672 includes, at a minimum, the following statement:

1673
1674 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE AND ASSESSMENT LIABILITY:

1675
1676 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1677 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
1678 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1679 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1680 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1681 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1682 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1683 LEGISLATURE.

1684 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1685 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1686 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
1687 BE ELIGIBLE FOR COVERAGE BY CITIZENS I MUST FIRST TRY TO OBTAIN
1688 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1689 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1690 ARE REGULATED AND APPROVED BY THE STATE.

1691 3.2- I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
1692 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1693 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1694 FLORIDA LEGISLATURE.

1695 4.3- I ~~ALSO~~ UNDERSTAND THAT CITIZENS PROPERTY INSURANCE



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1696 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1697 STATE OF FLORIDA.

1698 a. The corporation shall maintain, in electronic format or
1699 otherwise, a copy of the applicant's signed acknowledgment and
1700 provide a copy of the statement to the policyholder as part of
1701 his or her ~~the first~~ renewal after the effective date of this
1702 subparagraph.

1703 b. The signed acknowledgment form creates a conclusive
1704 presumption that the policyholder understood and accepted his or
1705 her potential surcharge and assessment liability as a
1706 policyholder of the corporation.

1707 (g) The executive director, with the concurrence of the
1708 board, shall determine whether it is more cost-effective and in
1709 the best interests of the corporation to use legal services
1710 provided by in-house attorneys employed by the corporation
1711 rather than contracting with outside counsel. In making such
1712 determination, the board shall document its findings and ~~shall~~
1713 ~~consider~~ the expertise needed; whether time commitments exceed
1714 in-house staff resources; whether local representation is
1715 needed; the travel, lodging and other costs associated with in-
1716 house representation; and such other factors that the board
1717 determines are relevant.

1718 (i)1. The Office of the Internal Auditor is established
1719 within the corporation to provide a central point for
1720 coordination of and responsibility for activities that promote
1721 accountability, integrity, and efficiency to the policyholders
1722 and to the taxpayers of this state. The internal auditor shall
1723 be appointed by the board of governors, shall report to and be
1724 under the general supervision of the board of governors, and is



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1725 not subject to supervision by an ~~any~~ employee of the
1726 corporation. Administrative staff and support shall be provided
1727 by the corporation. The internal auditor shall be appointed
1728 without regard to political affiliation. It is the duty and
1729 responsibility of the internal auditor to:

1730 a. Provide direction for, supervise, conduct, and
1731 coordinate audits, investigations, and management reviews
1732 relating to the programs and operations of the corporation.

1733 b. Conduct, supervise, or coordinate other activities
1734 carried out or financed by the corporation for the purpose of
1735 promoting efficiency in the administration of, or preventing and
1736 detecting fraud, abuse, and mismanagement in, its programs and
1737 operations.

1738 c. Submit final audit reports, reviews, or investigative
1739 reports to the board of governors, the executive director, the
1740 members of the Financial Services Commission, and the President
1741 of the Senate and the Speaker of the House of Representatives.

1742 d. Keep the executive director and the board of governors
1743 informed concerning fraud, abuses, and internal control
1744 deficiencies relating to programs and operations administered or
1745 financed by the corporation, recommend corrective action, and
1746 report on the progress made in implementing corrective action.

1747 e. Cooperate and coordinate activities with the
1748 corporation's inspector general.

1749 ~~e. Report expeditiously to the Department of Law~~
1750 ~~Enforcement or other law enforcement agencies, as appropriate,~~
1751 ~~whenever the internal auditor has reasonable grounds to believe~~
1752 ~~there has been a violation of criminal law.~~

1753 2. On or before February 15, the internal auditor shall



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1754 prepare an annual report evaluating the effectiveness of the
1755 internal controls of the corporation and providing
1756 recommendations for corrective action, if necessary, and
1757 summarizing the audits, reviews, and investigations conducted by
1758 the office during the preceding fiscal year. The final report
1759 shall be furnished to the board of governors and the executive
1760 director, the President of the Senate, the Speaker of the House
1761 of Representatives, and the Financial Services Commission.

1762 (m)1. The Auditor General shall conduct an operational
1763 audit of the corporation annually ~~every 3 years~~ to evaluate
1764 management's performance in administering laws, policies, and
1765 procedures governing the operations of the corporation in an
1766 efficient and effective manner. The scope of the review must
1767 ~~shall~~ include, but is not limited to, evaluating claims
1768 handling, customer service, take-out programs and bonuses;;
1769 financing arrangements made to address a 100-year probable
1770 maximum loss; personnel costs and administration; underwriting,
1771 including processes designed to ensure compliance with policy
1772 eligibility requirements of law;; procurement of goods and
1773 services;; internal controls;; ~~and~~ the internal audit function;
1774 and related internal controls. A copy of the report shall be
1775 provided to the corporation's board, the President of the
1776 Senate, the Speaker of the House of Representatives, each member
1777 of the Financial Services Commission, and the Office of
1778 Insurance Regulation. The initial audit must be completed by
1779 February 1, ~~2009~~.

1780 2. The executive director, with the concurrence of the
1781 board, shall contract with an independent auditing firm to
1782 conduct a performance audit of the corporation every 2 years.



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1783 The objectives of the audit include, but are not limited to, an
1784 evaluation, within the context of insurance industry best
1785 practices, of the corporation's strategic planning processes,
1786 the functionality of the corporation's organizational structure,
1787 the compensation levels of senior management, and the overall
1788 management and operations of the corporation. A copy of the
1789 audit report shall be provided to the corporation's board, the
1790 President of the Senate, the Speaker of the House of
1791 Representatives, each member of the Financial Services
1792 Commission, the Office of Insurance Regulation, and the Auditor
1793 General. The initial audit must be completed by June 1, 2014.

1794 (q)1. The corporation shall certify to the office its needs
1795 for annual assessments as to a particular calendar year, and for
1796 any interim assessments that it deems ~~to be~~ necessary to sustain
1797 operations as to a particular year pending the receipt of annual
1798 assessments. Upon verification, the office shall approve such
1799 certification, and the corporation shall levy such annual or
1800 interim assessments. Such assessments shall be prorated as
1801 provided in paragraph (b). The corporation shall take all
1802 reasonable and prudent steps necessary to collect the amount of
1803 assessments due from each assessable insurer, including, if
1804 prudent, filing suit to collect the assessments, and the office
1805 may provide such assistance to the corporation it deems
1806 appropriate. If the corporation is unable to collect an
1807 assessment from any assessable insurer, the uncollected
1808 assessments shall be levied as an additional assessment against
1809 the assessable insurers and any assessable insurer required to
1810 pay an additional assessment as a result of such failure to pay
1811 shall have a cause of action against the ~~such~~ nonpaying



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1812 assessable insurer. Assessments must ~~shall~~ be included as an
1813 ~~appropriate factor~~ in the making of rates. The failure of a
1814 surplus lines agent to collect and remit any regular or
1815 emergency assessment levied by the corporation is ~~considered to~~
1816 ~~be~~ a violation of s. 626.936 and subjects the surplus lines
1817 agent to the penalties provided in that section.

1818 2. The governing body of any unit of local government, any
1819 residents of which are insured by the corporation, may issue
1820 bonds as defined in s. 125.013 or s. 166.101 ~~from time to time~~
1821 to fund an assistance program, in conjunction with the
1822 corporation, for the purpose of defraying deficits of the
1823 corporation. In order to avoid needless and indiscriminate
1824 proliferation, duplication, and fragmentation of such assistance
1825 programs, the any unit of local government, ~~any residents of~~
1826 ~~which are insured by the corporation,~~ may provide for the
1827 payment of losses, regardless of whether or not the losses
1828 occurred within or outside of the territorial jurisdiction of
1829 the local government. Revenue bonds under this subparagraph may
1830 not be issued until validated pursuant to chapter 75, unless a
1831 state of emergency is declared by executive order or
1832 proclamation of the Governor pursuant to s. 252.36 which makes
1833 ~~making~~ such findings as are necessary to determine that it is in
1834 the best interests of, and necessary for, the protection of the
1835 public health, safety, and general welfare of residents of this
1836 state and declaring it an essential public purpose to permit
1837 certain municipalities or counties to issue such bonds as will
1838 permit relief to claimants and policyholders of the corporation.
1839 Any such unit of local government may enter into ~~such~~ contracts
1840 with the corporation and with any other entity created pursuant



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1841 to this subsection as ~~are~~ necessary to carry out this paragraph.
1842 Any bonds issued are ~~under this subparagraph~~ shall be payable
1843 from and secured by moneys received by the corporation from
1844 emergency assessments under sub-subparagraph (b)3.d., and
1845 assigned and pledged to or on behalf of the unit of local
1846 government for the benefit of the holders of such bonds. The
1847 funds, credit, property, and taxing power of the state or of the
1848 unit of local government may ~~shall~~ not be pledged for the
1849 payment of such bonds.

1850 ~~3.a.~~ The corporation shall adopt one or more programs
1851 subject to approval by the office for the reduction of both new
1852 and renewal writings by ~~in~~ the corporation. The corporation may
1853 consider any prudent and not unfairly discriminatory approach to
1854 reducing corporation writings.

1855 a. The corporation may adopt a credit against assessment
1856 liability or other liability which provides an incentive for
1857 insurers to take and keep risks out of the corporation by
1858 maintaining or increasing voluntary writings in counties or
1859 areas in which corporation risks are highly concentrated, and a
1860 program to provide a formula under which an insurer voluntarily
1861 taking risks out of the corporation by maintaining or increasing
1862 voluntary writings is relieved, wholly or partially, from
1863 assessments under sub-subparagraph (b)3.a.

1864 b. Beginning January 1, 2008, Any program the corporation
1865 adopts for the payment of bonuses to an insurer for each risk
1866 the insurer removes from the corporation must ~~shall~~ comply with
1867 s. 627.3511(2) and may not exceed the amount referenced in s.
1868 627.3511(2) for each risk removed. ~~The corporation may consider~~
1869 ~~any prudent and not unfairly discriminatory approach to reducing~~



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1870 ~~corporation writings, and may adopt a credit against assessment~~
1871 ~~liability or other liability that provides an incentive for~~
1872 ~~insurers to take risks out of the corporation and to keep risks~~
1873 ~~out of the corporation by maintaining or increasing voluntary~~
1874 ~~writings in counties or areas in which corporation risks are~~
1875 ~~highly concentrated and a program to provide a formula under~~
1876 ~~which an insurer voluntarily taking risks out of the corporation~~
1877 ~~by maintaining or increasing voluntary writings will be relieved~~
1878 ~~wholly or partially from assessments under sub-subparagraph~~
1879 ~~(b)3.a. However, Any "take-out bonus" or payment to an insurer~~
1880 ~~must be conditioned on the property being insured for at least 5~~
1881 ~~years by the insurer, unless canceled or nonrenewed by the~~
1882 ~~policyholder. If the policy is canceled or nonrenewed by the~~
1883 ~~policyholder before the end of the 5-year period, the amount of~~
1884 ~~the take-out bonus must be prorated for the time period the~~
1885 ~~policy was insured. If ~~When~~ the corporation enters into a~~
1886 ~~contractual agreement for a take-out plan, the producing agent~~
1887 ~~of record of the corporation policy is entitled to retain any~~
1888 ~~unearned commission on such policy, and the insurer shall~~
1889 ~~either:~~

1890 (I) Pay to the producing agent of record of the policy, for
1891 the first year, an amount which is the greater of the insurer's
1892 usual and customary commission for the type of policy written or
1893 a policy fee equal to the usual and customary commission of the
1894 corporation; or

1895 (II) Offer to allow the producing agent of record ~~of the~~
1896 ~~policy~~ to continue servicing the policy for at least ~~a period of~~
1897 ~~not less than~~ 1 year and offer to pay the agent the insurer's
1898 usual and customary commission for the type of policy written.



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1899 If the producing agent is unwilling or unable to accept
1900 appointment by the new insurer, the new insurer shall pay the
1901 agent in accordance with sub-sub-subparagraph (I).

1902 ~~c.b.~~ Any credit or exemption from regular assessments
1903 adopted under this subparagraph shall last up to no longer than
1904 ~~the~~ 3 years after following the cancellation or expiration of
1905 the policy by the corporation. With the approval of the office,
1906 the board may extend such credits for an additional year if the
1907 insurer guarantees an additional year of renewability for all
1908 policies removed from the corporation, or for 2 additional years
1909 if the insurer guarantees 2 additional years of renewability for
1910 all policies so removed.

1911 ~~d.e. A There shall be no~~ credit, limitation, exemption, or
1912 deferment from emergency assessments ~~to be~~ collected from
1913 policyholders pursuant to sub-subparagraph (b)3.d. is
1914 prohibited.

1915 4. The corporation plan shall provide for the deferment, in
1916 whole or in part, of the assessment of an assessable insurer,
1917 other than an emergency assessment collected from policyholders
1918 pursuant to sub-subparagraph (b)3.d., if the office finds that
1919 payment of the assessment would endanger or impair the solvency
1920 of the insurer. If In the event an assessment against an
1921 assessable insurer is deferred in whole or in part, the amount
1922 by which such assessment is deferred may be assessed against the
1923 other assessable insurers in a manner consistent with the basis
1924 for assessments set forth in paragraph (b).

1925 5. ~~Effective July 1, 2007,~~ In order to evaluate the costs
1926 and benefits of approved take-out plans, if the corporation pays
1927 a bonus or other payment to an insurer for an approved take-out



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1928 plan, it shall maintain a record of the address or such other
1929 identifying information on the property or risk removed in order
1930 to track if and when the property or risk is later insured by
1931 the corporation.

1932 ~~6.~~ Any policy taken out, assumed, or removed from the
1933 corporation is, as of the effective date of the take-out,
1934 assumption, or removal, direct insurance issued by the insurer
1935 and not by the corporation, even if the corporation continues to
1936 service the policies. This subparagraph applies to policies of
1937 the corporation and not policies taken out, assumed, or removed
1938 from any other entity.

1939 6. The corporation may adopt one or more programs to
1940 encourage authorized insurers to remove policies from the
1941 corporation through a loan from the corporation to an insurer
1942 secured by a surplus note that contains such necessary and
1943 reasonable provisions as the corporation requires. Such surplus
1944 note is subject to the review and approval of the office
1945 pursuant to s. 628.401. The corporation may include, but is not
1946 limited to, provisions regarding the maximum size of a loan to
1947 an insurer, capital matching requirements, the relationship
1948 between the aggregate number of policies or amount of loss
1949 exposure removed from the association and the amount of a loan,
1950 retention requirements related to policies removed from the
1951 corporation, and limitations on the number of insurers receiving
1952 loans from the corporation under any one management group in
1953 whatever form or arrangement. If a loan secured by a surplus
1954 note is provided to a new mutual insurance company, the
1955 corporation may require the board of the new mutual insurer to
1956 have a majority of independent board members, may restrict the



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1957 ability of the new mutual insurer to convert to a stock insurer
1958 while the mutual insurer owes any principal or interest under
1959 the surplus note to the corporation, establish a capital match
1960 requirement of up to \$1 of private capital for each \$4 of the
1961 corporation's loan to a new mutual insurer, and limit the
1962 eligibility of a new mutual insurer for a waiver of the ceding
1963 commission traditionally associated with take-out programs from
1964 the corporation to those new mutual insurers that agree
1965 contractually to maintain an expense ratio below 20 per cent of
1966 written premium. For this purpose, the term "expense ratio"
1967 means the sum of agent commissions and other acquisition
1968 expenses; general and administrative expenses; and premium
1969 taxes, licenses, and fees, divided by the gross written premium.

1970 (t) For the purposes of s. 199.183(1), the corporation is
1971 ~~shall be considered~~ a political subdivision of the state and is
1972 ~~shall be~~ exempt from the corporate income tax. The premiums,
1973 assessments, investment income, and other revenue of the
1974 corporation are funds received for providing property insurance
1975 coverage as required by this subsection, paying claims for state
1976 residents ~~Florida citizens~~ insured by the corporation, securing
1977 and repaying debt obligations issued by the corporation, and
1978 conducting all other activities of the corporation, and are
1979 ~~shall not be~~ considered taxes, fees, licenses, or charges for
1980 services imposed by the Legislature on individuals, businesses,
1981 or agencies outside state government. Bonds and other debt
1982 obligations issued by or on behalf of the corporation are not to
1983 be considered "state bonds" within the meaning of s. 215.58(8).
1984 ~~The corporation is not subject to the procurement provisions of~~
1985 ~~chapter 287, and~~ Policies and decisions of the corporation



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1986 relating to incurring debt, levying of assessments and the sale,
1987 issuance, continuation, terms and claims under corporation
1988 policies, and all services relating thereto, are not subject to
1989 ~~the provisions of~~ chapter 120. The corporation is not required
1990 to obtain or to hold a certificate of authority issued by the
1991 office, nor is it required to participate as a member insurer of
1992 the Florida Insurance Guaranty Association. However, the
1993 corporation is required to pay, in the same manner as an
1994 authorized insurer, assessments levied by the Florida Insurance
1995 Guaranty Association. It is the intent of the Legislature that
1996 the tax exemptions provided in this paragraph ~~will~~ augment the
1997 financial resources of the corporation to better enable the
1998 corporation to fulfill its public purposes. Any debt obligations
1999 issued by the corporation, their transfer, and the income
2000 therefrom, including any profit made on the sale thereof, is
2001 ~~shall~~ at all times ~~be~~ free from taxation of every kind by the
2002 state and any political subdivision or local unit or other
2003 instrumentality thereof; however, this exemption does not apply
2004 to any tax imposed by chapter 220 on interest, income, or
2005 profits on debt obligations owned by corporations other than the
2006 corporation.

2007 (z) In enacting the provisions of this section, the
2008 Legislature recognizes that both the Florida Windstorm
2009 Underwriting Association and the Residential Property and
2010 Casualty Joint Underwriting Association have entered into
2011 financing arrangements that obligate each entity to service its
2012 debts and maintain the capacity to repay funds secured under
2013 these financing arrangements. It is the intent of the
2014 Legislature that ~~nothing in~~ this section not be construed to



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2015 compromise, diminish, or interfere with the rights of creditors
2016 under such financing arrangements. It is further the intent of
2017 the Legislature to preserve the obligations of the Florida
2018 Windstorm Underwriting Association and Residential Property and
2019 Casualty Joint Underwriting Association with regard to
2020 outstanding financing arrangements, with such obligations
2021 passing entirely and unchanged to the corporation and,
2022 specifically, to the applicable account of the corporation. So
2023 long as any bonds, notes, indebtedness, or other financing
2024 obligations of the Florida Windstorm Underwriting Association or
2025 the Residential Property and Casualty Joint Underwriting
2026 Association are outstanding, under the terms of the financing
2027 documents pertaining to them, the executive director of the
2028 corporation, with the concurrence of the governing board, of the
2029 ~~corporation~~ shall have and shall exercise the authority to levy,
2030 charge, collect, and receive all premiums, assessments,
2031 surcharges, charges, revenues, and receipts that the
2032 associations had authority to levy, charge, collect, or receive
2033 under the provisions of subsection (2) and this subsection,
2034 respectively, as they existed on January 1, 2002, to provide
2035 moneys, without exercise of the authority provided by this
2036 subsection, in at least the amounts, and by the times, as would
2037 be provided under those former provisions of subsection (2) or
2038 this subsection, respectively, so that the value, amount, and
2039 collectability of any assets, revenues, or revenue source
2040 pledged or committed to, or any lien thereon securing such
2041 outstanding bonds, notes, indebtedness, or other financing
2042 obligations is ~~will~~ not ~~be~~ diminished, impaired, or adversely
2043 affected by the amendments made by this section ~~act~~ and to



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2044 permit compliance with all provisions of financing documents
2045 pertaining to such bonds, notes, indebtedness, or other
2046 financing obligations, or the security or credit enhancement for
2047 them, and any reference in this subsection to bonds, notes,
2048 indebtedness, financing obligations, or similar obligations, of
2049 the corporation must ~~shall~~ include like instruments or contracts
2050 of the Florida Windstorm Underwriting Association and the
2051 Residential Property and Casualty Joint Underwriting Association
2052 to the extent not inconsistent with the ~~provisions of the~~
2053 financing documents pertaining to them.

2054 (gg) The Office of Inspector General is established within
2055 the corporation to provide a central point for coordination of
2056 and responsibility for activities that promote accountability,
2057 integrity, and efficiency. The office shall be headed by an
2058 inspector general, which is a senior management position that
2059 involves planning, coordinating, and performing activities
2060 assigned to and assumed by the inspector general for the
2061 corporation.

2062 1. The inspector general shall be appointed by the
2063 Financial Services Commission and may be removed from office
2064 only by the commission. The inspector general shall be appointed
2065 without regard to political affiliation.

2066 a. At a minimum, the inspector general must possess a
2067 bachelor's degree from an accredited college or university and 8
2068 years of professional experience related to the duties of an
2069 inspector general as described in this paragraph, of which 5
2070 years must have been at a supervisory level.

2071 b. Until June 30, 2014, the inspector general shall be
2072 under the general supervision of the Financial Services



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2073 Commission and not subject to the supervision of any employee of
2074 the corporation. Beginning July 1, 2014, the inspector general
2075 shall report to, and be under the supervision of, the chair of
2076 the board of governors. The executive director or corporation
2077 staff may not prevent or prohibit the inspector general from
2078 initiating, carrying out, or completing any review, evaluation,
2079 or investigation.

2080 2. The inspector general shall initiate, direct,
2081 coordinate, participate in, and perform studies, reviews,
2082 evaluations, and investigations designed to assess management
2083 practices; compliance with laws, rules, and policies; and
2084 program effectiveness and efficiency. This includes:

2085 a. Conducting internal examinations; investigating
2086 allegations of fraud, waste, abuse, malfeasance, mismanagement,
2087 employee misconduct, or violations of corporation policies; and
2088 conducting any other investigations as directed by the Financial
2089 Services Commission or as independently determined.

2090 b. Evaluating and recommending actions regarding security,
2091 the ethical behavior of personnel and vendors, and compliance
2092 with rules, laws, policies, and personnel matters; and rendering
2093 ethics opinions.

2094 c. Overseeing or participating in personnel and
2095 administrative policy compliance and management, operational
2096 reviews, and conducting and selecting human resources-related
2097 advice and consultation.

2098 d. In conjunction with the ethics and compliance officer,
2099 evaluating the application of a corporation code of ethics,
2100 providing input on the design and content of ethics-related
2101 policy training courses, educating employees on the code and on



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- 2102 appropriate conduct, and checking for compliance.
- 2103 e. Participating in policy development and review. This
2104 includes working collaboratively with the ethics and compliance
2105 officer in the creation, modification, and maintenance of
2106 personnel and administrative services policies and in the
2107 identification of policy enhancements; and researching policy-
2108 related issues.
- 2109 f. Participating in the activities of the senior management
2110 team and evaluating the management's compliance with recommended
2111 solutions.
- 2112 g. Cooperating and coordinating activities with the chief
2113 of internal audit, but not conducting internal audits.
- 2114 h. Maintaining records of investigations and discipline in
2115 accordance with established policies.
- 2116 i. Supervising and directing the tasks and assignments of
2117 the staff assigned to assist with the inspector general's
2118 projects. This includes regular review and feedback regarding
2119 work in progress and upon completion and providing input
2120 regarding relevant training and staff development activities as
2121 warranted.
- 2122 j. Directing, planning, preparing, and presenting interim
2123 and final reports and oral briefings to the Financial Services
2124 Commission and the executive director which communicate the
2125 results of studies, reviews, and investigations.
- 2126 k. Reporting expeditiously to the Department of Law
2127 Enforcement or other law enforcement agencies, as appropriate,
2128 whenever the inspector general has reasonable grounds to believe
2129 there has been a violation of criminal law.
- 2130 l. Providing the executive director and board chairman with



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2131 independent and objective assessments of programs and
2132 activities.

2133 m. Complying with the General Principles and Standards for
2134 Offices of Inspector General as published and revised by the
2135 Association of Inspectors General.

2136 3. At least annually, the inspector general shall provide a
2137 report to the President of the Senate and the Speaker of the
2138 House of Representatives regarding the corporation's
2139 clearinghouse and the extent to which policies are being
2140 returned to the voluntary market. This report must include an
2141 analysis regarding the effectiveness of the clearinghouse in
2142 encouraging voluntary market participation in depopulation.

2143 Section 8. Effective October 1, 2013, paragraph (e) of
2144 subsection (6) of section 627.351, Florida Statutes, is amended
2145 to read

2146 627.351 Insurance risk apportionment plans.—

2147 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

2148 (e) The corporation is subject to s. 287.057 for the
2149 purchase of commodities and contractual services except as
2150 otherwise provided in this paragraph. Services provided by
2151 traderspersons or technical experts to assist a licensed adjuster
2152 in the evaluation of individual claims are not subject to the
2153 procurement requirements of this section. Additionally, the
2154 procurement of financial services providers and underwriters
2155 must be made pursuant to s. 627.3513 Purchases that equal or
2156 exceed \$2,500, but are less than \$25,000, shall be made by
2157 receipt of written quotes, written record of telephone quotes,
2158 or informal bids, whenever practical. The procurement of goods
2159 or services valued at or over \$25,000 shall be subject to



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2160 ~~competitive solicitation, except in situations where the goods~~
2161 ~~or services are provided by a sole source or are deemed an~~
2162 ~~emergency purchase; the services are exempted from competitive~~
2163 ~~solicitation requirements under s. 287.057(3) (f); or the~~
2164 ~~procurement of services is subject to s. 627.3513. Justification~~
2165 ~~for the sole-sourcing or emergency procurement must be~~
2166 ~~documented.~~ Contracts for goods or services valued at or more
2167 than ~~over~~ \$100,000 are subject to approval by the board.

2168 1. The corporation is an agency for the purposes of s.
2169 287.057, except for subsection (22) of that section for which
2170 the corporation is an eligible user.

2171 a. The authority of the Department of Management Services
2172 and the Chief Financial Officer under s. 287.057 extends to the
2173 corporation as if the corporation were an agency.

2174 b. The executive director of the corporation is the agency
2175 head under s. 287.057, except for resolution of bid protests for
2176 which the board would serve as the agency head.

2177 2. The corporation must provide notice of a decision or
2178 intended decision concerning a solicitation, contract award, or
2179 exceptional purchase by electronic posting. Such notice must
2180 contain the following statement: "Failure to file a protest
2181 within the time prescribed in this section constitutes a waiver
2182 of proceedings."

2183 a. A person adversely affected by the corporation's
2184 decision or intended decision to award a contract pursuant to s.
2185 287.057(1) or s. 287.057(3) (c) who elects to challenge the
2186 decision must file a written notice of protest with the
2187 executive director of the corporation within 72 hours after the
2188 corporation posts a notice of its decision or intended decision.



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2189 For a protest of the terms, conditions, and specifications
2190 contained in a solicitation, including any provisions governing
2191 the methods for ranking bids, proposals, replies, awarding
2192 contracts, reserving rights of further negotiation, or modifying
2193 or amending any contract, the notice of protest must be filed in
2194 writing within 72 hours after the posting of the solicitation.
2195 Saturdays, Sundays, and state holidays are excluded in the
2196 computation of the 72-hour time period.

2197 b. A formal written protest must be filed within 10 days
2198 after the date the notice of protest is filed. The formal
2199 written protest must state with particularity the facts and law
2200 upon which the protest is based. Upon receipt of a formal
2201 written protest that has been timely filed, the corporation must
2202 stop the solicitation or contract award process until the
2203 subject of the protest is resolved by final board action unless
2204 the executive director sets forth in writing particular facts
2205 and circumstances that require the continuance of the
2206 solicitation or contract award process without delay in order to
2207 avoid an immediate and serious danger to the public health,
2208 safety, or welfare. The corporation must provide an opportunity
2209 to resolve the protest by mutual agreement between the parties
2210 within 7 business days after receipt of the formal written
2211 protest. If the subject of a protest is not resolved by mutual
2212 agreement within 7 business days, the corporation's board must
2213 place the protest on the agenda and resolve it at its next
2214 regularly scheduled meeting. The protest must be heard by the
2215 board at a publicly noticed meeting in accordance with
2216 procedures established by the board.

2217 c. In a protest of an invitation-to-bid or request-for-



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2218 proposals procurement, submissions made after the bid or
2219 proposal opening which amend or supplement the bid or proposal
2220 may not be considered. In protesting an invitation-to-negotiate
2221 procurement, submissions made after the corporation announces
2222 its intent to award a contract, reject all replies, or withdraw
2223 the solicitation that amends or supplements the reply may not be
2224 considered. Unless otherwise provided by law, the burden of
2225 proof rests with the party protesting the corporation's action.
2226 In a competitive-procurement protest, other than a rejection of
2227 all bids, proposals, or replies, the corporation's board must
2228 conduct a de novo proceeding to determine whether the
2229 corporation's proposed action is contrary to the corporation's
2230 governing statutes, the corporation's rules or policies, or the
2231 solicitation specifications. The standard of proof for the
2232 proceeding is whether the corporation's action was clearly
2233 erroneous, contrary to competition, arbitrary, or capricious. In
2234 any bid-protest proceeding contesting an intended corporation
2235 action to reject all bids, proposals, or replies, the standard
2236 of review by the board is whether the corporation's intended
2237 action is illegal, arbitrary, dishonest, or fraudulent.

2238 d. Failure to file a notice of protest or failure to file a
2239 formal written protest constitutes a waiver of proceedings.

2240 3. Contract actions and decisions by the board under this
2241 paragraph are final. Any further legal remedy must be made in
2242 the Circuit Court of Leon County.

2243 Section 9. The purchase of commodities and contractual
2244 services by Citizens Property Insurance Corporation commenced
2245 before October 1, 2013, is governed by the law in effect on
2246 September 30, 2013.



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2247 Section 10. Effective January 1, 2014, paragraph (n) of
2248 subsection (6) of section 627.351, Florida Statutes, is amended
2249 to read:

2250 627.351 Insurance risk apportionment plans.—

2251 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

2252 (n)1. ~~Rates for coverage provided by the corporation must~~
2253 ~~be actuarially sound and subject to s. 627.062,~~ Except as
2254 otherwise provided in this paragraph, rates for coverage
2255 provided by the corporation must be actuarially sound and not
2256 competitive with approved rates charged in the admitted
2257 voluntary market in order for the corporation to function as a
2258 residual market mechanism that provides insurance only if
2259 insurance cannot be procured in the voluntary market.

2260 a. In establishing actuarially sound rates the corporation
2261 shall include an appropriate catastrophe risk load factor that
2262 reflects the actual catastrophic risk exposure retained by the
2263 corporation.

2264 b. The corporation shall file its recommended rates with
2265 the office at least annually. ~~The corporation shall provide any~~
2266 ~~additional information regarding the rates which the office~~
2267 ~~requires. The office shall consider the recommendations of the~~
2268 ~~board and issue a final order establishing the rates for the~~
2269 ~~corporation within 45 days after the recommended rates are~~
2270 ~~filed. The corporation may not pursue an administrative~~
2271 ~~challenge or judicial review of the final order of the office.~~

2272 c. In territories located in a county where the corporation
2273 provides more than 75 percent of personal lines residential
2274 policies providing wind coverage, subparagraph 3. applies to all
2275 new personal lines residential policies written by the



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2276 corporation in such territories.

2277 2. In addition to the rates otherwise determined pursuant
2278 to this paragraph, the corporation shall impose and collect an
2279 amount equal to the premium tax provided in s. 624.509 to
2280 augment the financial resources of the corporation.

2281 ~~3. After the public hurricane loss projection model under~~
2282 ~~s. 627.06281 has been found to be accurate and reliable by the~~
2283 ~~Florida Commission on Hurricane Loss Projection Methodology, the~~
2284 ~~model shall serve as the minimum benchmark for determining the~~
2285 ~~windstorm portion of the corporation's rates. This subparagraph~~
2286 ~~does not require or allow the corporation to adopt rates lower~~
2287 ~~than the rates otherwise required or allowed by this paragraph.~~

2288 ~~4. The rate filings for the corporation which were approved~~
2289 ~~by the office and took effect January 1, 2007, are rescinded,~~
2290 ~~except for those rates that were lowered. As soon as possible,~~
2291 ~~the corporation shall begin using the lower rates that were in~~
2292 ~~effect on December 31, 2006, and provide refunds to~~
2293 ~~policyholders who paid higher rates as a result of that rate~~
2294 ~~filing. The rates in effect on December 31, 2006, remain in~~
2295 ~~effect for the 2007 and 2008 calendar years except for any rate~~
2296 ~~change that results in a lower rate. The next rate change that~~
2297 ~~may increase rates shall take effect pursuant to a new rate~~
2298 ~~filing recommended by the corporation and established by the~~
2299 ~~office, subject to this paragraph.~~

2300 ~~5. Beginning on July 15, 2009, and annually thereafter, the~~
2301 ~~corporation must make a recommended actuarially sound rate~~
2302 ~~filing for each personal and commercial line of business it~~
2303 ~~writes, to be effective no earlier than January 1, 2010.~~

2304 ~~3.6. Beginning on or after January 1, 2010, and~~



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2305 ~~notwithstanding the board's recommended rates and the office's~~
2306 ~~final order regarding the corporation's filed rates under~~
2307 ~~subparagraph 1.~~ The corporation shall annually implement a rate
2308 increase that ~~which~~, except for sinkhole coverage, does not
2309 exceed 10 percent for any single policy issued by the
2310 corporation, excluding coverage changes and surcharges, for
2311 residential policyholders who:

2312 a. Were initially insured by the corporation before January
2313 1, 2014, and who have been continuously insured by the
2314 corporation since that date; or

2315 b. Were previously insured with the corporation on or
2316 before December 31, 2013, were continuously insured with the
2317 corporation until being depopulated by a private insurer on or
2318 after January 1, 2014, and who, through no fault of their own,
2319 were nonrenewed by the private insurer within 18 months after
2320 being removed from the corporation and, after submitting an
2321 application to the clearinghouse pursuant to the rating
2322 requirements of 627.3518(5) (a), are eligible for coverage with
2323 the corporation.

2324 ~~4.7.~~ The corporation may also implement an increase to
2325 reflect the effect on the corporation of the cash buildup factor
2326 pursuant to s. 215.555(5) (b).

2327 ~~5.8.~~ The corporation's implementation of rates as
2328 prescribed in subparagraph 3. 6. shall cease for any line of
2329 business written by the corporation upon the corporation's
2330 implementation of actuarially sound rates. Thereafter, the
2331 corporation shall annually make a recommended actuarially sound
2332 rate filing implementing such rates for each commercial and
2333 personal line of business the corporation writes.



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2334 6. The corporation shall annually certify to the office
2335 that its rates comply with the requirements of this paragraph.
2336 If any adjustment in the rates or rating factors of the
2337 corporation is necessary to ensure such compliance, the
2338 corporation shall make and implement such adjustments and file
2339 its revised rates and rating factors with the office. If the
2340 office thereafter determines that the revised rates and rating
2341 factors fail to comply with this paragraph, it shall notify the
2342 corporation and require the corporation to amend its rates or
2343 rating factors in conjunction with its next rate filing. The
2344 office must notify the corporation by electronic means of any
2345 rate filing it approves for any insurer among the insurers
2346 referred to in this paragraph.

2347 7. By January 1, 2014, the board shall provide
2348 recommendations to the Legislature on how to provide relief to a
2349 policyholder whose premium reflects the full rate required under
2350 subparagraph 1. and who demonstrates a financial need at the
2351 time of application or renewal, including the impact of any
2352 phase-in pursuant to s. 627.0629 of required rates under
2353 subparagraph 1.

2354 Section 11. Section 627.3518, Florida Statutes, is created
2355 to read:

2356 627.3518 Citizens Property Insurance Corporation
2357 clearinghouse.—The Legislature recognizes that Citizens Property
2358 Insurance Corporation has authority to establish a clearinghouse
2359 as a separate organizational unit within the corporation for the
2360 purpose of determining the eligibility of new and renewal risks,
2361 excluding commercial residential, seeking coverage through the
2362 corporation and facilitating the identification and diversion of



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2363 ineligible applicants and current policyholders from the
2364 corporation into the voluntary insurance market. The purpose of
2365 this section is to augment that authority by providing a
2366 framework for the corporation to implement such program by
2367 January 1, 2014.

2368 (1) As used in this section, the term:

2369 (a) "Clearinghouse" means the clearinghouse diversion
2370 program created under this section.

2371 (b) "Corporation" means Citizens Property Insurance
2372 Corporation.

2373 (c) "Exclusive agent" means a licensed insurance agent who
2374 has agreed, by contract, to act exclusively for one company or
2375 group of affiliated insurance companies and is disallowed by the
2376 provisions of that contract to directly write for any other
2377 unaffiliated insurer absent express consent from the company or
2378 group of affiliated insurance companies.

2379 (d) "Independent agent" means a licensed insurance agent
2380 not described in paragraph (c).

2381 (2) In order to confirm eligibility with the corporation
2382 and to enhance the access of new applicants for coverage and
2383 existing policyholders of the corporation to offers of coverage
2384 from authorized and eligible insurers, the corporation shall
2385 establish a clearinghouse for personal residential risks in
2386 order to facilitate the diversion of ineligible applicants and
2387 existing policyholders from the corporation into the voluntary
2388 insurance market. The corporation shall also develop appropriate
2389 procedures for facilitating the diversion of ineligible
2390 applicants and existing policyholders for commercial residential
2391 coverage into the private insurance market, and shall report



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2392 such procedures to the President of the Senate and the Speaker
2393 of the House of Representatives by July 1, 2015.

2394 (3) The clearinghouse has the same rights and
2395 responsibilities in carrying out its duties as a licensed
2396 general lines agent, but is not required to employ or engage a
2397 licensed general lines agent or to maintain an insurance agency
2398 license in order to solicit and place insurance coverage. In
2399 establishing the clearinghouse, the corporation may:

2400 (a) Require all new applications and all policies due for
2401 renewal to be submitted to the clearinghouse in order to
2402 facilitate obtaining an offer of coverage from an authorized
2403 insurer before binding or renewing coverage by the corporation.

2404 (b) Employ or otherwise contract with individuals or other
2405 entities to provide administrative or professional services in
2406 order to carry out the plan within the corporation in accordance
2407 with the applicable purchasing requirements under s. 627.351.

2408 (c) Enter into a contract with an authorized or eligible
2409 insurer participating in the clearinghouse and accept an
2410 appointment by such insurer.

2411 (d) Provide funds to operate the clearinghouse. Insurers
2412 and agents participating in the clearinghouse are not required
2413 to pay a fee to offset or partially offset the cost of the
2414 clearinghouse, or use the clearinghouse for the renewal of
2415 policies initially written through the clearinghouse.

2416 (e) Develop an enhanced application for obtaining
2417 information that will assist private insurers in determining
2418 whether to make an offer of coverage through the clearinghouse.

2419 (f) Before approving new applications for coverage by the
2420 corporation, require that every application be subject to a



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2421 period of 2 business days during which an insurer participating
2422 in the program may select the application for coverage. The
2423 insurer may issue a binder on any policy selected for coverage
2424 for at least 30 days but not more than 60 days.

2425 (4) An authorized or eligible insurer may participate in
2426 the clearinghouse; however, participation is not mandatory. An
2427 insurer that makes an offer of coverage to a new applicant or
2428 renews a policy for a policyholder through the clearinghouse:

2429 (a) Is not required to individually appoint an agent whose
2430 customer is underwritten and bound through the clearinghouse.
2431 Notwithstanding s. 626.112, an insurer is not required to
2432 appoint an agent on a policy underwritten through the
2433 clearinghouse if that policy remains with the insurer. An
2434 insurer may appoint an agent whose customer is initially
2435 underwritten and bound through the clearinghouse. If an insurer
2436 accepts a policy from an agent who is not appointed pursuant to
2437 this paragraph and thereafter accepts a policy from such agent,
2438 the provisions of s. 626.112 requiring appointment apply to the
2439 agent.

2440 (b) Must enter into a limited agency agreement with each
2441 agent who is not appointed in accordance with paragraph (a) and
2442 whose customer is underwritten and bound through the
2443 clearinghouse.

2444 (c) Must enter into its standard agency agreement with each
2445 agent whose customer is underwritten and bound through the
2446 clearinghouse if that agent has been appointed by the insurer
2447 pursuant to s. 626.112.

2448 (d) Must comply with s. 627.4133(2).

2449 (e) Must allow authorized or eligible insurers



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2450 participating in the clearinghouse to participate through their
2451 single, designated managing general agent or broker; however,
2452 the provisions of paragraph (6) (a) regarding ownership, control,
2453 and use of the expirations apply.

2454 (f) Must pay the producing agent a commission equal to that
2455 paid by the corporation or the usual and customary commission
2456 paid by the insurer for that line of business, whichever is
2457 greater.

2458 (5) (a) Notwithstanding s. 627.3517, an applicant for new
2459 coverage is not eligible for coverage from the corporation if
2460 the applicant is offered coverage from an authorized insurer
2461 through the clearinghouse at a premium that is at or below the
2462 eligibility threshold established under s. 627.351(6) (c) 5.a.

2463 (b) Notwithstanding any other provisions of law, if a
2464 renewing policyholder of the corporation is offered coverage
2465 from an authorized insurer for a personal lines risk at a
2466 premium that is no more than 5 percent above the corporation's
2467 renewal premium for comparable coverage, the risk is not
2468 eligible for coverage with the corporation.

2469 (c) Notwithstanding s. 626.916(1), if an applicant for new
2470 or renewal coverage from the corporation does not receive an
2471 offer of coverage from an authorized insurer, the applicant may
2472 choose to accept an offer of coverage from an eligible insurer
2473 or its broker under ss. 626.913-626.937. Such offer of coverage
2474 from an eligible insurer does not make the risk ineligible for
2475 coverage with the corporation.

2476 (d) An applicant for new or renewal coverage from the
2477 corporation may choose to accept any offer of coverage received
2478 through the clearinghouse from an authorized insurer.



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2479 (e) Section 627.351(6)(c)5.a.(I) and b.(I) does not apply
2480 to an offer of coverage from an authorized insurer obtained
2481 through the clearinghouse.

2482 (f) The 45-day notice of nonrenewal required under s.
2483 627.4133(2)(b)4.b. applies when a policy is nonrenewed by the
2484 corporation because the risk has received an offer of coverage
2485 pursuant to this section which renders the risk ineligible for
2486 coverage by the corporation.

2487 (6) An independent agent who submits a new application for
2488 coverage or who is the agent of record on a renewal policy
2489 submitted to the clearinghouse:

2490 (a) Is granted and must maintain ownership and the
2491 exclusive use of expirations, records, or other written or
2492 electronic information directly related to such application or
2493 renewal written through the corporation or through an insurer
2494 participating in the clearinghouse, notwithstanding s.
2495 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
2496 for as long as the insured remains with the agency or until sold
2497 or surrendered in writing by the agent. A contract with the
2498 corporation or required by the corporation may not amend,
2499 modify, interfere with, or limit such rights of ownership. Such
2500 expirations, records, or other written or electronic information
2501 may be used to review an application or issue a policy or for
2502 any other purpose necessary for placing business through the
2503 clearinghouse.

2504 (b) Is not required to be appointed by an insurer
2505 participating in the clearinghouse for policies written solely
2506 through the clearinghouse, notwithstanding s. 626.112.

2507 (c) May accept an appointment from an insurer participating



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2508 in the clearinghouse.

2509 (d) May enter into a standard or limited agency agreement
2510 with the insurer, at the insurer's option.

2511
2512 An applicant ineligible for coverage under subsection (5)
2513 remains ineligible if the applicant's independent agent is
2514 unwilling or unable to enter into a standard or limited agency
2515 agreement with an insurer participating in the clearinghouse.

2516 (7) An exclusive agent who submits a new application for
2517 coverage or who is the agent of record on a renewal policy
2518 submitted to the clearinghouse:

2519 (a) Must maintain ownership and the exclusive use of
2520 expirations, records, or other written or electronic information
2521 directly related to such application or renewal written through
2522 the corporation or through an insurer participating in the
2523 clearinghouse, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
2524 (II)(B). A contract with the corporation or required by the
2525 corporation may not amend, modify, interfere with, or limit such
2526 rights of ownership. Such expirations, records, or other written
2527 or electronic information may be used to review an application
2528 or issue a policy or for any other purpose necessary for placing
2529 business through the clearinghouse.

2530 (b) Is not required to be appointed by an insurer
2531 participating in the clearinghouse for policies written solely
2532 through the clearinghouse, notwithstanding s. 626.112.

2533 (c) Must only facilitate the placement of an offer of
2534 coverage from an insurer whose limited servicing agreement is
2535 approved by that exclusive agent's exclusive insurer.

2536 (d) May enter into a limited servicing agreement with the



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2537 insurer making an offer of coverage, and may do so only after
2538 the exclusive agent's insurer has approved the terms of the
2539 agreement. The exclusive agent's insurer must approve a limited
2540 service agreement for the clearinghouse if the insurer has
2541 approved a service agreement with the agent for other purposes.

2542
2543 An applicant is ineligible for coverage under subsection (5) if
2544 the applicant's exclusive agent is unwilling or unable to enter
2545 into a standard or limited agency agreement with a participating
2546 insurer making an offer of coverage to that applicant.

2547 (8) Submission of an application to the clearinghouse for
2548 coverage by the corporation does not constitute the binding of
2549 coverage, and the failure of the clearinghouse to obtain an
2550 offer of coverage by an insurer is not considered acceptance of
2551 coverage of the risk by the corporation.

2552 (9) The clearinghouse may not include commercial
2553 nonresidential policies.

2554 Section 12. Section 627.3519, Florida Statutes, is amended
2555 to read:

2556 627.3519 Annual report of aggregate net probable maximum
2557 losses, financing options, and potential assessments.—~~By No~~
2558 ~~later than~~ February 1 of each year, the Florida Hurricane
2559 Catastrophe Fund and Citizens Property Insurance Corporation
2560 ~~Financial Services Commission~~ shall each provide ~~to the~~
2561 ~~Legislature~~ a report of their ~~the~~ aggregate net probable maximum
2562 losses, financing options, and potential assessments to the
2563 Legislature and the Financial Services Commission ~~of the Florida~~
2564 ~~Hurricane Catastrophe Fund and Citizens Property Insurance~~
2565 ~~Corporation.~~ Each ~~The~~ report must include the respective 50-



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2566 year, 100-year, and 250-year probable maximum losses ~~of the fund~~
2567 ~~and the corporation~~; analysis of all reasonable financing
2568 strategies for each such probable maximum loss, including the
2569 amount and term of debt instruments and risk transfer products;
2570 specification of the percentage assessments that would be needed
2571 to support each of the financing strategies; and calculations of
2572 the aggregate assessment burden on Florida property and casualty
2573 policyholders for each of the probable maximum losses. ~~The~~
2574 ~~commission shall require the fund and the corporation to provide~~
2575 ~~the commission with such data and analysis as the commission~~
2576 ~~considers necessary to prepare the report.~~

2577 Section 13. Temporary keepout program.—Citizens Property
2578 Insurance Corporation shall implement a temporary keepout
2579 program beginning July 1, 2013, and ending on the date the
2580 clearinghouse program established under s. 627.3518, Florida
2581 Statutes, is operational.

2582 (1) Subject to procedures adopted by the corporation, the
2583 program shall provide an opportunity for new applicants for
2584 personal residential multiperil coverage with the corporation to
2585 be offered coverage with authorized insurers through the market
2586 assistance plan established under s. 627.3515, Florida Statutes.

2587 (2) The program is subject to all of the following:

2588 (a) The corporation may not accept a new personal
2589 residential multiperil application for coverage within 72 hours
2590 after submission of the risk to the market assistance plan under
2591 subsection (1).

2592 (b) Section 627.3517, Florida Statutes, relating to
2593 consumer choice of agent does not apply to applications for
2594 coverage accepted by authorized insurers under the program.



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2595 (c) Insurers issuing policies under this section are
2596 subject to s. 627.3518(3), Florida Statutes, relating to agent
2597 appointment, and are not subject to s. 627.351(6)(c)5.a.(I),
2598 Florida Statutes, relating to agent payment.

2599 (d) Notwithstanding s. 626.916(1), Florida Statutes, if an
2600 applicant for new or renewal coverage from the corporation does
2601 not receive an offer of coverage from an eligible insurer, the
2602 applicant may accept an offer from a designated broker of an
2603 insurer eligible under ss. 626.913-626.937, Florida Statutes.

2604 (e) An exclusive agent must only facilitate the placement
2605 of an offer of coverage from an insurer whose limited servicing
2606 agreement is approved by that exclusive agent's exclusive
2607 insurer.

2608
2609 An applicant is ineligible for coverage if the applicant's agent
2610 is unwilling or unable to enter into a standard or limited
2611 agency agreement with a participating insurer making an offer of
2612 coverage to that applicant.

2613 (3) This section expires on January 1, 2014, or when the
2614 clearinghouse program established under s. 627.3518, Florida
2615 Statutes, becomes operational, whichever occurs first.

2616 Section 14. Section 627.352, Florida Statutes, is created
2617 to read:

2618 627.352 Catastrophe Risk Capital Access Facility.-

2619 (1) LEGISLATIVE FINDINGS AND INTENT.-The Legislature finds
2620 and declares that:

2621 (a) A growing and competitive private sector market for
2622 residential property insurance is in the public interest.

2623 (b) The global market for catastrophe risk has expanded



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2624 dramatically, resulting in the availability of billions of
2625 dollars in additional risk capital for insurers and new and
2626 innovative alternative risk-transfer mechanisms.

2627 (c) Having access to additional risk capital and risk-
2628 transfer mechanisms provides an opportunity for property
2629 insurers in this state to expand their capacity to write
2630 additional business and diversify their catastrophe risk, which
2631 will serve the public interest of fostering private sector
2632 market growth.

2633 (d) Despite an expansion in the amount of available global
2634 risk capital, state property insurers in general, and smaller
2635 state property insurers in particular, face challenges accessing
2636 global markets if the relatively small amount of risk finance
2637 required by any one company is not economically viable in the
2638 larger global market.

2639 (e) It is the intent of the Legislature to establish a
2640 self-regulating mechanism to facilitate the access of property
2641 insurers generally, and smaller property insurers in particular,
2642 to global risk capital markets and risk-transfer mechanisms for
2643 property risks in this state.

2644 (2) FACILITY CREATED.—A nonprofit association, to be known
2645 as the Catastrophe Risk Capital Access Facility, is hereby
2646 created.

2647 (a) The facility must operate pursuant to a plan of
2648 operation adopted by the governing board, except that the
2649 initial plan of operation shall be recommended by the initial
2650 governing board and adopted by the office after consultation
2651 with potential participating insurers and other interested
2652 parties.



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2653 (b) The facility is not intended to be, and may not
2654 function as, an insurer, reinsurer, or other risk-bearing
2655 entity, and is not a state agency, board, or commission.

2656 (3) MEMBERSHIP.—An insurer holding a certificate of
2657 authority to transact property insurance in this state is
2658 eligible to become a member of the facility. To become a member,
2659 an insurer must file a declaration of intent with the office by
2660 September 30, 2013.

2661 (4) INITIAL GOVERNING BOARD.—

2662 (a) Each insurer that timely files a declaration under
2663 subsection (3) is a member of the initial governing board of the
2664 facility and has a vote proportional to its share of direct
2665 premium for property insurance written in this state as of
2666 December 31, 2012. At a minimum, three insurers must file a
2667 declaration of intent to constitute an initial governing board
2668 and activate the facility.

2669 (b) The initial governing board must hold its first meeting
2670 at a time and place specified by the office. At the first
2671 meeting, the initial governing board must elect one of its
2672 members to serve as chair.

2673 (c) The initial governing board must submit a recommended
2674 plan of operation to the office by December 1, 2013. The initial
2675 governing board may retain staff or professionals to assist in
2676 the preparation of the proposed plan of operation.

2677 (d) The initial governing board must provide the presiding
2678 officers and minority party leaders of the Legislature with
2679 recommendations and draft legislation addressing the facility's
2680 need, if any, for exemptions from public records and open
2681 meetings laws by December 31, 2013.



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2682 (e) The functions of the initial governing board terminate
2683 upon the election of a governing board as provided in the plan
2684 of operation.

2685 (5) GOVERNING BOARD.—Beginning on the effective date of the
2686 plan of operation, the facility shall operate under a seven-
2687 member governing board composed of representatives of member
2688 insurers, appointed as specified in the plan of operation.

2689 (6) PLAN OF OPERATION.—The plan of operation:

2690 (a) Must specify the following functions of the facility:

2691 1. Aggregating the demand of members for risk finance for
2692 state property risks from global capital markets.

2693 2. Designing and executing risk-transfer tools such as
2694 insurance-linked securities and other appropriate instruments
2695 for state property risks for members; using special purpose
2696 vehicles or onshore or offshore protected cells, as appropriate,
2697 to increase members' access to risk capital for state property
2698 risks; and making use of any other financial instruments or
2699 reinsurance or pooling arrangements that may develop in the
2700 market.

2701 3. Identifying and coordinating appropriate risk-transfer
2702 products and opportunities for state property risks, initially
2703 targeting layers of coverage below, alongside, and above the
2704 coverage provided by the Florida Hurricane Catastrophe Fund.

2705 4. Establishing and maintaining regular and ongoing contact
2706 with global risk capital market participants, institutions, and
2707 investors in order to identify opportunities that satisfy and
2708 coordinate with insurer demand for additional risk capital for
2709 state property risks.

2710 (b) Must provide that in conducting its affairs, the



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2711 facility may not:
2712 1. Take a position in, or provide financial support for,
2713 any risk-transfer transaction.
2714 2. Be a guarantor of premium or make any other financial
2715 guarantees to a member.
2716 3. Enter into any contract on the part of the state or
2717 create any state contractual obligations.
2718 4. Impose or levy any taxes, assessments, or similar
2719 charges.
2720 (c) Must provide for funding the expenses of the facility,
2721 including an initial charge that applies to all members and
2722 subsequent charges to members on a pro rata basis.
2723 (d) Must provide additional annual enrollment periods for
2724 eligible insurers to become members of the facility.
2725 (e) Must provide for the election and terms of the
2726 governing board.
2727 (f) May provide for the appointment or retention of staff
2728 and professionals as the governing board deems appropriate.
2729 (g) Must require the facility to submit a biennial report
2730 and annual independent audits to the members of the Financial
2731 Services Commission and the presiding officers of the
2732 Legislature by December 31 of each even-numbered year beginning
2733 in 2014.
2734 (7) IMMUNITY FROM LIABILITY.—No liability on the part of,
2735 and no cause of action of any nature, may arise against the
2736 facility or its agents or employees, the governing board, or the
2737 department or office or their representatives for any action
2738 taken by them in the performance of their powers and duties
2739 under this section.



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2740 Section 15. Subsection (1) of section 627.410, Florida
2741 Statutes, is amended to read:

2742 627.410 Filing, approval of forms.—

2743 (1) A ~~No~~ basic insurance policy or annuity contract form,
2744 or application form where written application is required and is
2745 to be made a part of the policy or contract, ~~or~~ group
2746 certificates issued under a master contract delivered in this
2747 state, or printed rider or endorsement form or form of renewal
2748 certificate, may not ~~shall~~ be delivered or issued for delivery
2749 in this state, unless the form has been filed with the office by
2750 or on ~~in~~ behalf of the insurer that ~~which~~ proposes to use such
2751 form and has been approved by the office. This provision does
2752 not apply to surety bonds or to policies, riders, endorsements,
2753 or forms of unique character that ~~which~~ are designed for and
2754 used with ~~relation to~~ insurance on ~~upon~~ a particular subject,
2755 ~~(other than as to health insurance)~~, or that ~~which~~ relate to the
2756 manner of distributing ~~distribution of~~ benefits or to the
2757 reservation of rights and benefits under life or health
2758 insurance policies and are used at the request of the individual
2759 policyholder, contract holder, or certificateholder. For ~~As to~~
2760 group insurance policies effectuated and delivered outside this
2761 state but covering persons resident in this state, the group
2762 certificates to be delivered or issued for delivery in this
2763 state shall be filed with the office for information purposes
2764 only.

2765 Section 16. Paragraph (b) of subsection (1) of section
2766 627.706, Florida Statutes, is amended to read:

2767 627.706 Sinkhole insurance; catastrophic ground cover
2768 collapse; definitions.—



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2769 (1)
2770 (b) The insurer shall make available, for an appropriate
2771 additional premium, coverage for sinkhole losses on any
2772 structure, including the contents of personal property contained
2773 therein, in an amount equal to the full amount of coverage on
2774 the structure. The insurer may also offer less coverage equal to
2775 25 or 50 percent of the amount of coverage on the structure,
2776 with an appropriate reduction in the additional premium to the
2777 extent provided in the form to which the coverage attaches. The
2778 insurer may require an inspection of the property before
2779 issuance of sinkhole loss coverage. A policy for residential
2780 property insurance may include a deductible amount applicable to
2781 sinkhole losses equal to 1 percent, 2 percent, 5 percent, or 10
2782 percent of the policy dwelling limits, with appropriate premium
2783 discounts offered with each deductible amount.

2784 Section 17. Except as otherwise expressly provided in the
2785 act, this act shall take effect July 1, 2013.

2786
2787 ===== T I T L E A M E N D M E N T =====

2788 And the title is amended as follows:

2789 Delete everything before the enacting clause
2790 and insert:

2791 A bill to be entitled
2792 An act relating to property insurance; amending s.
2793 215.555, F.S.; changing the name of the Florida
2794 Hurricane Catastrophe Fund Finance Corporation to the
2795 State Board of Administration Finance Corporation;
2796 amending s. 624.155, F.S.; providing that Citizens
2797 Property Insurance Corporation is an insurer subject



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2798 to civil actions as an agent of the state covered by
2799 sovereign immunity; amending s. 626.752, F.S.,
2800 relating to the exchange of business between an agent
2801 and insurer; providing an exemption from the
2802 requirements of that section to the corporation or
2803 certain private entities under certain circumstances;
2804 amending s. 627.062, F.S.; requiring the Office of
2805 Insurance Regulation to calculate and publish
2806 insurance inflation factors for use in residential
2807 property insurance filings; prohibiting the office
2808 from disapproving a rate as excessive due to the
2809 insurer's purchase of reinsurance for certain
2810 purposes; deleting obsolete provisions; conforming
2811 cross-references; amending s. 627.0628, F.S.; adding a
2812 member to the Florida Commission on Hurricane Loss
2813 Projection Methodology; amending s. 627.0629, F.S.;
2814 requiring insurers to provide notice of mitigation
2815 discounts in a residential property insurance rate
2816 filing; amending s. 627.351, F.S.; revising
2817 legislative intent with respect to the corporation;
2818 reducing the value of residential structures that can
2819 be covered by the corporation; revising the
2820 corporation's eligibility criteria for structures
2821 located seaward of the coastal construction control
2822 line; requiring the corporation's board of governors
2823 to concur with certain decisions by the executive
2824 director; providing for risk-sharing agreements
2825 between the corporation and other insurers and
2826 specifying the requirements and limitations of such



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2827 agreements; revising provisions relating to the
2828 appointment of the board of governors and the
2829 executive director; providing that renewal policies
2830 are not eligible for continued coverage by the
2831 corporation unless the premium for comparable coverage
2832 from an authorized insurer exceeds a certain
2833 percentage; deleting provisions allowing a
2834 policyholder removed from the corporation to remain
2835 eligible for coverage regardless of an offer of
2836 coverage from an authorized insurer; revising
2837 corporation criteria for appointing agents; requiring
2838 the corporation to provide coverage for mobile homes
2839 or manufactured homes and related structures;
2840 requiring disclosure of potential corporation
2841 surcharges and policyholder obligations to try and
2842 obtain private market coverage; revising provisions
2843 relating to the Auditor General's review of the
2844 corporation; requiring the board to contract with an
2845 independent auditing firm to conduct performance
2846 audits; authorizing the corporation to adopt programs
2847 that encourage insurers to remove policies from the
2848 corporation through a loan secured by a surplus note;
2849 deleting a provision exempting the corporation from
2850 state procurement requirements; requiring the
2851 corporation to have an inspector general; providing
2852 for appointment; providing duties; requiring an annual
2853 report to the Legislature; revising provisions
2854 relating to purchases by the corporation; providing
2855 that the corporation is subject to state agency



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2856 purchasing requirements; requiring the corporation to
2857 provide notice of purchasing decisions; providing
2858 procedures for protesting such decisions; providing
2859 applicability; revising the corporation's rate
2860 standards; requiring that corporation rates be
2861 competitive with approved rates charged in the
2862 admitted market, actuarially sound, and include a
2863 catastrophe risk factor; requiring the corporation to
2864 annually certify its rates; requiring the board of
2865 directors to provide recommendations to the
2866 Legislature on ways of providing rate relief to those
2867 who demonstrate a financial need; deleting obsolete
2868 provisions; creating s. 627.3518, F.S.; establishing a
2869 clearinghouse within the corporation for identifying
2870 and diverting insurance coverage to private insurers;
2871 providing definitions; providing requirements and
2872 duties of the corporation, insurers, and agents;
2873 amending s. 627.3519, F.S.; revising requirements
2874 relating to the preparation of the annual reports
2875 relating to the Florida Hurricane Catastrophe Fund and
2876 Citizens Property Insurance Corporation; establishing
2877 a temporary keepout program that allows authorized
2878 insurers to provide coverage to applicants for
2879 coverage through the corporation through the market
2880 assistance program until the clearinghouse is
2881 operational; providing program components; providing
2882 for expiration; creating s. 627.352, F.S.; creating
2883 the Catastrophe Risk Capital Access Facility to
2884 facilitate insurer access to global risk capital



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2885 markets and risk-transfer mechanisms; providing
2886 legislative findings and intent; providing that the
2887 facility may not operate as an insurer, reinsurer, or
2888 other risk-bearing entity, and is not a state agency,
2889 board, or commission; providing for membership;
2890 providing for an initial governing board which must
2891 submit a proposed plan of operation to the Office of
2892 Insurance Regulation and recommendations relating to
2893 public records and open meetings to the Legislature by
2894 a certain date; providing for termination of the
2895 initial board; providing for a permanent board;
2896 specifying provisions that must be addressed by the
2897 plan of operation; providing immunity from liability
2898 for the board; amending s. 627.410, F.S.; conforming
2899 provisions to changes made by the act; amending s.
2900 627.706, F.S.; authorizing an insurer to offer a
2901 reduced amount of sinkhole coverage with an
2902 appropriate reduction in premium; providing effective
2903 dates.