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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2013	.	
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Appropriations Subcommittee on General Government (Hays)
recommended the following:

Senate Amendment

Delete lines 2425 - 2570
and insert:

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

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

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

(c) "Exclusive agent" means a licensed insurance agent who
has agreed, by contract, to act exclusively for one company or
group of affiliated insurance companies and is disallowed by the



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13 provisions of that contract to directly write for any other
14 unaffiliated insurer absent express consent from the company or
15 group of affiliated insurance companies.

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

18 (2) In order to confirm eligibility with the corporation
19 and to enhance the access of new applicants for coverage and
20 existing policyholders of the corporation to offers of coverage
21 from authorized and eligible insurers, the corporation shall
22 establish a clearinghouse to facilitate the diversion of
23 ineligible applicants and existing policyholders from the
24 corporation into the voluntary insurance market.

25 (3) The clearinghouse shall have the same rights and
26 responsibilities in carrying out its duties as a licensed
27 general lines agent, but is not required to employ or engage a
28 licensed general lines agent or to maintain an insurance agency
29 license in order to solicit and place insurance coverage. In
30 establishing the clearinghouse, the corporation may:

31 (a) Require all new applications and all policies due for
32 renewal to be submitted to the clearinghouse or a private
33 alternative in order to facilitate obtaining an offer of
34 coverage from an authorized insurer before binding or renewing
35 coverage by the corporation.

36 (b) Employ or otherwise contract with individuals or other
37 entities to provide administrative or professional services in
38 order to effectuate the plan within the corporation in
39 accordance with the applicable purchasing requirements under s.
40 627.351.

41 (c) Enter into contracts with an authorized or eligible



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42 insurer participating in the clearinghouse and accept an
43 appointment by such insurer.

44 (d) Provide funds to operate the clearinghouse, or charge
45 agents and insurers a reasonable fee to offset, or partially
46 offset, the costs of the clearinghouse. Insurers participating
47 in the clearinghouse are not required to use the clearinghouse
48 for the renewal of policies initially written through the
49 clearinghouse.

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

53 (f) Before approving new applications for coverage by the
54 corporation, require every application to be subject to a 48-
55 hour period that allows an insurer participating in the
56 clearinghouse to select the application for coverage. The
57 insurer may issue a binder on any policy selected for coverage
58 for a period of at least 30 days, but not more than 60 days.

59 (4) An authorized or eligible insurer may participate in
60 the clearinghouse; however, participation is not mandatory.
61 Insurers making offers of coverage to new applicants or renewing
62 policyholders through the clearinghouse:

63 (a) Are not required to individually appoint an agent whose
64 customer is underwritten and bound through the clearinghouse.
65 Notwithstanding s. 626.112, insurers are not required to appoint
66 an agent on a policy underwritten through the clearinghouse as
67 long as that policy remains with the insurer. Insurers may
68 appoint an agent whose customer is initially underwritten and
69 bound through the clearinghouse. If an insurer accepts a policy
70 from an agent who is not appointed pursuant to this paragraph



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71 and thereafter accepts a policy from such agent, the provisions
72 of s. 626.112 requiring appointment apply to the agent.

73 (b) Must enter into a limited agency agreement with each
74 agent who is not appointed in accordance with paragraph (a) and
75 whose customer is underwritten and bound through the
76 clearinghouse.

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

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

82 (e) Must allow authorized or eligible insurers
83 participating in the clearinghouse to participate through their
84 single, designated managing general agent or broker; however the
85 provisions of paragraph (6) (a) regarding ownership, control, and
86 use of the expirations apply.

87 (5) (a) Notwithstanding s. 627.3517, an applicant for new
88 coverage is not eligible for coverage from the corporation if
89 the applicant is offered coverage from an authorized insurer
90 through the clearinghouse at a premium that is at or below the
91 eligibility threshold established under s. 627.351(6) (c) 5.a.

92 (b) Notwithstanding any other provisions of law, if a
93 renewing policyholder of the corporation is offered coverage
94 from an authorized insurer for a personal lines or commercial
95 lines risk at a premium that is no more than 15 percent above
96 the corporation's renewal premium for comparable coverage, the
97 risk is not eligible for coverage with the corporation.

98 (c) Notwithstanding s. 626.916(1), if an applicant for new
99 or renewal coverage from the corporation does not receive an



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100 offer of coverage from an authorized insurer, the applicant may
101 choose to accept an offer of coverage from an eligible insurer
102 or their broker under ss. 626.913-626.937. Such offers of
103 coverage from an eligible insurer do not make the risk
104 ineligible for coverage with the corporation.

105 (d) An applicant for new or renewal coverage from the
106 corporation may choose to accept any offers of coverage received
107 through the clearinghouse from an authorized insurer that is
108 greater than 15 percent of the corporation's renewal premium.

109 (e) Sections 627.351(6)(c)5.a.(I) and b.(I) do not apply to
110 an offer of coverage from an authorized insurer obtained through
111 the clearinghouse.

112 (6) Independent agents who submit new applications for
113 coverage or who are the agent of record on a renewal policy
114 submitted to the clearinghouse:

115 (a) Must maintain ownership and the exclusive use of
116 expirations, records, or other written or electronic information
117 directly related to such applications or renewals written
118 through the corporation or through an insurer participating in
119 the clearinghouse, notwithstanding s. 627.351(6)(c)5.a.(I)(B)
120 and (II)(B). Contracts with the corporation or required by the
121 corporation may not amend, modify, interfere with, or limit such
122 rights of ownership. Such expirations, records, or other written
123 or electronic information may be used to review an application,
124 issue a policy, or for any other purpose necessary for placing
125 business through the clearinghouse.

126 (b) Are not required to be appointed by an insurer
127 participating in the clearinghouse for policies written solely
128 through the clearinghouse, notwithstanding s. 626.112.



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129 (c) May accept an appointment from an insurer participating
130 in the clearinghouse.

131 (d) Must enter into a standard or limited agency agreement
132 with the insurer, at the insurer's option.

133

134 Applicants ineligible for coverage under paragraph (5) remain
135 ineligible if their independent agent is unwilling or unable to
136 enter into a standard or limited agency agreement with an
137 insurer participating in the clearinghouse.

138 (7) Exclusive agents submitting new applications for
139 coverage or who are the agent of record on a renewal policy
140 submitted to the clearinghouse:

141 (a) Must maintain ownership and the exclusive use of
142 expirations, records, or other written or electronic information
143 directly related to such applications or renewals written
144 through the corporation or through an insurer participating in
145 the clearinghouse, notwithstanding s. 627.351(6)(c)5.a.(I)(B)
146 and (II)(B). Contracts with the corporation or required by the
147 corporation may not amend, modify, interfere with, or limit such
148 rights of ownership. Such expirations, records, or other written
149 or electronic information may be used to review an application,
150 issue a policy, or for any other purpose necessary for placing
151 business through the clearinghouse.

152 (b) Are not required to be appointed by an insurer
153 participating in the clearinghouse for policies written solely
154 through the clearinghouse, notwithstanding s. 626.112.

155 (c) Must accept an offer of coverage from an insurer whose
156 limited servicing agreement is approved by that agent's
157 exclusive insurer as eligible to participate in the



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158 clearinghouse with that insurer's exclusive agents.

159 (d) Must enter into a limited servicing agreement with the
160 insurer making an offer of coverage, and may do so only after
161 the exclusive agent's insurer has approved the terms of the
162 agreement. The exclusive agent's insurer must approve a limited
163 service agreement for the clearinghouse if the insurer has
164 approved a service agreement with the agent for other purposes.

165
166 An applicant is ineligible for coverage under paragraph (5) if
167 the applicant's exclusive agent is unwilling or unable to enter
168 into a standard or limited agency agreement with a participating
169 insurer making an offer of coverage to that applicant.

170 (8) To promote private market initiatives that provide
171 offers of coverage from authorized and eligible insurers to
172 applicants for coverage by the corporation and to the
173 corporation's policyholders on renewal, the corporation shall
174 publish, by January 1, 2014, reasonable standards for private
175 alternatives to the submission of a risk to the clearinghouse.
176 Such private alternatives may act in a master agency arrangement
177 that allows agents to be appointed as subagents of a master
178 agency and to use private alternatives for the submission of
179 risks to the clearinghouse. The alternative option allowed under
180 this subsection is an alternative to, and not a replacement for,
181 the clearinghouse. Neither the clearinghouse nor any private
182 entity operating under this subsection may prohibit insurers
183 that elect to participate from participating in more than one
184 clearinghouse or alternative; however, an insurer participating
185 in the private entity must also participate in the
186 clearinghouse.



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187 (9) Submission of an application to the clearinghouse for
188 coverage by the corporation does not constitute the binding of
189 coverage, and the failure of the clearinghouse to obtain an
190 offer of coverage by an insurer is not considered acceptance of
191 coverage of the risk by the corporation.

192 (10) The clearinghouse does not include commercial
193 residential policies.