

The Florida Senate
HOUSE MESSAGE SUMMARY

Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/SB1770
INTRODUCER: Senator Simmons
SUBJECT: Property Insurance
DATE: April 30, 2013

I. Amendments Contained in Message:

House Amendment 1 - 082659 (Delete All)

II. Summary of Amendments Contained in Message:

- Renames the “Florida Hurricane Catastrophe Fund Finance Corporation” to the “State Board of Administration Finance Corporation.”
- Extends the CAT Fund assessment exemption for Med Mal until May 31, 2016.
- Repeals outdated language for the \$10M additional coverage for specified insurers and the Temporary Emergency Options for Additional Coverage.
- Exempts Citizens from “exchange of business” restrictions to facilitate the operations of the clearinghouse.
- Prohibits a public adjuster from receiving compensation from any source over the statutory fee cap. Applies disciplinary provisions in current law to public adjusters who violate the statutory fee caps through any maneuver, shift, or device.
- Repeals 10% Public Adjuster fee cap on Citizens' claims which results in a fee of 10% for initial hurricane claims made the first year, 20 percent for initial claims made in subsequent years and 20% for all reopened and supplemental claims.
- Requires public adjuster to meet with the insurer to try to settle. Prohibits public adjuster from acquiring any interest in salvaged property unless policyholder consents.
- Adds a professional structural engineer to the Florida Commission on Hurricane Loss Projection Methodology.
- Reduces the maximum Citizens’ policy limit from \$2 million to \$1 million and further reduces this amount by \$100,000 a year for 3 years to \$700,000. Allows for an exemption in certain counties the OIR determines does not have reasonable degree of competition.
- Prohibits Citizens from covering structures commencing construction after July 1, 2014, seaward of the coastal construction control line.
- Allows the Governor of Florida to appoint a consumer representative to the Citizens Board of Governors in addition to the current two appointments.
- Clarifies a private company’s offer within 15% of Citizens’ rate for a new policy and no greater than current rate for a renewal makes the policy ineligible for coverage with Citizens.
- Requires Citizens disclose potential surcharge and assessment liabilities with each renewal notice.

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- Allows insurers who take policies out of Citizens to use Citizens' policy forms for three years without approval from the OIR to use the forms.
 - Establishes an office of Inspector General at Citizens to be appointed by the Financial Services Commission.
 - Requires Citizens to prepare an annual report on Citizens' loss ratio for non-catastrophic losses on a statewide and county basis.
 - Subjects Citizens to the purchasing of commodities restrictions under s. 287.057.
 - Establishes the Citizens clearinghouse by January 1, 2014.
 - Requires the establishment of a process to divert commercial residential policies.
 - Participating companies must either appoint the agent of record or offer a limited servicing agreement.
 - Agents are to be paid Citizens commission or the company's standard commission, whichever is greater.
 - Clarifies that the 45 day notice of nonrenewal applies to policies submitted to the clearinghouse.
 - Independent and Captive agents are granted and must maintain ownership of records including policies placed in Citizens.
 - Captive companies are allowed to approve their agents limiting servicing agreements with each participating company.
 - Requires the CAT Fund and Citizens submit to the Legislature and Financial Services Commission an annual PML report for the upcoming storm season.