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1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 215.555, F.S.; changing the name of the Florida
4 Hurricane Catastrophe Fund Finance Corporation to the
5 State Board of Administration Finance Corporation;
6 amending s. 624.155, F.S.; providing that Citizens
7 Property Insurance Corporation is an insurer subject
8 to civil actions as an agent of the state covered by
9 sovereign immunity; amending s. 626.752, F.S.,
10 relating to the exchange of business between an agent
11 and insurer; providing an exemption from the
12 requirements of that section to the corporation or
13 certain private entities under certain circumstances;
14 amending s. 627.062, F.S.; requiring the Office of
15 Insurance Regulation to calculate and publish
16 insurance inflation factors for use in residential
17 property insurance filings; prohibiting the office
18 from disapproving a rate as excessive due to the
19 insurer's purchase of reinsurance for certain
20 purposes; deleting obsolete provisions; conforming
21 cross-references; amending s. 627.0628, F.S.; adding a
22 member to the Florida Commission on Hurricane Loss
23 Projection Methodology; amending s. 627.0629, F.S.;
24 requiring insurers to provide notice of mitigation
25 discounts in a residential property insurance rate
26 filing; amending s. 627.351, F.S.; revising
27 legislative intent with respect to the corporation;
28 reducing the value of residential structures that can
29 be covered by the corporation; revising the

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30 corporation's eligibility criteria for structures
31 located seaward of the coastal construction control
32 line; requiring the corporation's board of governors
33 to concur with certain decisions by the executive
34 director; providing for risk-sharing agreements
35 between the corporation and other insurers and
36 specifying the requirements and limitations of such
37 agreements; revising provisions relating to the
38 appointment of the board of governors and the
39 executive director; providing that renewal policies
40 are not eligible for continued coverage by the
41 corporation unless the premium for comparable coverage
42 from an authorized insurer exceeds a certain amount;
43 deleting provisions allowing a policyholder removed
44 from the corporation to remain eligible for coverage
45 regardless of an offer of coverage from an authorized
46 insurer; revising corporation criteria for appointing
47 agents; requiring the corporation to provide coverage
48 for mobile homes or manufactured homes and related
49 structures; requiring disclosure of potential
50 corporation surcharges and policyholder obligations to
51 try and obtain private market coverage; revising
52 provisions relating to the Auditor General's review of
53 the corporation; requiring the board to contract with
54 an independent auditing firm to conduct performance
55 audits; authorizing the corporation to adopt programs
56 that encourage insurers to remove policies from the
57 corporation through a loan secured by a surplus note;
58 deleting a provision exempting the corporation from

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59 state procurement requirements; requiring the
60 corporation to have an inspector general; providing
61 for appointment; providing duties; requiring an annual
62 report to the Legislature; revising provisions
63 relating to purchases by the corporation; providing
64 that the corporation is subject to state agency
65 purchasing requirements; requiring the corporation to
66 provide notice of purchasing decisions; providing
67 procedures for protesting such decisions; providing
68 applicability; revising the corporation's rate
69 standards; requiring that corporation rates be
70 competitive with approved rates charged in the
71 admitted market, actuarially sound, and include a
72 catastrophe risk factor; requiring the corporation to
73 annually certify its rates; requiring the board of
74 directors to provide recommendations to the
75 Legislature on ways of providing rate relief to those
76 who demonstrate a financial need; deleting obsolete
77 provisions; creating s. 627.3518, F.S.; establishing a
78 clearinghouse within the corporation for identifying
79 and diverting insurance coverage to private insurers;
80 providing definitions; providing requirements and
81 duties of the corporation, insurers, and agents;
82 amending s. 627.3519, F.S.; revising requirements
83 relating to the preparation of the annual reports
84 relating to the Florida Hurricane Catastrophe Fund and
85 Citizens Property Insurance Corporation; establishing
86 a temporary keepout program that allows authorized
87 insurers to provide coverage to applicants for

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88 coverage through the corporation through the market
89 assistance program until the clearinghouse is
90 operational; providing program components; providing
91 for expiration; creating s. 627.352, F.S.; creating
92 the Catastrophe Risk Capital Access Facility to
93 facilitate insurer access to global risk capital
94 markets and risk-transfer mechanisms; providing
95 legislative findings and intent; providing that the
96 facility may not operate as an insurer, reinsurer, or
97 other risk-bearing entity, and is not a state agency,
98 board, or commission; providing for membership;
99 providing for an initial governing board which must
100 submit a proposed plan of operation to the Office of
101 Insurance Regulation and recommendations relating to
102 public records and open meetings to the Legislature by
103 a certain date; providing for termination of the
104 initial board; providing for a permanent board;
105 specifying provisions that must be addressed by the
106 plan of operation; providing immunity from liability
107 for the board; amending s. 627.410, F.S.; conforming
108 provisions to changes made by the act; amending s.
109 627.706, F.S.; authorizing an insurer to offer a
110 reduced amount of sinkhole coverage with an
111 appropriate reduction in premium; providing effective
112 dates.

113
114 Be It Enacted by the Legislature of the State of Florida:

115
116 Section 1. Paragraph (n) of subsection (2) and paragraph

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117 (d) of subsection (6) of section 215.555, Florida Statutes, are
118 amended to read:

119 215.555 Florida Hurricane Catastrophe Fund.—

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

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

124 (6) REVENUE BONDS.—

125 (d) State Board of Administration ~~Florida Hurricane~~
126 ~~Catastrophe Fund~~ Finance Corporation.—

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

129 a. The public benefits corporation created under this
130 paragraph will provide a mechanism ~~necessary~~ for the cost-
131 effective and efficient issuance of bonds. This mechanism will
132 eliminate unnecessary costs in the bond issuance process,
133 thereby increasing the amounts available for ~~to pay~~
134 reimbursement for losses to property sustained as a result of
135 hurricane damage.

136 b. The purpose of such bonds is to fund reimbursements
137 through the Florida Hurricane Catastrophe Fund ~~to pay~~ for the
138 costs of construction, reconstruction, repair, restoration, and
139 other costs associated with damage to properties of
140 policyholders of covered policies due to the occurrence of a
141 hurricane.

142 c. The efficacy of the financing mechanism will be enhanced
143 by the corporation's ownership of the assessments, by the
144 insulation of the assessments from possible bankruptcy
145 proceedings, and by covenants of the state with the

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146 corporation's bondholders.

147 ~~2.a.~~ The State Board of Administration Finance Corporation
148 ~~There is created, which is~~ a public benefits corporation and,
149 ~~which is~~ an instrumentality of the state, ~~to be known as the~~
150 ~~Florida Hurricane Catastrophe Fund Finance Corporation.~~ The
151 State Board of Administration Finance Corporation is for all
152 purposes the successor to the Florida Hurricane Catastrophe Fund
153 Finance Corporation.

154 ~~a.b.~~ The corporation shall operate under a five-member
155 board of directors consisting of the Governor or a designee, the
156 Chief Financial Officer or a designee, the Attorney General or a
157 designee, the director of the Division of Bond Finance of the
158 State Board of Administration, and the Chief Operating Officer
159 ~~senior employee of the State Board of Administration responsible~~
160 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

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

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

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

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

173 3.a. In actions under chapter 75 to validate any bonds
174 issued by the corporation, the notice required by s. 75.06 must

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175 ~~shall~~ be published in two newspapers of general circulation in
176 the state, and the complaint and order of the court shall be
177 served only on the State Attorney of the Second Judicial
178 Circuit.

179 b. The state hereby covenants with holders of bonds of the
180 corporation that the state will not repeal or abrogate the power
181 of the board to direct the Office of Insurance Regulation to
182 levy the assessments and to collect the proceeds of the revenues
183 pledged to the payment of such bonds as long as ~~any~~ such bonds
184 remain outstanding unless adequate provision has been made for
185 the payment of such bonds pursuant to the documents authorizing
186 the issuance of the ~~such~~ bonds.

187 ~~c.4.~~ The bonds of the corporation are not a debt of the
188 state or of any political subdivision, and neither the state nor
189 any political subdivision is liable on such bonds. The
190 corporation may not ~~does not have the power to~~ pledge the
191 credit, the revenues, or the taxing power of the state or of any
192 political subdivision. The credit, revenues, or taxing power of
193 the state or of any political subdivision may ~~shall~~ not be
194 deemed to be pledged to the payment of any bonds of the
195 corporation.

196 ~~d.5.a.~~ The property, revenues, and other assets of the
197 corporation; the transactions and operations of the corporation
198 and the income from such transactions and operations; and all
199 bonds issued under this paragraph and interest on such bonds are
200 exempt from taxation by the state and any political subdivision,
201 including the intangibles tax under chapter 199 and the income
202 tax under chapter 220. This exemption does not apply to any tax
203 imposed by chapter 220 on interest, income, or profits on debt

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204 obligations owned by corporations other than the State Board of
205 Administration ~~Florida Hurricane Catastrophe Fund~~ Finance
206 Corporation.

207 ~~e.b.~~ All bonds of the corporation are ~~shall be and~~
208 ~~constitute~~ legal investments without limitation for all public
209 bodies of this state; for all banks, trust companies, savings
210 banks, savings associations, savings and loan associations, and
211 investment companies; for all administrators, executors,
212 trustees, and other fiduciaries; for all insurance companies and
213 associations and other persons carrying on an insurance
214 business; and for all other persons who are now or may hereafter
215 be authorized to invest in bonds or other obligations of the
216 state and are ~~shall be and constitute~~ eligible securities to be
217 deposited as collateral for the security of any state, county,
218 municipal, or other public funds. This sub-subparagraph shall be
219 considered ~~as~~ additional and supplemental authority and may
220 ~~shall~~ not be limited without specific reference to this sub-
221 subparagraph.

222 ~~4.6.~~ The corporation and its corporate existence shall
223 continue until terminated by law; however, no such law shall
224 take effect as long as the corporation has bonds outstanding
225 unless adequate provision has been made for the payment of such
226 bonds pursuant to the documents authorizing the issuance of such
227 bonds. Upon termination of the existence of the corporation, all
228 of its rights and properties in excess of its obligations shall
229 pass to and be vested in the state.

230 Section 2. Subsection (1) of section 624.155, Florida
231 Statutes, is amended and subsection (10) is added to that
232 section, to read:

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233 624.155 Civil remedy.—

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

237 (a) By a violation of any of the following provisions by
238 the insurer:

239 1. Section 626.9541(1) (i), (o), or (x);

240 2. Section 626.9551;

241 3. Section 626.9705;

242 4. Section 626.9706;

243 5. Section 626.9707; or

244 6. Section 627.7283.

245 (b) By the commission of any of the following acts by the
246 insurer:

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

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

254 3. Except as to liability coverages, failing to promptly
255 settle claims, when the obligation to settle a claim has become
256 reasonably clear, under one portion of the insurance policy
257 coverage in order to influence settlements under other portions
258 of the insurance policy coverage.

259

260 Notwithstanding the provisions of this subsection ~~the above to~~
261 ~~the contrary~~, a person pursuing a remedy under this section need

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262 not prove that such act was committed or performed with such
263 frequency as to indicate a general business practice.

264 (10) For the purposes of this section, Citizens Property
265 Insurance Corporation is an agent of the state covered by s.
266 768.28, and any cause of action brought pursuant to this section
267 is considered a tort action against the corporation and the
268 limits of s. 768.28 applicable to tort actions apply.

269 Section 3. Subsection (4) of section 626.752, Florida
270 Statutes, is amended to read:

271 626.752 Exchange of business.—

272 (4) The foregoing limitations and restrictions do shall not
273 ~~be construed and shall not~~ apply to the placing of surplus lines
274 business under the provisions of part VIII, or to the activities
275 of Citizens Property Insurance Corporation when placing new and
276 renewal business with authorized insurers in accordance with s.
277 627.3518.

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

280 627.062 Rate standards.—

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

282 (a) Insurers or rating organizations shall establish and
283 use rates, rating schedules, or rating manuals that allow the
284 insurer a reasonable rate of return on the classes of insurance
285 written in this state. A copy of rates, rating schedules, rating
286 manuals, premium credits or discount schedules, and surcharge
287 schedules, and changes thereto, must be filed with the office in
288 accordance with ~~under~~ one of the following procedures:

289 1. If the filing is made at least 90 days before the
290 proposed effective date and is not implemented during the

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291 office's review of the filing and any proceeding and judicial
292 review, such filing is considered a "file and use" filing. In
293 such case, the office shall finalize its review by issuance of a
294 notice of intent to approve or a notice of intent to disapprove
295 within 90 days after receipt of the filing. The notice of intent
296 to approve and the notice of intent to disapprove constitute
297 agency action for purposes of the Administrative Procedure Act.
298 Requests for supporting information, requests for mathematical
299 or mechanical corrections, or notification to the insurer by the
300 office of its preliminary findings does not toll the 90-day
301 period during ~~any~~ such proceedings and subsequent judicial
302 review. The rate shall be deemed approved if the office does not
303 issue a notice of intent to approve or a notice of intent to
304 disapprove within 90 days after receipt of the filing.

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

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

318 (b) Upon receiving a rate filing, the office shall review
319 the filing to determine if a rate is excessive, inadequate, or

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320 unfairly discriminatory. In making that determination, the
321 office shall, in accordance with generally accepted and
322 reasonable actuarial techniques, consider the following factors:

323 1. Past and prospective loss experience within and without
324 this state.

325 2. Past and prospective expenses.

326 3. The degree of competition among insurers for the risk
327 insured.

328 4. Investment income reasonably expected by the insurer,
329 consistent with the insurer's investment practices, from
330 investable premiums anticipated from ~~in~~ the filing, plus any
331 other expected income from currently invested assets
332 representing the amount expected on unearned premium reserves
333 and loss reserves. The commission may adopt rules that use ~~using~~
334 reasonable techniques of actuarial science and economics to
335 specify the manner in which insurers calculate investment income
336 attributable to classes of insurance written in this state and
337 ~~the manner~~ in which investment income is used to calculate
338 insurance rates. Such rules ~~manner~~ must allow ~~contemplate~~
339 ~~allowances~~ for an underwriting profit factor and full
340 consideration of investment income which produce a reasonable
341 rate of return; however, investment income from invested surplus
342 may not be considered.

343 5. The reasonableness of the judgment reflected in the
344 filing.

345 6. Dividends, savings, or unabsorbed premium deposits
346 allowed or returned to state ~~Florida~~ policyholders, members, or
347 subscribers.

348 7. The adequacy of loss reserves.

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349 8. The cost of reinsurance. The office may not disapprove a
350 rate as excessive ~~solely~~ due solely to the insurer having
351 obtained catastrophic reinsurance to cover the insurer's
352 estimated 250-year probable maximum loss or any lower level of
353 loss, or due solely to an admitted carrier purchasing private
354 reinsurance that would insure against potential deficits within
355 the Florida Hurricane Catastrophe Fund which the most recent
356 estimate made pursuant to s. 215.555(4)(c)2. predicts would be
357 funded through revenue bonds issued under s. 215.555(6).

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

360 10. Conflagration and catastrophe hazards, if applicable.

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

365 12. A reasonable margin for underwriting profit and
366 contingencies.

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

368 14. Other relevant factors that affect the frequency or
369 severity of claims or expenses.

370 (c) The office shall calculate and publish insurance
371 inflation factors based on noncatastrophe direct loss costs for
372 use in residential property insurance filings. The office shall
373 update the published factors at least annually and make them
374 available on its website. The calculation of insurance inflation
375 factors are not subject to rulemaking under chapter 120.

376 1. An insurer making a residential property insurance rate
377 filing that proposes a change in noncatastrophe base rates by a

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378 uniform factor equal to or less than the applicable published
379 insurance inflation factor, may make a rate filing under s.
380 627.0645 which consists of a rate certification in lieu of a
381 full rate filing under paragraph (a). The office shall verify
382 insurer use of the appropriate published inflation factor and,
383 if the inflation factor is used appropriately, the filed rates
384 shall be deemed not excessive.

385 2. An insurer filing under this paragraph may make a
386 separate filing pursuant to paragraph (l) to adjust its rates
387 for reinsurance rates, reinsurance financing costs and products,
388 and cash buildup factor costs. The insurance inflation factors
389 do not apply to these filings.

390 3. This paragraph does not apply to filings made by
391 Citizens Property Insurance Corporation.

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

397 (e)(d) If conflagration or catastrophe hazards are
398 considered by an insurer in its rates or rating plan, including
399 surcharges and discounts, the insurer must ~~shall~~ establish a
400 reserve for that portion of the premium allocated to such hazard
401 and maintain the premium in a catastrophe reserve. Removal of
402 such premiums from the reserve for purposes other than paying
403 claims associated with a catastrophe or purchasing reinsurance
404 for catastrophes must be approved by the office. Any ceding
405 commission received by an insurer purchasing reinsurance for
406 catastrophes must be placed in the catastrophe reserve.

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407 (f)~~(e)~~ After consideration of the rate factors provided in
408 paragraphs (b), ~~(e)~~, and (d), and (e) the office may find a rate
409 to be excessive, inadequate, or unfairly discriminatory based
410 upon the following standards:

411 1. Rates shall be deemed excessive if they are likely to
412 produce a profit from Florida business which is unreasonably
413 high in relation to the risk involved in the class of business
414 or if expenses are unreasonably high in relation to services
415 rendered.

416 2. Rates shall be deemed excessive if, among other things,
417 the rate structure established by a stock insurance company
418 provides for replenishment of surpluses from premiums, if such
419 ~~the~~ replenishment is attributable to investment losses.

420 3. Rates shall be deemed inadequate if ~~they are clearly~~
421 ~~insufficient~~, together with the investment income attributable
422 to them, they are clearly insufficient to sustain projected
423 losses and expenses in the class of business to which they
424 apply.

425 4. A rating plan, including discounts, credits, or
426 surcharges, shall be deemed unfairly discriminatory if it fails
427 to clearly and equitably reflect consideration of the
428 policyholder's participation in a risk management program
429 adopted pursuant to s. 627.0625.

430 5. A rate shall be deemed inadequate as to the premium
431 charged to a risk or group of risks if discounts or credits are
432 allowed which exceed a reasonable reflection of expense savings
433 and reasonably expected loss experience from the risk or group
434 of risks.

435 6. A rate shall be deemed unfairly discriminatory as to a

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436 risk or group of risks if the application of premium discounts,
437 credits, or surcharges among such risks does not bear a
438 reasonable relationship to the expected loss and expense
439 experience among the various risks.

440 (g)~~(f)~~ In reviewing a rate filing, the office may require
441 the insurer to provide, at the insurer's expense, all
442 information necessary to evaluate the condition of the company
443 and the reasonableness of the filing according to the criteria
444 enumerated in this section.

445 (h)~~(g)~~ The office may at any time review a rate, rating
446 schedule, rating manual, or rate change; the pertinent records
447 of the insurer; and market conditions. If the office finds on a
448 preliminary basis that a rate may be excessive, inadequate, or
449 unfairly discriminatory, the office shall initiate proceedings
450 to disapprove the rate and ~~shall so~~ notify the insurer. However,
451 the office may not disapprove as excessive any rate for which it
452 has given final approval or which has been deemed approved for 1
453 year after the effective date of the filing unless the office
454 finds that a material misrepresentation or material error was
455 made by the insurer or was contained in the filing. Upon
456 notification ~~being notified~~, the insurer or rating organization
457 shall, within 60 days, file with the office all information
458 that, in the belief of the insurer or organization, proves the
459 reasonableness, adequacy, and fairness of the rate or rate
460 change. The office shall issue a notice of intent to approve or
461 a notice of intent to disapprove pursuant to paragraph (a)
462 within 90 days after receipt of the insurer's initial response.
463 In such instances and in any administrative proceeding relating
464 to the legality of the rate, the insurer or rating organization

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465 shall carry the burden of proof of showing, by a preponderance
466 of the evidence, ~~to show~~ that the rate is not excessive,
467 inadequate, or unfairly discriminatory. After the office
468 notifies an insurer that a rate may be excessive, inadequate, or
469 unfairly discriminatory, unless the office withdraws the
470 notification, the insurer may not alter the rate except to
471 conform to the office's notice until the earlier of 120 days
472 after the date the notification was provided or 180 days after
473 the date of implementing the rate. ~~The office~~, Subject to
474 chapter 120, the office may disapprove without the 60-day
475 notification any rate increase filed by an insurer within the
476 prohibited time period or during the time that the legality of
477 the increased rate is being contested.

478 ~~(i)(h)~~ If the office finds that a rate or rate change is
479 excessive, inadequate, or unfairly discriminatory, the office
480 shall issue an order of disapproval requiring ~~specifying~~ that a
481 new rate or rate schedule, which responds to the findings of the
482 office, be filed by the insurer. The office shall further order,
483 for any "use and file" filing made in accordance with
484 subparagraph (a)2., that the portion of premiums charged which
485 constitute ~~each policyholder constituting~~ the portion of the
486 rate above that which was actuarially justified be returned to
487 the policyholder in the form of a credit or refund. If the
488 office finds that an insurer's rate or rate change is
489 inadequate, the new rate or rate schedule filed with the office
490 in response to such a finding applies ~~is applicable~~ only to new
491 or renewal business ~~of the insurer~~ written by the insurer on or
492 after the effective date of the responsive filing.

493 ~~(j)(i)~~ Except as otherwise specifically provided in this

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494 chapter, for property and casualty insurance the office may not
495 directly or indirectly:

496 1. Prohibit an ~~any~~ insurer, including any residual market
497 plan or joint underwriting association, from paying acquisition
498 costs based on the full amount of premium, as defined in s.
499 627.403, applicable to any policy, or prohibit ~~any~~ such insurer
500 from including the full amount of acquisition costs in a rate
501 filing; or

502 2. Impede, abridge, or otherwise compromise an insurer's
503 right to acquire policyholders, advertise, or appoint agents,
504 including the calculation, manner, or amount of such agent
505 commissions, if any.

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

509 (l) ~~(k)~~ 1. A residential property insurer may make a separate
510 filing limited solely to an adjustment of its rates for
511 reinsurance, the cost of financing products used as a
512 replacement for reinsurance, financing costs incurred in the
513 purchase of reinsurance, and the actual cost paid due to the
514 application of the cash build-up factor pursuant to s.
515 215.555(5)(b) if the insurer:

516 a. Elects to purchase financing products, such as a
517 liquidity instrument or line of credit, in which case the cost
518 included in filing for the liquidity instrument or line of
519 credit may not result in a premium increase exceeding 3 percent
520 for any individual policyholder. All costs contained in the
521 filing may not result in an overall premium increase of more
522 than 15 percent for any individual policyholder.

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

528 2. An insurer that purchases reinsurance or financing
529 products from an affiliated company may make a separate filing
530 only if the costs for such reinsurance or financing products are
531 charged at or below charges made for comparable coverage by
532 nonaffiliated reinsurers or financial entities making such
533 coverage or financing products available in this state.

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

536 4. An insurer that elects to implement a rate change under
537 this paragraph must file its rate filing with the office at
538 least 45 days before the effective date of the rate change.
539 After an insurer submits a complete filing that meets all of the
540 requirements of this paragraph, the office has 45 days after the
541 date of the filing to review the rate filing and determine if
542 the rate is excessive, inadequate, or unfairly discriminatory.

543
544 The provisions of this subsection do not apply to workers'
545 compensation, employer's liability insurance, and motor vehicle
546 insurance.

547 (3)

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

551 a. Excess or umbrella.

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- 552 b. Surety and fidelity.
- 553 c. Boiler and machinery and leakage and fire extinguishing
554 equipment.
- 555 d. Errors and omissions.
- 556 e. Directors and officers, employment practices, fiduciary
557 liability, and management liability.
- 558 f. Intellectual property and patent infringement liability.
- 559 g. Advertising injury and Internet liability insurance.
- 560 h. Property risks rated under a highly protected risks
561 rating plan.
- 562 i. General liability.
- 563 j. Nonresidential property, except for collateral
564 protection insurance as defined in s. 624.6085.
- 565 k. Nonresidential multiperil.
- 566 l. Excess property.
- 567 m. Burglary and theft.
- 568 n. Any other commercial lines categories or kinds of
569 insurance or types of commercial lines risks that the office
570 determines should not be subject to paragraph (2) (a) or
571 paragraph (2) (g) ~~(2) (f)~~ because of the existence of a
572 competitive market for such insurance, similarity of such
573 insurance to other categories or kinds of insurance not subject
574 to paragraph (2) (a) or paragraph (2) (g) ~~(2) (f)~~, or to improve
575 the general operational efficiency of the office.
- 576 2. Insurers or rating organizations shall establish and use
577 rates, rating schedules, or rating manuals that ~~to~~ allow the
578 insurer a reasonable rate of return on insurance and risks
579 described in subparagraph 1. which are written in this state.
- 580 3. An insurer must notify the office of any changes to

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581 rates for insurance and risks described in subparagraph 1.
582 within 30 days after the effective date of the change. The
583 notice must include the name of the insurer, the type or kind of
584 insurance subject to rate change, total premium written during
585 the immediately preceding year by the insurer for the ~~type or~~
586 ~~kind of~~ insurance subject to the rate change, and the average
587 statewide percentage change in rates. Underwriting files,
588 premiums, losses, and expense statistics relating ~~with regard~~ to
589 such insurance and risks written by an insurer must be
590 maintained by the insurer and subject to examination by the
591 office. Upon examination, the office, in accordance with
592 generally accepted and reasonable actuarial techniques, shall
593 consider the rate factors in paragraphs (2) (b), (d) ~~(e)~~, and (e)
594 ~~(d)~~ and the standards in paragraph (2) (f) ~~(2) (e)~~ to determine if
595 the rate is excessive, inadequate, or unfairly discriminatory.

596 4. A rating organization must notify the office of any
597 changes to loss cost for insurance and risks described in
598 subparagraph 1. within 30 days after the effective date of the
599 change. The notice must include the name of the rating
600 organization, the type or kind of insurance subject to a loss
601 cost change, loss costs during the immediately preceding year
602 for the type or kind of insurance subject to the loss cost
603 change, and the average statewide percentage change in loss
604 cost. Actuarial data relating ~~with regard~~ to changes to loss
605 cost for risks not subject to paragraph (2) (a) or paragraph
606 (2) (g) ~~(2) (f)~~ must be maintained by the rating organization for
607 2 years after the effective date of the change and are subject
608 to examination by the office. The office may require the rating
609 organization to incur the costs associated with an examination.

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610 Upon examination, the office, in accordance with generally
611 accepted and reasonable actuarial techniques, shall consider the
612 rate factors in paragraphs (2) (b), (d), and (e) ~~(2) (b)–(d)~~ and
613 the standards in paragraph (2) (f) ~~(2) (e)~~ to determine if the
614 rate is excessive, inadequate, or unfairly discriminatory.

615 Section 5. Paragraph (b) of subsection (2) of section
616 627.0628, Florida Statutes, is amended to read:

617 627.0628 Florida Commission on Hurricane Loss Projection
618 Methodology; public records exemption; public meetings
619 exemption.—

620 (2) COMMISSION CREATED.—

621 (b) The commission shall consist of the following 12 ~~11~~
622 members:

623 1. The insurance consumer advocate.

624 2. The senior employee of the State Board of Administration
625 responsible for operations of the Florida Hurricane Catastrophe
626 Fund.

627 3. The Executive Director of the Citizens Property
628 Insurance Corporation.

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

630 5. The actuary member of the Florida Hurricane Catastrophe
631 Fund Advisory Council.

632 6. An employee of the office who is an actuary responsible
633 for property insurance rate filings and who is appointed by the
634 director of the office.

635 7. Five members appointed by the Chief Financial Officer,
636 as follows:

637 a. An actuary who is employed full time by a property and
638 casualty insurer that was responsible for at least 1 percent of

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639 the aggregate statewide direct written premium for homeowner's
640 insurance in the calendar year preceding the member's
641 appointment to the commission.

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

645 c. An expert in statistics who is a full-time member of the
646 faculty of the State University System and who has a background
647 in insurance.

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

650 e. An expert in meteorology who is a full-time member of
651 the faculty of the State University System and who specializes
652 in hurricanes.

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

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

659 627.0629 Residential property insurance; rate filings.—

660 (1) It is the intent of the Legislature that insurers
661 provide savings to consumers who install or implement windstorm
662 damage mitigation techniques, alterations, or solutions to their
663 properties to prevent windstorm losses. A rate filing for
664 residential property insurance must include notice of the
665 mitigation discounts offered by the insurer, which must be
666 actuarially reasonable discounts, credits, or other rate
667 differentials, or appropriate reductions in deductibles, for

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668 properties on which fixtures or construction techniques
669 demonstrated to reduce the amount of loss in a windstorm have
670 been installed or implemented. The fixtures or construction
671 techniques must include, but are not limited to, fixtures or
672 construction techniques that enhance roof strength, roof
673 covering performance, roof-to-wall strength, wall-to-floor-to-
674 foundation strength, ~~opening protection,~~ and the impact
675 resistance of window, door, and skylight openings ~~strength~~.
676 Credits, discounts, or other rate differentials, or appropriate
677 reductions in deductibles, for fixtures and construction
678 techniques that meet the minimum requirements of the Florida
679 Building Code must be included in the rate filing. The office
680 shall determine the discounts, credits, other rate
681 differentials, and appropriate reductions in deductibles that
682 reflect the full actuarial value of such revaluation, which may
683 be used by insurers in rate filings.

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

688 627.351 Insurance risk apportionment plans.—

689 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

693 1. The Legislature finds that private insurers are entering
694 the Florida property insurance market ~~unwilling or unable to~~
695 provide affordable property insurance coverage in many regions
696 of the state. The Legislature further finds that when Citizens

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697 Property Insurance Corporation offers rates that are not
698 adequate to cover the average costs that are generated from the
699 claims filed by its policyholders, the deficiency may create a
700 financial burden on all other state policyholders who must
701 purchase their own insurance from private insurers at full
702 actuarial cost and pay an added fee to cover a portion of the
703 cost for claims filed by policyholders of the corporation. The
704 Legislature intends that the corporation not act as a barrier or
705 competitor to the private insurance market but be available to
706 residents of ~~in~~ this state only if there is no private market
707 coverage available at rates determined reasonable by the Office
708 of Insurance Regulation ~~to the extent sought and needed~~. The
709 absence of affordable property insurance threatens the public
710 health, safety, and welfare and likewise threatens the economic
711 health of the state. As the corporation has continued its rapid
712 growth and exposure, it increasingly threatens state residents
713 with having to absorb an even greater financial burden than they
714 are currently bearing. The state, therefore, has a compelling
715 public interest and a public purpose to assist in assuring that
716 property in the state is insured and ~~that it is~~ insured at
717 affordable, actuarially sound, noncompetitive rates so as to
718 facilitate the remediation, reconstruction, and replacement of
719 damaged or destroyed property without overburdening the
720 policyholders of this state in order to reduce or avoid the
721 negative effects on ~~otherwise resulting to~~ the public health,
722 safety, and welfare; on, ~~to~~ the economy of the state; and on,
723 ~~and to~~ the revenues of the state and local governments which are
724 needed to provide for the public welfare. It is necessary,
725 therefore, to ~~make provide~~ affordable, actuarially sound,

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726 noncompetitive property insurance available to applicants who
727 are, in good faith, entitled to procure insurance through the
728 voluntary market but are unable to do so. The Legislature
729 intends, therefore, that affordable, actuarially sound,
730 noncompetitive property insurance be provided and ~~that it~~
731 continue to be provided, as long as necessary, through Citizens
732 Property Insurance Corporation, a government entity that is an
733 integral part of the state, ~~and that is~~ not a private insurance
734 company, or through referrals to private insurers participating
735 in a clearinghouse established by the corporation. To that end,
736 the corporation shall strive to promote ~~increase~~ the
737 availability of affordable and actuarially sound private
738 property insurance in this state, supplemented by coverage
739 provided by the corporation if appropriate, while achieving
740 efficiencies and economies, ~~and while~~ providing service to
741 policyholders, applicants, and agents which is no less than the
742 quality generally provided in the voluntary market, for the
743 achievement of the foregoing public purposes. Because it is
744 essential for this government entity to have the maximum
745 financial resources to pay claims following a catastrophic
746 hurricane, it is further the intent of the Legislature that the
747 corporation continue to be an integral part of the state and not
748 a private insurance company, ~~and~~ that the income of the
749 corporation be exempt from federal income taxation, and that
750 interest on the debt obligations issued by the corporation be
751 exempt from federal income taxation.

752 2. The Residential Property and Casualty Joint Underwriting
753 Association originally created by this statute shall be known as
754 the Citizens Property Insurance Corporation. The corporation

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755 shall provide ~~insurance for~~ residential and commercial property
756 insurance, for applicants who are eligible ~~entitled~~, but, in
757 good faith, are unable to procure insurance through the
758 voluntary market. The corporation shall operate pursuant to a
759 plan of operation approved by order of the Financial Services
760 Commission. The plan is subject to continuous review by the
761 commission, ~~and~~ the commission may, by order, withdraw approval
762 of all or part of a plan if the commission determines that
763 conditions have changed since approval was granted and that the
764 purposes of the plan require changes in the plan. For the
765 purposes of this subsection, residential coverage includes both
766 personal lines residential coverage, which consists of the type
767 of coverage provided by homeowner's, mobile home owner's,
768 dwelling, tenant's, condominium unit owner's, and similar
769 policies; and commercial lines residential coverage, which
770 consists of the type of coverage provided by condominium
771 association, apartment building, and similar policies.

772 3. With respect to coverage for personal lines residential
773 structures:

774 a. Effective January 1, 2014 ~~2009~~, a personal lines
775 residential structure that has a dwelling replacement cost of \$1
776 ~~\$2~~ million or more, or a single condominium unit that has a
777 combined dwelling and contents replacement cost of \$1 ~~\$2~~ million
778 or more is not eligible for coverage by the corporation. Such
779 dwellings insured by the corporation on December 31, 2013 ~~2008~~,
780 may continue to be covered by the corporation until the end of
781 the policy term. ~~However, such dwellings may reapply and obtain~~
782 ~~coverage if the property owner provides the corporation with a~~
783 ~~sworn affidavit from one or more insurance agents, on a form~~

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784 ~~provided by the corporation, stating that the agents have made~~
785 ~~their best efforts to obtain coverage and that the property has~~
786 ~~been rejected for coverage by at least one authorized insurer~~
787 ~~and at least three surplus lines insurers. If such conditions~~
788 ~~are met, the dwelling may be insured by the corporation for up~~
789 ~~to 3 years, after which time the dwelling is ineligible for~~
790 ~~coverage.~~ The office shall approve the method used by the
791 corporation for valuing ~~the dwelling replacement~~ costs under
792 ~~cost for the purposes of~~ this subparagraph. If a policyholder is
793 insured by the corporation before ~~prior to~~ being determined ~~to~~
794 ~~be~~ ineligible pursuant to this subparagraph and such
795 policyholder files a lawsuit challenging the determination, the
796 policyholder may remain insured by the corporation until the
797 conclusion of the litigation.

798 b. Effective January 1, 2015, a structure that has a
799 dwelling replacement cost of \$900,000 or more, or a single
800 condominium unit that has a combined dwelling and contents
801 replacement cost of \$900,000 or more, is not eligible for
802 coverage by the corporation. Such dwellings insured by the
803 corporation on December 31, 2014, may continue to be covered by
804 the corporation until the end of the policy term.

805 c. Effective January 1, 2016, a structure that has a
806 dwelling replacement cost of \$800,000 or more, or a single
807 condominium unit that has a combined dwelling and contents
808 replacement cost of \$800,000 or more, is not eligible for
809 coverage by the corporation. Such dwellings insured by the
810 corporation on December 31, 2015, may continue to be covered by
811 the corporation until the end of the policy term.

812 d. Effective January 1, 2017, a structure that has a

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813 dwelling replacement cost of \$700,000 or more, or a single
814 condominium unit that has a combined dwelling and contents
815 replacement cost of \$700,000 or more, is not eligible for
816 coverage by the corporation. Such dwellings insured by the
817 corporation on December 31, 2016, may continue to be covered by
818 the corporation until the end of the policy term.

819 e. Effective January 1, 2018, a structure that has a
820 dwelling replacement cost of \$600,000 or more, or a single
821 condominium unit that has a combined dwelling and contents
822 replacement cost of \$600,000 or more, is not eligible for
823 coverage by the corporation. Such dwellings insured by the
824 corporation on December 31, 2017, may continue to be covered by
825 the corporation until the end of the policy term.

826 f. Effective January 1, 2019, a structure that has a
827 dwelling replacement cost of \$500,000 or more, or a single
828 condominium unit that has a combined dwelling and contents
829 replacement cost of \$500,000 or more, is not eligible for
830 coverage by the corporation. Such dwellings insured by the
831 corporation on December 31, 2018, may continue to be covered by
832 the corporation until the end of the policy term.

833
834 The requirements of sub-subparagraphs b.-f. do not apply in
835 counties where the corporation provides more than 75 percent of
836 the personal lines residential policies providing wind coverage.
837 In such counties the eligibility requirements of sub-
838 subparagraph a. apply.

839 4. It is the intent of the Legislature that policyholders,
840 applicants, and agents of the corporation receive service and
841 treatment of the highest possible level but never less than that

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842 generally provided in the voluntary market. It is also intended
843 that the corporation be held to service standards no less than
844 those applied to insurers in the voluntary market by the office
845 with respect to responsiveness, timeliness, customer courtesy,
846 and overall dealings with policyholders, applicants, or agents
847 of the corporation.

848 5. A new structure for which a notice of commencement has
849 been issued on or after July 1, 2014, pursuant to s. 713.135,
850 which is located seaward of the coastal construction control
851 line created pursuant to s. 161.053, is ineligible for coverage
852 through the corporation unless the structure meets the coastal
853 code-plus building code criteria developed and recommended by
854 the Florida Building Commission. Filing a notice of commencement
855 for an addition to an existing structure that was built before
856 July 1, 2014, requires that the addition be built according to
857 the code-plus building criteria but does not require that the
858 existing structure meet the code-plus criteria in order to be
859 eligible for coverage through the corporation. Effective January
860 1, 2009, a personal lines residential structure that is located
861 in the "wind-borne debris region," as defined in s. 1609.2,
862 International Building Code (2006), and that has an insured
863 value on the structure of \$750,000 or more is not eligible for
864 coverage by the corporation unless the structure has opening
865 protections as required under the Florida Building Code for a
866 newly constructed residential structure in that area. A
867 residential structure shall be deemed to comply with this
868 subparagraph if it has shutters or opening protections on all
869 openings and if such opening protections complied with the
870 Florida Building Code at the time they were installed.

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871 6. For any claim filed under any policy of the corporation,
872 a public adjuster may not charge, agree to, or accept any
873 compensation, payment, commission, fee, or other thing of value
874 greater than 10 percent of the additional amount actually paid
875 over the amount that was originally offered by the corporation
876 for any one claim.

877 (b)1. All insurers authorized to write one or more subject
878 lines of business in this state are subject to assessment by the
879 corporation and, for the purposes of this subsection, are
880 referred to collectively as "assessable insurers." Insurers
881 writing one or more subject lines of business in this state
882 pursuant to part VIII of chapter 626 are not assessable
883 insurers; however, ~~but~~ insureds who procure one or more subject
884 lines of business in this state pursuant to part VIII of chapter
885 626 are subject to assessment by the corporation and are
886 referred to collectively as "assessable insureds." An insurer's
887 assessment liability begins on the first day of the calendar
888 year following the year in which the insurer was issued a
889 certificate of authority to transact insurance for subject lines
890 of business in this state and terminates 1 year after the end of
891 the first calendar year during which the insurer no longer holds
892 a certificate of authority to transact insurance for subject
893 lines of business in this state.

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

897 (I) A personal lines account for personal residential
898 policies issued by the corporation, or issued by the Residential
899 Property and Casualty Joint Underwriting Association and renewed

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900 by the corporation, which provides comprehensive, multiperil
901 coverage on risks that are not located in areas eligible for
902 coverage by the Florida Windstorm Underwriting Association as
903 those areas were defined on January 1, 2002, and for policies
904 that do not provide coverage for the peril of wind on risks that
905 are located in such areas;

906 (II) A commercial lines account for commercial residential
907 and commercial nonresidential policies issued by the
908 corporation, or issued by the Residential Property and Casualty
909 Joint Underwriting Association and renewed by the corporation,
910 which provides coverage for basic property perils on risks that
911 are not located in areas eligible for coverage by the Florida
912 Windstorm Underwriting Association as those areas were defined
913 on January 1, 2002, and for policies that do not provide
914 coverage for the peril of wind on risks that are located in such
915 areas; and

916 (III) A coastal account for personal residential policies
917 and commercial residential and commercial nonresidential
918 property policies issued by the corporation, or transferred to
919 the corporation, which provides coverage for the peril of wind
920 on risks that are located in areas eligible for coverage by the
921 Florida Windstorm Underwriting Association as those areas were
922 defined on January 1, 2002. The corporation may offer policies
923 that provide multiperil coverage and ~~the corporation~~ shall
924 ~~continue to~~ offer policies that provide coverage only for the
925 peril of wind for risks located in areas eligible for coverage
926 in the coastal account. In issuing multiperil coverage, the
927 corporation may use its approved policy forms and rates for the
928 personal lines account. An applicant or insured who is eligible

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929 to purchase a multiperil policy from the corporation may
930 purchase a multiperil policy from an authorized insurer without
931 prejudice to the applicant's or insured's eligibility to
932 prospectively purchase a policy that provides coverage only for
933 the peril of wind from the corporation. An applicant or insured
934 who is eligible for a corporation policy that provides coverage
935 only for the peril of wind may elect to purchase or retain such
936 policy and also purchase or retain coverage excluding wind from
937 an authorized insurer without prejudice to the applicant's or
938 insured's eligibility to prospectively purchase a policy that
939 provides multiperil coverage from the corporation. It is the
940 goal of the Legislature that there be an overall average savings
941 of 10 percent or more for a policyholder who currently has a
942 wind-only policy with the corporation, and an ex-wind policy
943 with a voluntary insurer or the corporation, and who obtains a
944 multiperil policy from the corporation. It is the intent of the
945 Legislature that the offer of multiperil coverage in the coastal
946 account be made and implemented in a manner that does not
947 adversely affect the tax-exempt status of the corporation or
948 creditworthiness of or security for currently outstanding
949 financing obligations or credit facilities of the coastal
950 account, the personal lines account, or the commercial lines
951 account. ~~The coastal account must also include quota share~~
952 ~~primary insurance under subparagraph (c)2.~~ The area eligible for
953 coverage under the coastal account also includes the area within
954 Port Canaveral, which is bordered on the south by the City of
955 Cape Canaveral, bordered on the west by the Banana River, and
956 bordered on the north by Federal Government property.

957 b. The three separate accounts must be maintained as long

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958 as financing obligations entered into by the Florida Windstorm
959 Underwriting Association or Residential Property and Casualty
960 Joint Underwriting Association are outstanding, in accordance
961 with the terms of the corresponding financing documents. If the
962 financing obligations are no longer outstanding, the corporation
963 may use a single account for all revenues, assets, liabilities,
964 losses, and expenses of the corporation. Consistent with this
965 subparagraph and prudent investment policies that minimize the
966 cost of carrying debt, the board shall exercise its best efforts
967 to retire existing debt or obtain the approval of necessary
968 parties to amend the terms of existing debt, in order ~~so as~~ to
969 structure the most efficient plan for consolidating ~~to~~
970 ~~consolidate~~ the three separate accounts into a single account.

971 c. Creditors of the Residential Property and Casualty Joint
972 Underwriting Association and the accounts specified in sub-sub-
973 subparagraphs a.(I) and (II) may have a claim against, and
974 recourse to, those accounts and no claim against, or recourse
975 to, the account referred to in sub-sub-subparagraph a.(III).
976 Creditors of the Florida Windstorm Underwriting Association have
977 a claim against, and recourse to, the account referred to in
978 sub-sub-subparagraph a.(III) and no claim against, or recourse
979 to, the accounts referred to in sub-sub-subparagraphs a.(I) and
980 (II).

981 d. Revenues, assets, liabilities, losses, and expenses not
982 attributable to particular accounts shall be prorated among the
983 accounts.

984 e. The Legislature finds that the revenues of the
985 corporation are revenues that are necessary to meet the
986 requirements set forth in documents authorizing the issuance of

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987 bonds under this subsection.

988 f. The income of the corporation may not inure to the
989 benefit of any private person.

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

991 a. After accounting for the Citizens policyholder surcharge
992 imposed under sub-subparagraph i., if the remaining projected
993 deficit incurred in the coastal account in a particular calendar
994 year:

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

1000 (II) Exceeds 2 percent of the aggregate statewide direct
1001 written premium for the subject lines of business for the prior
1002 calendar year, the corporation shall levy regular assessments on
1003 assessable insurers under paragraph (q) and on assessable
1004 insureds in an amount equal to the greater of 2 percent of the
1005 projected deficit or 2 percent of the aggregate statewide direct
1006 written premium for the subject lines of business for the prior
1007 calendar year. Any remaining projected deficit shall be
1008 recovered through emergency assessments under sub-subparagraph
1009 d.

1010 b. Each assessable insurer's share of the amount being
1011 assessed under sub-subparagraph a. must be in the proportion
1012 that the assessable insurer's direct written premium for the
1013 subject lines of business for the year preceding the assessment
1014 bears to the aggregate statewide direct written premium for the
1015 subject lines of business for that year. The assessment

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1016 percentage applicable to each assessable insured is the ratio of
1017 the amount being assessed under sub-subparagraph a. to the
1018 aggregate statewide direct written premium for the subject lines
1019 of business for the prior year. Assessments levied by the
1020 corporation on assessable insurers under sub-subparagraph a.
1021 must be paid as required by the corporation's plan of operation
1022 and paragraph (q). Assessments levied by the corporation on
1023 assessable insureds under sub-subparagraph a. shall be collected
1024 by the surplus lines agent at the time the surplus lines agent
1025 collects the surplus lines tax required by s. 626.932, and paid
1026 to the Florida Surplus Lines Service Office at the time the
1027 surplus lines agent pays the surplus lines tax to that office.
1028 Upon receipt of regular assessments from surplus lines agents,
1029 the Florida Surplus Lines Service Office shall transfer the
1030 assessments directly to the corporation as determined by the
1031 corporation.

1032 c. After accounting for the Citizens policyholder surcharge
1033 imposed under sub-subparagraph i., the remaining projected
1034 deficits in the personal lines account and in the commercial
1035 lines account in a particular calendar year shall be recovered
1036 through emergency assessments under sub-subparagraph d.

1037 d. Upon a determination by the executive director, with the
1038 concurrence of the board of governors, that a projected deficit
1039 in an account exceeds the amount that is expected to be
1040 recovered through regular assessments under sub-subparagraph a.,
1041 plus the amount that is expected to be recovered through
1042 policyholder surcharges under sub-subparagraph i., the executive
1043 director, with concurrence by the board, after verification by
1044 the office, shall levy emergency assessments for as many years

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1045 as necessary to cover the deficits, to be collected by
1046 assessable insurers and the corporation and collected from
1047 assessable insureds upon issuance or renewal of policies for
1048 subject lines of business, excluding National Flood Insurance
1049 policies. The executive director shall notify the Financial
1050 Services Commission of the emergency assessments within 5 days
1051 after the board's concurrence with the executive director's
1052 determination that such assessments are necessary. The amount
1053 collected in a particular year must be a uniform percentage of
1054 that year's direct written premium for subject lines of business
1055 and all accounts of the corporation, excluding National Flood
1056 Insurance Program policy premiums, as annually determined by the
1057 executive director, with concurrence by the board, and verified
1058 by the office. The office shall verify the arithmetic
1059 calculations involved in the board's determination within 30
1060 days after receipt of the information on which the determination
1061 was based. The office shall notify assessable insurers and the
1062 Florida Surplus Lines Service Office of the date on which
1063 assessable insurers shall begin to collect and assessable
1064 insureds shall begin to pay such assessment. The date must be at
1065 least ~~may be not less than~~ 90 days after the date the
1066 corporation levies emergency assessments pursuant to this sub-
1067 subparagraph. Notwithstanding any other provision of law, the
1068 corporation and each assessable insurer that writes subject
1069 lines of business shall collect emergency assessments from its
1070 policyholders without such obligation being affected by any
1071 credit, limitation, exemption, or deferment. Emergency
1072 assessments levied by the corporation on assessable insureds
1073 shall be collected by the surplus lines agent at the time the

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1074 surplus lines agent collects the surplus lines tax required by
1075 s. 626.932 and paid to the Florida Surplus Lines Service Office
1076 at the time the surplus lines agent pays the surplus lines tax
1077 to that office. The emergency assessments collected shall be
1078 transferred directly to the corporation on a periodic basis as
1079 determined by the corporation and held by the corporation solely
1080 in the applicable account. The aggregate amount of emergency
1081 assessments levied for an account ~~under this sub-subparagraph~~ in
1082 any calendar year may be less than but not exceed the greater of
1083 10 percent of the amount needed to cover the deficit, plus
1084 interest, fees, commissions, required reserves, and other costs
1085 associated with financing the original deficit, or 10 percent of
1086 the aggregate statewide direct written premium for subject lines
1087 of business and all accounts of the corporation for the prior
1088 year, plus interest, fees, commissions, required reserves, and
1089 other costs associated with financing the deficit.

1090 e. The corporation may pledge the proceeds of assessments,
1091 projected recoveries from the Florida Hurricane Catastrophe
1092 Fund, other insurance and reinsurance recoverables, policyholder
1093 surcharges and other surcharges, and other funds available to
1094 the corporation as the source of revenue for and to secure bonds
1095 issued under paragraph (q), bonds or other indebtedness issued
1096 under subparagraph (c)3., or lines of credit or other financing
1097 mechanisms issued or created under this subsection, or to retire
1098 any other debt incurred as a result of deficits or events giving
1099 rise to deficits, or in any other way that the executive
1100 director, with the concurrence of the board, determines will
1101 efficiently recover such deficits. The purpose of the lines of
1102 credit or other financing mechanisms is to provide additional

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1103 resources to assist the corporation in covering claims and
1104 expenses attributable to a catastrophe. As used in this
1105 subsection, the term "assessments" includes regular assessments
1106 under sub-subparagraph a. or subparagraph (q)1. and emergency
1107 assessments under sub-subparagraph d. Emergency assessments
1108 collected under sub-subparagraph d. are not part of an insurer's
1109 rates, are not premium, and are not subject to premium tax,
1110 fees, or commissions; however, failure to pay the emergency
1111 assessment shall be treated as failure to pay premium. The
1112 emergency assessments ~~under sub-subparagraph d.~~ shall continue
1113 as long as any bonds issued or other indebtedness incurred with
1114 respect to a deficit for which the assessment was imposed remain
1115 outstanding, unless adequate provision has been made for the
1116 payment of such bonds or other indebtedness pursuant to the
1117 documents governing such bonds or indebtedness.

1118 f. As used in this subsection for purposes of any deficit
1119 incurred on or after January 25, 2007, the term "subject lines
1120 of business" means insurance written by assessable insurers or
1121 procured by assessable insureds for all property and casualty
1122 lines of business in this state, but not including workers'
1123 compensation or medical malpractice. As used in this sub-
1124 subparagraph, the term "property and casualty lines of business"
1125 includes all lines of business identified on Form 2, Exhibit of
1126 Premiums and Losses, in the annual statement required of
1127 authorized insurers under s. 624.424 and any rule adopted under
1128 this section, except for those lines identified as accident and
1129 health insurance and except for policies written under the
1130 National Flood Insurance Program or the Federal Crop Insurance
1131 Program. For purposes of this sub-subparagraph, the term

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1132 "workers' compensation" includes both workers' compensation
1133 insurance and excess workers' compensation insurance.

1134 g. The Florida Surplus Lines Service Office shall annually
1135 determine ~~annually~~ the aggregate statewide written premium in
1136 subject lines of business procured by assessable insureds and
1137 report that information to the corporation in a form and at a
1138 time the corporation specifies to ensure that the corporation
1139 can meet the requirements of this subsection and the
1140 corporation's financing obligations.

1141 h. The Florida Surplus Lines Service Office shall verify
1142 the proper application by surplus lines agents of assessment
1143 percentages for regular assessments and emergency assessments
1144 levied under this subparagraph on assessable insureds and assist
1145 the corporation in ensuring the accurate, timely collection and
1146 payment of assessments by surplus lines agents as required by
1147 the corporation.

1148 i. ~~In 2008 or thereafter,~~ Upon a determination by the board
1149 of governors that an account has a projected deficit, the board
1150 shall levy a Citizens policyholder surcharge against all
1151 policyholders of the corporation.

1152 (I) The surcharge shall be levied as a uniform percentage
1153 ~~of the premium for the policy~~ of up to 15 percent of the policy
1154 ~~such~~ premium, which funds shall be used to offset the deficit.

1155 (II) The surcharge is payable upon cancellation or
1156 termination of the policy, upon renewal of the policy, or upon
1157 issuance of a new policy by the corporation within the first 12
1158 months after the date of the levy or the period of time
1159 necessary to fully collect the surcharge amount.

1160 (III) The corporation may not levy any regular assessments

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1161 under paragraph (q) pursuant to sub-subparagraph a. or sub-
1162 subparagraph b. with respect to a particular year's deficit
1163 until the corporation has first levied the full amount of the
1164 surcharge authorized by this sub-subparagraph.

1165 (IV) The surcharge is not considered premium and is not
1166 subject to commissions, fees, or premium taxes. However, failure
1167 to pay the surcharge shall be treated as failure to pay premium.

1168 j. If the amount of any assessments or surcharges collected
1169 from corporation policyholders, assessable insurers or their
1170 policyholders, or assessable insureds exceeds the amount of the
1171 deficits, such excess amounts shall be remitted to and retained
1172 by the corporation in a reserve to be used by the corporation,
1173 as determined by the executive director, with the concurrence of
1174 the board of governors, and approved by the office, to pay
1175 claims or reduce any past, present, or future plan-year deficits
1176 or to reduce outstanding debt.

1177 (c) The corporation's plan of operation:

1178 1. Must provide for adoption of residential property and
1179 casualty insurance policy forms and commercial residential and
1180 nonresidential property insurance forms, which must be approved
1181 by the office before use. The corporation shall adopt the
1182 following policy forms:

1183 a. Standard personal lines policy forms that are
1184 comprehensive multiperil policies providing full coverage of a
1185 residential property equivalent to the coverage provided in the
1186 private insurance market under an HO-3, HO-4, or HO-6 policy.

1187 b. Basic personal lines policy forms that are policies
1188 similar to an HO-8 policy or a dwelling fire policy that provide
1189 coverage meeting the requirements of the secondary mortgage

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1190 market, but which is more limited than the coverage under a
1191 standard policy.

1192 c. Commercial lines residential and nonresidential policy
1193 forms that are generally similar to the basic perils of full
1194 coverage obtainable for commercial residential structures and
1195 commercial nonresidential structures in the admitted voluntary
1196 market.

1197 d. Personal lines and commercial lines residential property
1198 insurance forms that cover the peril of wind only. Such ~~The~~
1199 forms are applicable only to residential properties located in
1200 areas eligible for coverage under the coastal account referred
1201 to in sub-subparagraph (b)2.a.

1202 e. Commercial lines nonresidential property insurance forms
1203 that cover the peril of wind only. Such ~~The~~ forms are applicable
1204 only to nonresidential properties located in areas eligible for
1205 coverage under the coastal account referred to in sub-
1206 subparagraph (b)2.a.

1207 f. The corporation may adopt variations of the policy forms
1208 listed in sub-subparagraphs a.-e. which contain more restrictive
1209 coverage.

1210 g. Effective January 1, 2013, the corporation shall offer a
1211 basic personal lines policy similar to an HO-8 policy with
1212 dwelling repair based on common construction materials and
1213 methods.

1214 2. Must provide that the corporation and an authorized
1215 insurer may enter into a risk-sharing agreement for the purpose
1216 of reducing the corporation's exposure. As used in this
1217 subparagraph, the term "risk-sharing agreement" means an
1218 agreement between the corporation and an authorized insurer for

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1219 the corporation to retain part, but not all, of the risk for a
1220 specified group of policies or specified perils within a group
1221 of policies, as part of the terms for removal of policies from
1222 the corporation.

1223 a. Entering into a risk-sharing agreement is voluntary and
1224 at the discretion of the corporation and the authorized insurer.
1225 To avoid unnecessary expense, the executive director, with
1226 concurrence of the board of governors, may limit the
1227 corporation's participation in risk-sharing agreements to those
1228 participants capable and willing to assume a minimum of 25
1229 percent of the exposure on at least 100,000 policies and may
1230 specify other limitations. A risk-sharing agreement in which the
1231 corporation retains part of the risk may not exceed 5 years.

1232 b. The risk-sharing agreement may cover policies in any
1233 account and may cover any perils. The corporation may act as a
1234 reinsurer or a cedent under a risk sharing agreement or an
1235 excess of loss agreement. If the corporation is the reinsurer,
1236 the insurance policy forms and endorsements must be approved by
1237 the office, cover all perils that are the subject of the risk-
1238 sharing agreement, and cover at least the same limits as the
1239 corporation policies being replaced.

1240 c. The terms of each risk-sharing agreement must ensure
1241 that the consideration received by the corporation is
1242 commensurate with the risk retained by the corporation and the
1243 risk assumed by the authorized insurer. The corporation may not
1244 share risk for bad faith.

1245 d. The risk-sharing agreement must specify the proportion
1246 of exposure that the authorized insurer reports to the Florida
1247 Hurricane Catastrophe Fund and the exposure retained by the

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1248 corporation. Each shall pay premium and receive reimbursements
1249 from the fund for the exposure that they retain or assume as
1250 provided in the risk-sharing agreement. The risk retained or
1251 assumed is eligible for coverage by the fund and is not
1252 considered reinsurance for purposes of coverage by the fund.
1253 However, the authorized insurer and the corporation may report
1254 participation in the risk sharing agreement on their financial
1255 statements as reinsurance if appropriate according to the
1256 characteristics of the agreement based on statutory accounting
1257 rules and instructions.

1258 e. Notwithstanding any other provision of law:

1259 (I) Policies offered coverage by the corporation or an
1260 authorized insurer through a risk-sharing agreement are not
1261 eligible for coverage by the corporation outside of the
1262 agreement; and

1263 (II) A risk-sharing agreement between the corporation and
1264 an authorized insurer is not subject to the requirements of a
1265 take-out or keep-out program under ss. 627.3517 and this
1266 subsection, except that the agreement must be filed by the
1267 authorized insurer with the office for review and approval
1268 before the execution of the agreement by the insurer.

1269 f. To ensure that exposures are accurately reported to the
1270 Florida Hurricane Catastrophe Fund, the corporation and each
1271 insurer participating in a risk-sharing agreement under this
1272 subparagraph must report its exposure under covered policies to
1273 the fund as required under s. 215.555(5)(c), including the
1274 requirement that, by September 1 of each year, each insurer
1275 notify the board of its insured values under covered policies as
1276 of June 30 of that year. Each report must also specify the

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1277 percentage of liability applicable to the corporation and the
1278 percentage applicable to the insurer. Pursuant to its authority
1279 under s. 215.555, the State Board of Administration shall adopt
1280 rules to administer this sub-subparagraph.

1281 ~~2. Must provide that the corporation adopt a program in~~
1282 ~~which the corporation and authorized insurers enter into quota~~
1283 ~~share primary insurance agreements for hurricane coverage, as~~
1284 ~~defined in s. 627.4025(2) (a), for eligible risks, and adopt~~
1285 ~~property insurance forms for eligible risks which cover the~~
1286 ~~peril of wind only.~~

1287 ~~a. As used in this subsection, the term:~~

1288 ~~(I) "Quota share primary insurance" means an arrangement in~~
1289 ~~which the primary hurricane coverage of an eligible risk is~~
1290 ~~provided in specified percentages by the corporation and an~~
1291 ~~authorized insurer. The corporation and authorized insurer are~~
1292 ~~each solely responsible for a specified percentage of hurricane~~
1293 ~~coverage of an eligible risk as set forth in a quota share~~
1294 ~~primary insurance agreement between the corporation and an~~
1295 ~~authorized insurer and the insurance contract. The~~
1296 ~~responsibility of the corporation or authorized insurer to pay~~
1297 ~~its specified percentage of hurricane losses of an eligible~~
1298 ~~risk, as set forth in the agreement, may not be altered by the~~
1299 ~~inability of the other party to pay its specified percentage of~~
1300 ~~losses. Eligible risks that are provided hurricane coverage~~
1301 ~~through a quota share primary insurance arrangement must be~~
1302 ~~provided policy forms that set forth the obligations of the~~
1303 ~~corporation and authorized insurer under the arrangement,~~
1304 ~~clearly specify the percentages of quota share primary insurance~~
1305 ~~provided by the corporation and authorized insurer, and~~

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1306 ~~conspicuously and clearly state that the authorized insurer and~~
1307 ~~the corporation may not be held responsible beyond their~~
1308 ~~specified percentage of coverage of hurricane losses.~~

1309 ~~(II) "Eligible risks" means personal lines residential and~~
1310 ~~commercial lines residential risks that meet the underwriting~~
1311 ~~criteria of the corporation and are located in areas that were~~
1312 ~~eligible for coverage by the Florida Windstorm Underwriting~~
1313 ~~Association on January 1, 2002.~~

1314 ~~b. The corporation may enter into quota share primary~~
1315 ~~insurance agreements with authorized insurers at corporation~~
1316 ~~coverage levels of 90 percent and 50 percent.~~

1317 ~~e. If the corporation determines that additional coverage~~
1318 ~~levels are necessary to maximize participation in quota share~~
1319 ~~primary insurance agreements by authorized insurers, the~~
1320 ~~corporation may establish additional coverage levels. However,~~
1321 ~~the corporation's quota share primary insurance coverage level~~
1322 ~~may not exceed 90 percent.~~

1323 ~~d. Any quota share primary insurance agreement entered into~~
1324 ~~between an authorized insurer and the corporation must provide~~
1325 ~~for a uniform specified percentage of coverage of hurricane~~
1326 ~~losses, by county or territory as set forth by the corporation~~
1327 ~~board, for all eligible risks of the authorized insurer covered~~
1328 ~~under the agreement.~~

1329 ~~e. Any quota share primary insurance agreement entered into~~
1330 ~~between an authorized insurer and the corporation is subject to~~
1331 ~~review and approval by the office. However, such agreement shall~~
1332 ~~be authorized only as to insurance contracts entered into~~
1333 ~~between an authorized insurer and an insured who is already~~
1334 ~~insured by the corporation for wind coverage.~~

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1335 ~~f. For all eligible risks covered under quota share primary~~
1336 ~~insurance agreements, the exposure and coverage levels for both~~
1337 ~~the corporation and authorized insurers shall be reported by the~~
1338 ~~corporation to the Florida Hurricane Catastrophe Fund. For all~~
1339 ~~policies of eligible risks covered under such agreements, the~~
1340 ~~corporation and the authorized insurer must maintain complete~~
1341 ~~and accurate records for the purpose of exposure and loss~~
1342 ~~reimbursement audits as required by fund rules. The corporation~~
1343 ~~and the authorized insurer shall each maintain duplicate copies~~
1344 ~~of policy declaration pages and supporting claims documents.~~

1345 ~~g. The corporation board shall establish in its plan of~~
1346 ~~operation standards for quota share agreements which ensure that~~
1347 ~~there is no discriminatory application among insurers as to the~~
1348 ~~terms of the agreements, pricing of the agreements, incentive~~
1349 ~~provisions if any, and consideration paid for servicing policies~~
1350 ~~or adjusting claims.~~

1351 ~~h. The quota share primary insurance agreement between the~~
1352 ~~corporation and an authorized insurer must set forth the~~
1353 ~~specific terms under which coverage is provided, including, but~~
1354 ~~not limited to, the sale and servicing of policies issued under~~
1355 ~~the agreement by the insurance agent of the authorized insurer~~
1356 ~~producing the business, the reporting of information concerning~~
1357 ~~eligible risks, the payment of premium to the corporation, and~~
1358 ~~arrangements for the adjustment and payment of hurricane claims~~
1359 ~~incurred on eligible risks by the claims adjuster and personnel~~
1360 ~~of the authorized insurer. Entering into a quota sharing~~
1361 ~~insurance agreement between the corporation and an authorized~~
1362 ~~insurer is voluntary and at the discretion of the authorized~~
1363 ~~insurer.~~

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1364 3.a. May provide that the corporation ~~may employ or~~
1365 ~~otherwise contract with individuals or other entities to provide~~
1366 ~~administrative or professional services that may be appropriate~~
1367 ~~to effectuate the plan. The corporation may~~ borrow funds by
1368 issuing bonds or by incurring other indebtedness, and shall have
1369 other powers reasonably necessary to effectuate the requirements
1370 of this subsection, including, without limitation, the power to
1371 issue bonds and incur other indebtedness in order to refinance
1372 outstanding bonds or other indebtedness. The corporation may
1373 seek judicial validation of its bonds or other indebtedness
1374 under chapter 75. The corporation may issue bonds or incur other
1375 indebtedness, or have bonds issued on its behalf by a unit of
1376 local government pursuant to subparagraph (q)2. in the absence
1377 of a hurricane or other weather-related event, upon a
1378 determination by the corporation, subject to approval by the
1379 office, that such action would enable it to efficiently meet the
1380 financial obligations of the corporation and that such
1381 financings are reasonably necessary to effectuate the
1382 requirements of this subsection. The corporation may take all
1383 actions needed to facilitate tax-free status for such bonds or
1384 indebtedness, including formation of trusts or other affiliated
1385 entities. The corporation may pledge assessments, projected
1386 recoveries from the Florida Hurricane Catastrophe Fund, other
1387 reinsurance recoverables, Citizens policyholder surcharges and
1388 other surcharges, and other funds available to the corporation
1389 as security for bonds or other indebtedness. In recognition of
1390 s. 10, Art. I of the State Constitution, prohibiting the
1391 impairment of obligations of contracts, it is the intent of the
1392 Legislature that ~~no~~ action not be taken whose purpose is to

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1393 impair any bond indenture or financing agreement or any revenue
1394 source committed by contract to such bond or other indebtedness.

1395 b. May provide that the corporation employ or otherwise
1396 contract with individuals or other entities to provide
1397 administrative or professional services that may be appropriate
1398 to effectuate the plan. To ensure that the corporation is
1399 operating in an efficient and economic manner while providing
1400 quality service to policyholders, applicants, and agents, the
1401 board shall commission an independent third-party consultant
1402 having expertise in insurance company management or insurance
1403 company management consulting to prepare a report and make
1404 recommendations on the relative costs and benefits of
1405 outsourcing various policy issuance and service functions to
1406 private servicing carriers or entities performing similar
1407 functions in the private market for a fee, rather than
1408 performing such functions in-house. In making such
1409 recommendations, the consultant shall consider how other
1410 residual markets, both in this state and around the country,
1411 outsource appropriate functions or use servicing carriers to
1412 better match expenses with revenues that fluctuate based on a
1413 widely varying policy count. The report must be completed by
1414 July 1, 2012. Upon receiving the report, the executive director,
1415 with the concurrence of the board, shall develop a plan to
1416 implement the report and submit the plan for review,
1417 modification, and approval to the Financial Services Commission.
1418 Upon the commission's approval of the plan, the board shall
1419 begin implementing the plan by January 1, 2013.

1420 4. Must require that the corporation operate subject to the
1421 supervision and approval of a board of governors consisting of

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1422 nine ~~eight~~ individuals who are residents of this state and who
1423 are, from different geographical areas of the ~~this~~ state, one of
1424 whom is appointed by the Governor and serves solely to advocate
1425 on behalf of the consumer. The appointment of a consumer
1426 representative by the Governor is in addition to the
1427 appointments authorized under sub-subparagraph a.

1428 a. The Governor, the Chief Financial Officer, the President
1429 of the Senate, and the Speaker of the House of Representatives
1430 shall each appoint two members of the board. All board members,
1431 except those appointed by the speaker, must be confirmed by the
1432 Senate during the legislative session following their
1433 appointment. At least one of the two members appointed by each
1434 appointing officer must have demonstrated expertise in insurance
1435 and must be ~~is~~ deemed to be within the scope of the exemption
1436 provided under ~~in~~ s. 112.313(7) (b). The Chief Financial Officer
1437 shall designate one of the appointees as chair for the purpose
1438 of presiding over the orderly conduct of meetings. An appointee
1439 serves as chair for no more than one term. All board members
1440 serve at the pleasure of the appointing officer. All members of
1441 the board are subject to removal at will by the officers who
1442 appointed them. All board members, including the chair, shall
1443 ~~must~~ be appointed ~~to serve~~ for 3-year terms beginning annually
1444 on a date designated by the plan. ~~However, for the first term~~
1445 ~~beginning on or after July 1, 2009, each appointing officer~~
1446 ~~shall appoint one member of the board for a 2-year term and one~~
1447 ~~member for a 3-year term.~~ A board vacancy shall be filled for
1448 the unexpired term by the appointing officer. The Chief
1449 Financial Officer shall appoint a technical advisory group to
1450 provide information and advice to the executive director and the

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1451 board in connection with the corporation's ~~board's~~ duties under
1452 this subsection. The executive director shall be appointed by
1453 and serve at the pleasure of the Governor and the Chief
1454 Financial Officer. ~~and~~ Senior managers of the corporation shall
1455 be appointed by the executive director, with the concurrence of
1456 ~~engaged by~~ the board, and serve at the pleasure of the executive
1457 director ~~board~~. Appointment of the Any executive director
1458 ~~appointed on or after July 1, 2006,~~ is subject to confirmation
1459 by the Senate upon original appointment and upon the election or
1460 reelection of the Governor and Chief Financial Officer if
1461 retained. The executive director is responsible for employing
1462 other staff ~~as~~ the corporation may require, subject to review
1463 and concurrence by the board.

1464 b. The board shall create a Market Accountability Advisory
1465 Committee to assist the corporation in developing awareness of
1466 its rates and its customer and agent service levels in
1467 relationship to the voluntary market insurers writing similar
1468 coverage.

1469 (I) The members of the advisory committee consist of the
1470 following 11 persons, one of whom must be elected chair by the
1471 members of the committee: four representatives, one appointed by
1472 the Florida Association of Insurance Agents, one by the Florida
1473 Association of Insurance and Financial Advisors, one by the
1474 Professional Insurance Agents of Florida, and one by the Latin
1475 American Association of Insurance Agencies; three
1476 representatives appointed by the insurers with the three highest
1477 voluntary market share of residential property insurance
1478 business in the state; one representative from the Office of
1479 Insurance Regulation; one consumer appointed by the board who is

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1480 insured by the corporation at the time of appointment to the
1481 committee; one representative appointed by the Florida
1482 Association of Realtors; and one representative appointed by the
1483 Florida Bankers Association. All members shall be appointed to
1484 3-year terms, serve at the pleasure of the board of governors,
1485 and may serve for consecutive terms.

1486 (II) The committee shall report to the corporation at each
1487 board meeting on insurance market issues that ~~which~~ may include
1488 rates and rate competition within ~~with~~ the voluntary market;
1489 service, including policy issuance, claims processing, and
1490 general responsiveness to policyholders, applicants, and agents;
1491 and matters relating to depopulation.

1492 5. Must provide a procedure for determining the eligibility
1493 of a risk for coverage by the corporation which applies to both
1494 new and renewal policies, as follows:

1495 a. Subject to s. 627.3517, with respect to personal lines
1496 residential risks, if the risk is offered coverage from an
1497 authorized insurer at the insurer's approved rate under a
1498 standard policy including wind coverage or, if consistent with
1499 the insurer's underwriting rules as filed with the office, a
1500 basic policy including wind coverage, for a new application to
1501 the corporation for coverage, the risk is not eligible for any
1502 policy issued by the corporation unless the premium for coverage
1503 from the authorized insurer is more than 15 percent greater than
1504 the premium for comparable coverage from the corporation. For
1505 renewal policies, the risk is not eligible for a policy issued
1506 by the corporation if the premium for coverage from an
1507 authorized insurer is equal to or less than the premium for
1508 comparable coverage from the corporation. If the risk is not

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1509 able to obtain such offer, the risk is eligible for a standard
1510 policy including wind coverage or a basic policy including wind
1511 coverage issued by the corporation; however, if the risk could
1512 not be insured under a standard policy including wind coverage
1513 regardless of market conditions, the risk is eligible for a
1514 basic policy including wind coverage unless rejected under
1515 subparagraph 8. ~~However, a policyholder of the corporation or a~~
1516 ~~policyholder removed from the corporation through an assumption~~
1517 ~~agreement until the end of the assumption period remains~~
1518 ~~eligible for coverage from the corporation regardless of any~~
1519 ~~offer of coverage from an authorized insurer or surplus lines~~
1520 ~~insurer.~~ The corporation shall determine the type of policy to
1521 be provided on the basis of objective standards specified in the
1522 underwriting manual and based on generally accepted underwriting
1523 practices.

1524 (I) If the risk accepts an offer of coverage through the
1525 market assistance plan or through a mechanism established by the
1526 corporation before a policy is issued to the risk by the
1527 corporation or during the first 30 days of coverage by the
1528 corporation, and the producing agent who submitted the
1529 application to the plan or to the corporation is not currently
1530 appointed by the insurer, the insurer shall:

1531 (A) Pay to the producing agent of record ~~of the policy~~ for
1532 the first year, an amount that is the greater of the insurer's
1533 usual and customary commission for the type of policy written or
1534 a fee equal to the usual and customary commission of the
1535 corporation; or

1536 (B) Offer to allow the producing agent of record ~~of the~~
1537 ~~policy~~ to continue servicing the policy for at least 1 year and

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1538 offer to pay the agent the greater of the insurer's or the
1539 corporation's usual and customary commission for the type of
1540 policy written.

1541
1542 If the producing agent is unwilling or unable to accept
1543 appointment, the new insurer shall pay the agent in accordance
1544 with sub-sub-sub-subparagraph (A).

1545 (II) If the corporation enters into a contractual agreement
1546 for a take-out plan, the producing agent of record of the
1547 corporation policy is entitled to retain any unearned commission
1548 on the policy, and the insurer shall:

1549 (A) Pay to the producing agent of record, for the first
1550 year, an amount that is the greater of the insurer's usual and
1551 customary commission for the type of policy written or a fee
1552 equal to the usual and customary commission of the corporation;
1553 or

1554 (B) Offer to allow the producing agent of record to
1555 continue servicing the policy for at least 1 year and offer to
1556 pay the agent the greater of the insurer's or the corporation's
1557 usual and customary commission for the type of policy written.

1558
1559 If the producing agent is unwilling or unable to accept
1560 appointment, the new insurer shall pay the agent in accordance
1561 with sub-sub-sub-subparagraph (A).

1562 b. With respect to commercial lines residential risks, ~~for~~
1563 ~~a new application to the corporation for coverage,~~ if the risk
1564 is offered coverage under a policy including wind coverage from
1565 an authorized insurer at its approved rate, the risk is not
1566 eligible for a policy issued by the corporation unless the

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1567 premium for coverage from the authorized insurer is more than 15
1568 percent greater than the premium for comparable coverage from
1569 the corporation. If the risk is not able to obtain any such
1570 offer, the risk is eligible for a policy including wind coverage
1571 issued by the corporation. ~~However, a policyholder of the~~
1572 ~~corporation or a policyholder removed from the corporation~~
1573 ~~through an assumption agreement until the end of the assumption~~
1574 ~~period remains eligible for coverage from the corporation~~
1575 ~~regardless of an offer of coverage from an authorized insurer or~~
1576 ~~surplus lines insurer.~~

1577 (I) If the risk accepts an offer of coverage through the
1578 market assistance plan or through a mechanism established by the
1579 corporation before a policy is issued to the risk by the
1580 corporation or during the first 30 days of coverage by the
1581 corporation, and the producing agent who submitted the
1582 application to the plan or the corporation is not currently
1583 appointed by the insurer, the insurer shall:

1584 (A) Pay to the producing agent of record ~~of the policy~~, for
1585 the first year, an amount that is the greater of the insurer's
1586 usual and customary commission for the type of policy written or
1587 a fee equal to the usual and customary commission of the
1588 corporation; or

1589 (B) Offer to allow the producing agent of record ~~of the~~
1590 ~~policy~~ to continue servicing the policy for at least 1 year and
1591 offer to pay the agent the greater of the insurer's or the
1592 corporation's usual and customary commission for the type of
1593 policy written.

1594
1595 If the producing agent is unwilling or unable to accept

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1596 appointment, the new insurer shall pay the agent in accordance
1597 with sub-sub-sub-subparagraph (A).

1598 (II) If the corporation enters into a contractual agreement
1599 for a take-out plan, the producing agent of record of the
1600 corporation policy is entitled to retain any unearned commission
1601 on the policy, and the insurer shall:

1602 (A) Pay to the producing agent of record, for the first
1603 year, an amount that is the greater of the insurer's usual and
1604 customary commission for the type of policy written or a fee
1605 equal to the usual and customary commission of the corporation;
1606 or

1607 (B) Offer to allow the producing agent of record to
1608 continue servicing the policy for at least 1 year and offer to
1609 pay the agent the greater of the insurer's or the corporation's
1610 usual and customary commission for the type of policy written.
1611

1612 If the producing agent is unwilling or unable to accept
1613 appointment, the new insurer shall pay the agent in accordance
1614 with sub-sub-sub-subparagraph (A).

1615 c. For purposes of determining comparable coverage under
1616 sub-subparagraphs a. and b., the comparison must be based on
1617 those forms and coverages that are reasonably comparable. The
1618 corporation may rely on a determination of comparable coverage
1619 and premium made by the producing agent who submits the
1620 application to the corporation, made in the agent's capacity as
1621 the corporation's agent. A comparison may be made solely of the
1622 premium with respect to the main building or structure ~~only~~ on
1623 the following basis: the same coverage A or other building
1624 limits; the same percentage hurricane deductible that applies on

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1625 an annual basis or that applies to each hurricane for commercial
1626 residential property; the same percentage of ordinance and law
1627 coverage, if the same limit is offered by both the corporation
1628 and the authorized insurer; the same mitigation credits, to the
1629 extent the same types of credits are offered both by the
1630 corporation and the authorized insurer; the same method for loss
1631 payment, such as replacement cost or actual cash value, if the
1632 same method is offered both by the corporation and the
1633 authorized insurer in accordance with underwriting rules; and
1634 any other form or coverage that is reasonably comparable as
1635 determined by the board. If an application is submitted to the
1636 corporation for wind-only coverage in the coastal account, the
1637 premium for the corporation's wind-only policy plus the premium
1638 for the ex-wind policy that is offered by an authorized insurer
1639 to the applicant must be compared to the premium for multiperil
1640 coverage offered by an authorized insurer, subject to the
1641 standards for comparison specified in this subparagraph. If the
1642 corporation or the applicant requests from the authorized
1643 insurer a breakdown of the premium of the offer by types of
1644 coverage so that a comparison may be made by the corporation or
1645 its agent and the authorized insurer refuses or is unable to
1646 provide such information, the corporation may treat the offer as
1647 not being an offer of coverage from an authorized insurer at the
1648 insurer's approved rate.

1649 6. Must include rules for classifications of risks and
1650 rates.

1651 7. Must provide that if premium and investment income for
1652 an account attributable to a particular calendar year are in
1653 excess of projected losses and expenses for the account

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1654 attributable to that year, such excess must ~~shall~~ be held in
1655 surplus in the account. Such surplus must be available to defray
1656 deficits in that account as to future years and used for that
1657 purpose before assessing assessable insurers and assessable
1658 insureds as to any calendar year.

1659 8. Must provide objective criteria and procedures that are
1660 ~~to be~~ uniformly applied to all applicants in determining whether
1661 an individual risk is so hazardous as to be uninsurable. In
1662 making this determination and in establishing the criteria and
1663 procedures, the following must be considered:

1664 a. Whether the likelihood of a loss for the individual risk
1665 is substantially higher than for other risks of the same class;
1666 and

1667 b. Whether the uncertainty associated with the individual
1668 risk is such that an appropriate premium cannot be determined.

1669
1670 The acceptance or rejection of a risk by the corporation shall
1671 be construed as the private placement of insurance, and the
1672 provisions of chapter 120 do not apply.

1673 9. Must provide that the corporation make its best efforts
1674 to procure catastrophe reinsurance at reasonable rates, to cover
1675 its projected 100-year probable maximum loss as determined by
1676 the board of governors.

1677 10. Must provide that the policies issued by the
1678 corporation ~~must~~ provide that if the corporation or the market
1679 assistance plan obtains an offer from an authorized insurer to
1680 cover the risk at its approved rates, the risk is no longer
1681 eligible for renewal through the corporation, except as
1682 otherwise provided in this subsection.

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1683 11. Must provide that corporation policies and applications
1684 ~~must~~ include a notice that the corporation policy could, under
1685 this section, be replaced with a policy issued by an authorized
1686 insurer which does not provide coverage identical to the
1687 coverage provided by the corporation. The notice must also
1688 specify that acceptance of corporation coverage creates a
1689 conclusive presumption that the applicant or policyholder is
1690 aware of this potential.

1691 12. May establish, subject to approval by the office,
1692 different eligibility requirements and operational procedures
1693 for any line or type of coverage for any specified county or
1694 area if the board determines that such changes are justified due
1695 to the voluntary market being sufficiently stable and
1696 competitive in such area or for such line or type of coverage
1697 and that consumers who, in good faith, are unable to obtain
1698 insurance through the voluntary market through ordinary methods
1699 continue to have access to coverage from the corporation. If
1700 coverage is sought in connection with a real property transfer,
1701 the requirements and procedures may not provide an effective
1702 date of coverage later than the date of the closing of the
1703 transfer as established by the transferor, the transferee, and,
1704 if applicable, the lender.

1705 13. Must provide that, with respect to the coastal account,
1706 any assessable insurer that has ~~with~~ a surplus as to
1707 policyholders of \$25 million or less writing 25 percent or more
1708 of its total countrywide property insurance premiums in this
1709 state may ~~petition the office~~, within the first 90 days of each
1710 calendar year, petition the office to qualify as a limited
1711 apportionment company. A regular assessment levied by the

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1712 corporation on a limited apportionment company for a deficit
1713 incurred by the corporation for the coastal account may be paid
1714 to the corporation on a monthly basis as the assessments are
1715 collected by the limited apportionment company from its
1716 insureds. ~~The, but a~~ limited apportionment company must begin
1717 collecting the regular assessments within ~~not later than~~ 90 days
1718 after the regular assessments are levied by the corporation, and
1719 the regular assessments must be paid in full within 15 months
1720 after being levied by the corporation. A limited apportionment
1721 company shall collect from its policyholders any emergency
1722 assessment imposed under sub-subparagraph (b)3.d. The plan must
1723 provide that, if the office determines that any regular
1724 assessment will result in an impairment of the surplus of a
1725 limited apportionment company, the office may direct that all or
1726 part of such assessment be deferred as provided in subparagraph
1727 (q)4. However, an emergency assessment to be collected from
1728 policyholders under sub-subparagraph (b)3.d. may not be limited
1729 or deferred.

1730 14. Must provide that the corporation appoint as its
1731 licensed agents only those agents who at the time of initial
1732 appointment also hold an appointment as defined in s. 626.015(3)
1733 with an insurer who ~~at the time of the agent's initial~~
1734 ~~appointment by the corporation~~ is authorized to write and is
1735 actually writing personal lines residential property coverage,
1736 commercial residential property coverage, or commercial
1737 nonresidential property coverage within the state. As a
1738 condition of continued appointment, agents of the corporation
1739 must maintain appropriate documentation specified by the
1740 corporation which warrants and certifies that alternative

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1741 coverage was annually sought for each risk placed by that agent
1742 with the corporation in accordance with s. 627.3518. After
1743 January 1, 2014, if an agent places a policy with the
1744 corporation which was ineligible for coverage based on
1745 eligibility standards at the time of placement, agent
1746 commissions may not be paid on that policy.

1747 15. Must provide a premium payment plan option to its
1748 policyholders which, at a minimum, allows for quarterly and
1749 semiannual payment of premiums. A monthly payment plan may, but
1750 is not required to, be offered.

1751 16. Must make available a policy for mobile homes or
1752 manufactured homes with a minimum insured value of at least
1753 \$3,000. ~~Must limit~~ Coverage on mobile homes or manufactured
1754 homes built before 1994 is limited to actual cash value of the
1755 dwelling rather than replacement costs of the dwelling. Such
1756 coverage must also include the following attached structures:

1757 a. Screened enclosures that are aluminum framed or that are
1758 not covered by the same or substantially the same materials as
1759 those of the primary dwelling;

1760 b. Carports that are aluminum or that are not covered by
1761 the same or substantially the same materials as those of the
1762 primary dwelling; and

1763 c. Patios that have a roof covering constructed of
1764 materials that are not the same or substantially the same
1765 materials as those of the primary dwelling.

1766 17. May provide such limits of coverage as the board
1767 determines, consistent with the requirements of this subsection.

1768 18. May require commercial property to meet specified
1769 hurricane mitigation construction features as a condition of

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1770 eligibility for coverage.

1771 19. Must provide that new or renewal policies issued by the
1772 corporation on or after January 1, 2012, which cover sinkhole
1773 loss do not include coverage for any loss to appurtenant
1774 structures, driveways, sidewalks, decks, or patios that are
1775 directly or indirectly caused by sinkhole activity. The
1776 corporation shall exclude such coverage using a notice of
1777 coverage change, which may be included with the policy renewal,
1778 and not by issuance of a notice of nonrenewal of the excluded
1779 coverage upon renewal of the current policy.

1780 20. Must, as of July January 1, 2014 2012, ~~must~~ require
1781 that the agent obtain from an applicant for coverage from the
1782 corporation an acknowledgment signed by the applicant, which
1783 includes, at a minimum, the following statement:

1784
1785 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
1786 AND ASSESSMENT LIABILITY:

1787
1788 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1789 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
1790 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1791 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1792 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1793 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1794 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1795 LEGISLATURE.

1796 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1797 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1798 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO

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1799 BE ELIGIBLE FOR COVERAGE BY CITIZENS I MUST FIRST TRY TO OBTAIN
1800 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1801 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1802 ARE REGULATED AND APPROVED BY THE STATE.

1803 3.2. I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
1804 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1805 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1806 FLORIDA LEGISLATURE.

1807 4.3. I ~~ALSO~~ UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
1808 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1809 STATE OF FLORIDA.

1810 a. The corporation shall maintain, in electronic format or
1811 otherwise, a copy of the applicant's signed acknowledgment and
1812 provide a copy of the statement to the policyholder as part of
1813 his or her ~~the first~~ renewal after the effective date of this
1814 subparagraph.

1815 b. The signed acknowledgment form creates a conclusive
1816 presumption that the policyholder understood and accepted his or
1817 her potential surcharge and assessment liability as a
1818 policyholder of the corporation.

1819 (g) The executive director, with the concurrence of the
1820 board, shall determine whether it is more cost-effective and in
1821 the best interests of the corporation to use legal services
1822 provided by in-house attorneys employed by the corporation
1823 rather than contracting with outside counsel. In making such
1824 determination, the board shall document its findings and ~~shall~~
1825 ~~consider~~ the expertise needed; whether time commitments exceed
1826 in-house staff resources; whether local representation is
1827 needed; the travel, lodging and other costs associated with in-

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1828 house representation; and such other factors that the board
1829 determines are relevant.

1830 (i)1. The Office of the Internal Auditor is established
1831 within the corporation to provide a central point for
1832 coordination of and responsibility for activities that promote
1833 accountability, integrity, and efficiency to the policyholders
1834 and to the taxpayers of this state. The internal auditor shall
1835 be appointed by the board of governors, shall report to and be
1836 under the general supervision of the board of governors, and is
1837 not subject to supervision by an ~~any~~ employee of the
1838 corporation. Administrative staff and support shall be provided
1839 by the corporation. The internal auditor shall be appointed
1840 without regard to political affiliation. It is the duty and
1841 responsibility of the internal auditor to:

1842 a. Provide direction for, supervise, conduct, and
1843 coordinate audits, investigations, and management reviews
1844 relating to the programs and operations of the corporation.

1845 b. Conduct, supervise, or coordinate other activities
1846 carried out or financed by the corporation for the purpose of
1847 promoting efficiency in the administration of, or preventing and
1848 detecting fraud, abuse, and mismanagement in, its programs and
1849 operations.

1850 c. Submit final audit reports, reviews, or investigative
1851 reports to the board of governors, the executive director, the
1852 members of the Financial Services Commission, and the President
1853 of the Senate and the Speaker of the House of Representatives.

1854 d. Keep the executive director and the board of governors
1855 informed concerning fraud, abuses, and internal control
1856 deficiencies relating to programs and operations administered or

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1857 financed by the corporation, recommend corrective action, and
1858 report on the progress made in implementing corrective action.

1859 e. Cooperate and coordinate activities with the
1860 corporation's inspector general.

1861 ~~e. Report expeditiously to the Department of Law~~
1862 ~~Enforcement or other law enforcement agencies, as appropriate,~~
1863 ~~whenever the internal auditor has reasonable grounds to believe~~
1864 ~~there has been a violation of criminal law.~~

1865 2. On or before February 15, the internal auditor shall
1866 prepare an annual report evaluating the effectiveness of the
1867 internal controls of the corporation and providing
1868 recommendations for corrective action, if necessary, and
1869 summarizing the audits, reviews, and investigations conducted by
1870 the office during the preceding fiscal year. The final report
1871 shall be furnished to the board of governors and the executive
1872 director, the President of the Senate, the Speaker of the House
1873 of Representatives, and the Financial Services Commission.

1874 (m)1. The Auditor General shall conduct an operational
1875 audit of the corporation annually ~~every 3 years~~ to evaluate
1876 management's performance in administering laws, policies, and
1877 procedures governing the operations of the corporation in an
1878 efficient and effective manner. The scope of the review must
1879 ~~shall~~ include, but is not limited to, evaluating claims
1880 handling, customer service, take-out programs and bonuses;;
1881 financing arrangements made to address a 100-year probable
1882 maximum loss; personnel costs and administration; underwriting,
1883 including processes designed to ensure compliance with policy
1884 eligibility requirements of law;; procurement of goods and
1885 services;; internal controls;; ~~and~~ the internal audit function;;

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1886 and related internal controls. A copy of the report shall be
1887 provided to the corporation's board, the President of the
1888 Senate, the Speaker of the House of Representatives, each member
1889 of the Financial Services Commission, and the Office of
1890 Insurance Regulation. The initial audit must be completed by
1891 February 1, 2009.

1892 2. The executive director, with the concurrence of the
1893 board, shall contract with an independent auditing firm to
1894 conduct a performance audit of the corporation every 2 years.
1895 The objectives of the audit include, but are not limited to, an
1896 evaluation, within the context of insurance industry best
1897 practices, of the corporation's strategic planning processes,
1898 the functionality of the corporation's organizational structure,
1899 the compensation levels of senior management, and the overall
1900 management and operations of the corporation. A copy of the
1901 audit report shall be provided to the corporation's board, the
1902 President of the Senate, the Speaker of the House of
1903 Representatives, each member of the Financial Services
1904 Commission, the Office of Insurance Regulation, and the Auditor
1905 General. The initial audit must be completed by June 1, 2014.

1906 (q)1. The corporation shall certify to the office its needs
1907 for annual assessments as to a particular calendar year, and for
1908 any interim assessments that it deems ~~to be~~ necessary to sustain
1909 operations as to a particular year pending the receipt of annual
1910 assessments. Upon verification, the office shall approve such
1911 certification, and the corporation shall levy such annual or
1912 interim assessments. Such assessments shall be prorated as
1913 provided in paragraph (b). The corporation shall take all
1914 reasonable and prudent steps necessary to collect the amount of

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1915 assessments due from each assessable insurer, including, if
1916 prudent, filing suit to collect the assessments, and the office
1917 may provide such assistance to the corporation it deems
1918 appropriate. If the corporation is unable to collect an
1919 assessment from any assessable insurer, the uncollected
1920 assessments shall be levied as an additional assessment against
1921 the assessable insurers and any assessable insurer required to
1922 pay an additional assessment as a result of such failure to pay
1923 shall have a cause of action against the ~~such~~ nonpaying
1924 assessable insurer. Assessments must ~~shall~~ be included as ~~an~~
1925 ~~appropriate factor~~ in the making of rates. The failure of a
1926 surplus lines agent to collect and remit any regular or
1927 emergency assessment levied by the corporation is ~~considered to~~
1928 ~~be~~ a violation of s. 626.936 and subjects the surplus lines
1929 agent to the penalties provided in that section.

1930 2. The governing body of any unit of local government, any
1931 residents of which are insured by the corporation, may issue
1932 bonds as defined in s. 125.013 or s. 166.101 ~~from time to time~~
1933 to fund an assistance program, in conjunction with the
1934 corporation, for the purpose of defraying deficits of the
1935 corporation. In order to avoid needless and indiscriminate
1936 proliferation, duplication, and fragmentation of such assistance
1937 programs, the ~~any~~ unit of local government, ~~any residents of~~
1938 ~~which are insured by the corporation,~~ may provide for the
1939 payment of losses, regardless of whether or not the losses
1940 occurred within or outside of the territorial jurisdiction of
1941 the local government. Revenue bonds under this subparagraph may
1942 not be issued until validated pursuant to chapter 75, unless a
1943 state of emergency is declared by executive order or

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1944 proclamation of the Governor pursuant to s. 252.36 which makes
1945 ~~making~~ such findings as are necessary to determine that it is in
1946 the best interests of, and necessary for, the protection of the
1947 public health, safety, and general welfare of residents of this
1948 state and declaring it an essential public purpose to permit
1949 certain municipalities or counties to issue such bonds as will
1950 permit relief to claimants and policyholders of the corporation.
1951 Any such unit of local government may enter into ~~such~~ contracts
1952 with the corporation and with any other entity created pursuant
1953 to this subsection as ~~are~~ necessary to carry out this paragraph.
1954 Any bonds issued are ~~under this subparagraph~~ shall be payable
1955 from and secured by moneys received by the corporation from
1956 emergency assessments under sub-subparagraph (b)3.d., and
1957 assigned and pledged to or on behalf of the unit of local
1958 government for the benefit of the holders of such bonds. The
1959 funds, credit, property, and taxing power of the state or of the
1960 unit of local government may ~~shall~~ not be pledged for the
1961 payment of such bonds.

1962 3.~~a~~. The corporation shall adopt one or more programs
1963 subject to approval by the office for the reduction of both new
1964 and renewal writings by ~~in~~ the corporation. The corporation may
1965 consider any prudent and not unfairly discriminatory approach to
1966 reducing corporation writings.

1967 a. The corporation may adopt a credit against assessment
1968 liability or other liability which provides an incentive for
1969 insurers to take and keep risks out of the corporation by
1970 maintaining or increasing voluntary writings in counties or
1971 areas in which corporation risks are highly concentrated, and a
1972 program to provide a formula under which an insurer voluntarily

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1973 taking risks out of the corporation by maintaining or increasing
1974 voluntary writings is relieved, wholly or partially, from
1975 assessments under sub-subparagraph (b)3.a.

1976 b. ~~Beginning January 1, 2008,~~ Any program the corporation
1977 adopts for the payment of bonuses to an insurer for each risk
1978 the insurer removes from the corporation must ~~shall~~ comply with
1979 s. 627.3511(2) and may not exceed the amount referenced in s.
1980 627.3511(2) for each risk removed. ~~The corporation may consider~~
1981 ~~any prudent and not unfairly discriminatory approach to reducing~~
1982 ~~corporation writings, and may adopt a credit against assessment~~
1983 ~~liability or other liability that provides an incentive for~~
1984 ~~insurers to take risks out of the corporation and to keep risks~~
1985 ~~out of the corporation by maintaining or increasing voluntary~~
1986 ~~writings in counties or areas in which corporation risks are~~
1987 ~~highly concentrated and a program to provide a formula under~~
1988 ~~which an insurer voluntarily taking risks out of the corporation~~
1989 ~~by maintaining or increasing voluntary writings will be relieved~~
1990 ~~wholly or partially from assessments under sub-subparagraph~~
1991 ~~(b)3.a. However,~~ Any "take-out bonus" or payment to an insurer
1992 must be conditioned on the property being insured for at least 5
1993 years by the insurer, unless canceled or nonrenewed by the
1994 policyholder. If the policy is canceled or nonrenewed by the
1995 policyholder before the end of the 5-year period, the amount of
1996 the take-out bonus must be prorated for the time period the
1997 policy was insured. If ~~When~~ the corporation enters into a
1998 contractual agreement for a take-out plan, the producing agent
1999 of record of the corporation policy is entitled to retain any
2000 unearned commission on such policy, and the insurer shall
2001 either:

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2002 (I) Pay to the producing agent of record of the policy, for
2003 the first year, an amount which is the greater of the insurer's
2004 usual and customary commission for the type of policy written or
2005 a policy fee equal to the usual and customary commission of the
2006 corporation; or

2007 (II) Offer to allow the producing agent of record ~~of the~~
2008 ~~policy~~ to continue servicing the policy for at least ~~a period of~~
2009 ~~not less than~~ 1 year and offer to pay the agent the insurer's
2010 usual and customary commission for the type of policy written.
2011 If the producing agent is unwilling or unable to accept
2012 appointment by the new insurer, the new insurer shall pay the
2013 agent in accordance with sub-sub-subparagraph (I).

2014 ~~c.b.~~ Any credit or exemption from regular assessments
2015 adopted under this subparagraph shall last up to ~~no longer than~~
2016 ~~the 3 years~~ after ~~following~~ the cancellation or expiration of
2017 the policy by the corporation. With the approval of the office,
2018 the board may extend such credits for an additional year if the
2019 insurer guarantees an additional year of renewability for all
2020 policies removed from the corporation, or for 2 additional years
2021 if the insurer guarantees 2 additional years of renewability for
2022 all policies so removed.

2023 ~~d.e.~~ A ~~There shall be no~~ credit, limitation, exemption, or
2024 deferment from emergency assessments ~~to be~~ collected from
2025 policyholders pursuant to sub-subparagraph (b)3.d. is
2026 prohibited.

2027 4. The corporation plan shall provide for the deferment, in
2028 whole or in part, of the assessment of an assessable insurer,
2029 other than an emergency assessment collected from policyholders
2030 pursuant to sub-subparagraph (b)3.d., if the office finds that

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2031 payment of the assessment would endanger or impair the solvency
2032 of the insurer. If ~~In the event~~ an assessment against an
2033 assessable insurer is deferred in whole or in part, the amount
2034 by which such assessment is deferred may be assessed against the
2035 other assessable insurers in a manner consistent with the basis
2036 for assessments set forth in paragraph (b).

2037 5. ~~Effective July 1, 2007,~~ In order to evaluate the costs
2038 and benefits of approved take-out plans, if the corporation pays
2039 a bonus or other payment to an insurer for an approved take-out
2040 plan, it shall maintain a record of the address or such other
2041 identifying information on the property or risk removed in order
2042 to track if and when the property or risk is later insured by
2043 the corporation.

2044 ~~6.~~ Any policy taken out, assumed, or removed from the
2045 corporation is, as of the effective date of the take-out,
2046 assumption, or removal, direct insurance issued by the insurer
2047 and not by the corporation, even if the corporation continues to
2048 service the policies. This subparagraph applies to policies of
2049 the corporation and not policies taken out, assumed, or removed
2050 from any other entity.

2051 6. The corporation may adopt one or more programs to
2052 encourage authorized insurers to remove policies from the
2053 corporation through a loan from the corporation to an insurer
2054 secured by a surplus note that contains such necessary and
2055 reasonable provisions as the corporation requires. Such surplus
2056 note is subject to the review and approval of the office
2057 pursuant to s. 628.401. The corporation may include, but is not
2058 limited to, provisions regarding the maximum size of a loan to
2059 an insurer, capital matching requirements, the relationship

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2060 between the aggregate number of policies or amount of loss
2061 exposure removed from the association and the amount of a loan,
2062 retention requirements related to policies removed from the
2063 corporation, and limitations on the number of insurers receiving
2064 loans from the corporation under any one management group in
2065 whatever form or arrangement. If a loan secured by a surplus
2066 note is provided to a new mutual insurance company, the
2067 corporation may require the board of the new mutual insurer to
2068 have a majority of independent board members, may restrict the
2069 ability of the new mutual insurer to convert to a stock insurer
2070 while the mutual insurer owes any principal or interest under
2071 the surplus note to the corporation, establish a capital match
2072 requirement of up to \$1 of private capital for each \$4 of the
2073 corporation's loan to a new mutual insurer, and limit the
2074 eligibility of a new mutual insurer for a waiver of the ceding
2075 commission traditionally associated with take-out programs from
2076 the corporation to those new mutual insurers that agree
2077 contractually to maintain an expense ratio below 20 per cent of
2078 written premium. For this purpose, the term "expense ratio"
2079 means the sum of agent commissions and other acquisition
2080 expenses; general and administrative expenses; and premium
2081 taxes, licenses, and fees, divided by the gross written premium.

2082 (t) For the purposes of s. 199.183(1), the corporation is
2083 ~~shall be considered~~ a political subdivision of the state and is
2084 ~~shall be~~ exempt from the corporate income tax. The premiums,
2085 assessments, investment income, and other revenue of the
2086 corporation are funds received for providing property insurance
2087 coverage as required by this subsection, paying claims for state
2088 residents ~~Florida citizens~~ insured by the corporation, securing

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2089 and repaying debt obligations issued by the corporation, and
2090 conducting all other activities of the corporation, and are
2091 ~~shall not be~~ considered taxes, fees, licenses, or charges for
2092 services imposed by the Legislature on individuals, businesses,
2093 or agencies outside state government. Bonds and other debt
2094 obligations issued by or on behalf of the corporation are not to
2095 be considered "state bonds" within the meaning of s. 215.58(8).
2096 ~~The corporation is not subject to the procurement provisions of~~
2097 ~~chapter 287, and~~ Policies and decisions of the corporation
2098 relating to incurring debt, levying of assessments and the sale,
2099 issuance, continuation, terms and claims under corporation
2100 policies, and all services relating thereto, are not subject to
2101 ~~the provisions of~~ chapter 120. The corporation is not required
2102 to obtain or to hold a certificate of authority issued by the
2103 office, nor is it required to participate as a member insurer of
2104 the Florida Insurance Guaranty Association. However, the
2105 corporation is required to pay, in the same manner as an
2106 authorized insurer, assessments levied by the Florida Insurance
2107 Guaranty Association. It is the intent of the Legislature that
2108 the tax exemptions provided in this paragraph will augment the
2109 financial resources of the corporation to better enable the
2110 corporation to fulfill its public purposes. Any debt obligations
2111 issued by the corporation, their transfer, and the income
2112 therefrom, including any profit made on the sale thereof, is
2113 ~~shall~~ at all times ~~be~~ free from taxation of every kind by the
2114 state and any political subdivision or local unit or other
2115 instrumentality thereof; however, this exemption does not apply
2116 to any tax imposed by chapter 220 on interest, income, or
2117 profits on debt obligations owned by corporations other than the

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2118 corporation.

2119 (z) In enacting the provisions of this section, the
2120 Legislature recognizes that both the Florida Windstorm
2121 Underwriting Association and the Residential Property and
2122 Casualty Joint Underwriting Association have entered into
2123 financing arrangements that obligate each entity to service its
2124 debts and maintain the capacity to repay funds secured under
2125 these financing arrangements. It is the intent of the
2126 Legislature that ~~nothing in~~ this section not be construed to
2127 compromise, diminish, or interfere with the rights of creditors
2128 under such financing arrangements. It is further the intent of
2129 the Legislature to preserve the obligations of the Florida
2130 Windstorm Underwriting Association and Residential Property and
2131 Casualty Joint Underwriting Association with regard to
2132 outstanding financing arrangements, with such obligations
2133 passing entirely and unchanged to the corporation and,
2134 specifically, to the applicable account of the corporation. So
2135 long as any bonds, notes, indebtedness, or other financing
2136 obligations of the Florida Windstorm Underwriting Association or
2137 the Residential Property and Casualty Joint Underwriting
2138 Association are outstanding, under the terms of the financing
2139 documents pertaining to them, the executive director of the
2140 corporation, with the concurrence of the governing board, ~~of the~~
2141 ~~corporation~~ shall have and shall exercise the authority to levy,
2142 charge, collect, and receive all premiums, assessments,
2143 surcharges, charges, revenues, and receipts that the
2144 associations had authority to levy, charge, collect, or receive
2145 under the provisions of subsection (2) and this subsection,
2146 respectively, as they existed on January 1, 2002, to provide

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2147 moneys, without exercise of the authority provided by this
2148 subsection, in at least the amounts, and by the times, as would
2149 be provided under those former provisions of subsection (2) or
2150 this subsection, respectively, so that the value, amount, and
2151 collectability of any assets, revenues, or revenue source
2152 pledged or committed to, or any lien thereon securing such
2153 outstanding bonds, notes, indebtedness, or other financing
2154 obligations is ~~will~~ not ~~be~~ diminished, impaired, or adversely
2155 affected by the amendments made by this section ~~act~~ and to
2156 permit compliance with all provisions of financing documents
2157 pertaining to such bonds, notes, indebtedness, or other
2158 financing obligations, or the security or credit enhancement for
2159 them, and any reference in this subsection to bonds, notes,
2160 indebtedness, financing obligations, or similar obligations, of
2161 the corporation must ~~shall~~ include like instruments or contracts
2162 of the Florida Windstorm Underwriting Association and the
2163 Residential Property and Casualty Joint Underwriting Association
2164 to the extent not inconsistent with the ~~provisions of the~~
2165 financing documents pertaining to them.

2166 (gg) The Office of Inspector General is established within
2167 the corporation to provide a central point for coordination of
2168 and responsibility for activities that promote accountability,
2169 integrity, and efficiency. The office shall be headed by an
2170 inspector general, which is a senior management position that
2171 involves planning, coordinating, and performing activities
2172 assigned to and assumed by the inspector general for the
2173 corporation.

2174 1. The inspector general shall be appointed by the
2175 Financial Services Commission and may be removed from office

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2176 only by the commission. The inspector general shall be appointed
2177 without regard to political affiliation.

2178 a. At a minimum, the inspector general must possess a
2179 bachelor's degree from an accredited college or university and 8
2180 years of professional experience related to the duties of an
2181 inspector general as described in this paragraph, of which 5
2182 years must have been at a supervisory level.

2183 b. Until June 30, 2014, the inspector general shall be
2184 under the general supervision of the Financial Services
2185 Commission and not subject to the supervision of any employee of
2186 the corporation. Beginning July 1, 2014, the inspector general
2187 shall report to, and be under the supervision of, the chair of
2188 the board of governors. The executive director or corporation
2189 staff may not prevent or prohibit the inspector general from
2190 initiating, carrying out, or completing any review, evaluation,
2191 or investigation.

2192 2. The inspector general shall initiate, direct,
2193 coordinate, participate in, and perform studies, reviews,
2194 evaluations, and investigations designed to assess management
2195 practices; compliance with laws, rules, and policies; and
2196 program effectiveness and efficiency. This includes:

2197 a. Conducting internal examinations; investigating
2198 allegations of fraud, waste, abuse, malfeasance, mismanagement,
2199 employee misconduct, or violations of corporation policies; and
2200 conducting any other investigations as directed by the Financial
2201 Services Commission or as independently determined.

2202 b. Evaluating and recommending actions regarding security,
2203 the ethical behavior of personnel and vendors, and compliance
2204 with rules, laws, policies, and personnel matters; and rendering

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2205 ethics opinions.

2206 c. Overseeing or participating in personnel and
2207 administrative policy compliance and management, operational
2208 reviews, and conducting and selecting human resources-related
2209 advice and consultation.

2210 d. In conjunction with the ethics and compliance officer,
2211 evaluating the application of a corporation code of ethics,
2212 providing input on the design and content of ethics-related
2213 policy training courses, educating employees on the code and on
2214 appropriate conduct, and checking for compliance.

2215 e. Participating in policy development and review. This
2216 includes working collaboratively with the ethics and compliance
2217 officer in the creation, modification, and maintenance of
2218 personnel and administrative services policies and in the
2219 identification of policy enhancements; and researching policy-
2220 related issues.

2221 f. Participating in the activities of the senior management
2222 team and evaluating the management's compliance with recommended
2223 solutions.

2224 g. Cooperating and coordinating activities with the chief
2225 of internal audit, but not conducting internal audits.

2226 h. Maintaining records of investigations and discipline in
2227 accordance with established policies.

2228 i. Supervising and directing the tasks and assignments of
2229 the staff assigned to assist with the inspector general's
2230 projects. This includes regular review and feedback regarding
2231 work in progress and upon completion and providing input
2232 regarding relevant training and staff development activities as
2233 warranted.

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2234 j. Directing, planning, preparing, and presenting interim
2235 and final reports and oral briefings to the Financial Services
2236 Commission and the executive director which communicate the
2237 results of studies, reviews, and investigations.

2238 k. Reporting expeditiously to the Department of Law
2239 Enforcement or other law enforcement agencies, as appropriate,
2240 whenever the inspector general has reasonable grounds to believe
2241 there has been a violation of criminal law.

2242 1. Providing the executive director and board chairman with
2243 independent and objective assessments of programs and
2244 activities.

2245 m. Complying with the General Principles and Standards for
2246 Offices of Inspector General as published and revised by the
2247 Association of Inspectors General.

2248 3. At least annually, the inspector general shall provide a
2249 report to the President of the Senate and the Speaker of the
2250 House of Representatives regarding the corporation's
2251 clearinghouse and the extent to which policies are being
2252 returned to the voluntary market. This report must include an
2253 analysis regarding the effectiveness of the clearinghouse in
2254 encouraging voluntary market participation in depopulation.

2255 Section 8. Effective October 1, 2013, paragraph (e) of
2256 subsection (6) of section 627.351, Florida Statutes, is amended
2257 to read:

2258 627.351 Insurance risk apportionment plans.—

2259 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

2260 (e) The corporation is subject to s. 287.057 for the
2261 purchase of commodities and contractual services except as
2262 otherwise provided in this paragraph. Services provided by

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2263 tradepersons or technical experts to assist a licensed adjuster
2264 in the evaluation of individual claims are not subject to the
2265 procurement requirements of this section. Additionally, the
2266 procurement of financial services providers and underwriters
2267 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~
2268 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~
2269 ~~receipt of written quotes, written record of telephone quotes,~~
2270 ~~or informal bids, whenever practical. The procurement of goods~~
2271 ~~or services valued at or over \$25,000 shall be subject to~~
2272 ~~competitive solicitation, except in situations where the goods~~
2273 ~~or services are provided by a sole source or are deemed an~~
2274 ~~emergency purchase; the services are exempted from competitive~~
2275 ~~solicitation requirements under s. 287.057(3)(f); or the~~
2276 ~~procurement of services is subject to s. 627.3513. Justification~~
2277 ~~for the sole-sourcing or emergency procurement must be~~
2278 ~~documented.~~ Contracts for goods or services valued at or more
2279 than ~~over~~ \$100,000 are subject to approval by the board.

2280 1. The corporation is an agency for the purposes of s.
2281 287.057, except for subsection (22) of that section for which
2282 the corporation is an eligible user.

2283 a. The authority of the Department of Management Services
2284 and the Chief Financial Officer under s. 287.057 extends to the
2285 corporation as if the corporation were an agency.

2286 b. The executive director of the corporation is the agency
2287 head under s. 287.057, except for resolution of bid protests for
2288 which the board would serve as the agency head.

2289 2. The corporation must provide notice of a decision or
2290 intended decision concerning a solicitation, contract award, or
2291 exceptional purchase by electronic posting. Such notice must

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2292 contain the following statement: "Failure to file a protest
2293 within the time prescribed in this section constitutes a waiver
2294 of proceedings."

2295 a. A person adversely affected by the corporation's
2296 decision or intended decision to award a contract pursuant to s.
2297 287.057(1) or s. 287.057(3)(c) who elects to challenge the
2298 decision must file a written notice of protest with the
2299 executive director of the corporation within 72 hours after the
2300 corporation posts a notice of its decision or intended decision.
2301 For a protest of the terms, conditions, and specifications
2302 contained in a solicitation, including any provisions governing
2303 the methods for ranking bids, proposals, replies, awarding
2304 contracts, reserving rights of further negotiation, or modifying
2305 or amending any contract, the notice of protest must be filed in
2306 writing within 72 hours after the posting of the solicitation.
2307 Saturdays, Sundays, and state holidays are excluded in the
2308 computation of the 72-hour time period.

2309 b. A formal written protest must be filed within 10 days
2310 after the date the notice of protest is filed. The formal
2311 written protest must state with particularity the facts and law
2312 upon which the protest is based. Upon receipt of a formal
2313 written protest that has been timely filed, the corporation must
2314 stop the solicitation or contract award process until the
2315 subject of the protest is resolved by final board action unless
2316 the executive director sets forth in writing particular facts
2317 and circumstances that require the continuance of the
2318 solicitation or contract award process without delay in order to
2319 avoid an immediate and serious danger to the public health,
2320 safety, or welfare. The corporation must provide an opportunity

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2321 to resolve the protest by mutual agreement between the parties
2322 within 7 business days after receipt of the formal written
2323 protest. If the subject of a protest is not resolved by mutual
2324 agreement within 7 business days, the corporation's board must
2325 place the protest on the agenda and resolve it at its next
2326 regularly scheduled meeting. The protest must be heard by the
2327 board at a publicly noticed meeting in accordance with
2328 procedures established by the board.

2329 c. In a protest of an invitation-to-bid or request-for-
2330 proposals procurement, submissions made after the bid or
2331 proposal opening which amend or supplement the bid or proposal
2332 may not be considered. In protesting an invitation-to-negotiate
2333 procurement, submissions made after the corporation announces
2334 its intent to award a contract, reject all replies, or withdraw
2335 the solicitation that amends or supplements the reply may not be
2336 considered. Unless otherwise provided by law, the burden of
2337 proof rests with the party protesting the corporation's action.
2338 In a competitive-procurement protest, other than a rejection of
2339 all bids, proposals, or replies, the corporation's board must
2340 conduct a de novo proceeding to determine whether the
2341 corporation's proposed action is contrary to the corporation's
2342 governing statutes, the corporation's rules or policies, or the
2343 solicitation specifications. The standard of proof for the
2344 proceeding is whether the corporation's action was clearly
2345 erroneous, contrary to competition, arbitrary, or capricious. In
2346 any bid-protest proceeding contesting an intended corporation
2347 action to reject all bids, proposals, or replies, the standard
2348 of review by the board is whether the corporation's intended
2349 action is illegal, arbitrary, dishonest, or fraudulent.

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2350 d. Failure to file a notice of protest or failure to file a
2351 formal written protest constitutes a waiver of proceedings.

2352 3. Contract actions and decisions by the board under this
2353 paragraph are final. Any further legal remedy must be made in
2354 the Circuit Court of Leon County.

2355 Section 9. The purchase of commodities and contractual
2356 services by Citizens Property Insurance Corporation commenced
2357 before October 1, 2013, is governed by the law in effect on
2358 September 30, 2013.

2359 Section 10. Effective January 1, 2014, paragraph (n) of
2360 subsection (6) of section 627.351, Florida Statutes, is amended
2361 to read:

2362 627.351 Insurance risk apportionment plans.—

2363 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

2364 (n)1. ~~Rates for coverage provided by the corporation must~~
2365 ~~be actuarially sound and subject to s. 627.062,~~ Except as
2366 otherwise provided in this paragraph, rates for coverage
2367 provided by the corporation must be actuarially sound and not
2368 competitive with approved rates charged in the admitted
2369 voluntary market in order for the corporation to function as a
2370 residual market mechanism that provides insurance only if
2371 insurance cannot be procured in the voluntary market.

2372 a. In establishing actuarially sound rates the corporation
2373 shall include an appropriate catastrophe risk load factor that
2374 reflects the actual catastrophic risk exposure retained by the
2375 corporation.

2376 b. The corporation shall file its recommended rates with
2377 the office at least annually. ~~The corporation shall provide any~~
2378 ~~additional information regarding the rates which the office~~

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2379 ~~requires. The office shall consider the recommendations of the~~
2380 ~~board and issue a final order establishing the rates for the~~
2381 ~~corporation within 45 days after the recommended rates are~~
2382 ~~filed. The corporation may not pursue an administrative~~
2383 ~~challenge or judicial review of the final order of the office.~~

2384 c. In territories located in a county where the corporation
2385 provides more than 75 percent of personal lines residential
2386 policies providing wind coverage, subparagraph 3. applies to all
2387 new personal lines residential policies written by the
2388 corporation in such territories.

2389 2. In addition to the rates otherwise determined pursuant
2390 to this paragraph, the corporation shall impose and collect an
2391 amount equal to the premium tax provided in s. 624.509 to
2392 augment the financial resources of the corporation.

2393 ~~3. After the public hurricane loss projection model under~~
2394 ~~s. 627.06281 has been found to be accurate and reliable by the~~
2395 ~~Florida Commission on Hurricane Loss Projection Methodology, the~~
2396 ~~model shall serve as the minimum benchmark for determining the~~
2397 ~~windstorm portion of the corporation's rates. This subparagraph~~
2398 ~~does not require or allow the corporation to adopt rates lower~~
2399 ~~than the rates otherwise required or allowed by this paragraph.~~

2400 ~~4. The rate filings for the corporation which were approved~~
2401 ~~by the office and took effect January 1, 2007, are rescinded,~~
2402 ~~except for those rates that were lowered. As soon as possible,~~
2403 ~~the corporation shall begin using the lower rates that were in~~
2404 ~~effect on December 31, 2006, and provide refunds to~~
2405 ~~policyholders who paid higher rates as a result of that rate~~
2406 ~~filing. The rates in effect on December 31, 2006, remain in~~
2407 ~~effect for the 2007 and 2008 calendar years except for any rate~~

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2408 ~~change that results in a lower rate. The next rate change that~~
2409 ~~may increase rates shall take effect pursuant to a new rate~~
2410 ~~filing recommended by the corporation and established by the~~
2411 ~~office, subject to this paragraph.~~

2412 ~~5. Beginning on July 15, 2009, and annually thereafter, the~~
2413 ~~corporation must make a recommended actuarially sound rate~~
2414 ~~filing for each personal and commercial line of business it~~
2415 ~~writes, to be effective no earlier than January 1, 2010.~~

2416 ~~3.6. Beginning on or after January 1, 2010, and~~
2417 ~~notwithstanding the board's recommended rates and the office's~~
2418 ~~final order regarding the corporation's filed rates under~~
2419 ~~subparagraph 1.7, The corporation shall annually implement a rate~~
2420 ~~increase that ~~which~~, except for sinkhole coverage, does not~~
2421 ~~exceed 10 percent for any single policy issued by the~~
2422 ~~corporation, excluding coverage changes and surcharges, for~~
2423 ~~residential policyholders who:~~

2424 ~~a. Were initially insured by the corporation before January~~
2425 ~~1, 2014, and who have been continuously insured by the~~
2426 ~~corporation since that date; or~~

2427 ~~b. Were previously insured with the corporation on or~~
2428 ~~before December 31, 2013, were continuously insured with the~~
2429 ~~corporation until being depopulated by a private insurer on or~~
2430 ~~after January 1, 2014, and who, through no fault of their own,~~
2431 ~~were nonrenewed by the private insurer within 18 months after~~
2432 ~~being removed from the corporation and, after submitting an~~
2433 ~~application to the clearinghouse pursuant to the rating~~
2434 ~~requirements of s. 627.3518(5)(a), are eligible for coverage~~
2435 ~~with the corporation.~~

2436 ~~4.7.~~ The corporation may also implement an increase to

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2437 reflect the effect on the corporation of the cash buildup factor
2438 pursuant to s. 215.555(5) (b).

2439 ~~5.8.~~ The corporation's implementation of rates as
2440 prescribed in subparagraph 3. 6. shall cease for any line of
2441 business written by the corporation upon the corporation's
2442 implementation of actuarially sound rates. Thereafter, the
2443 corporation shall annually make a recommended actuarially sound
2444 rate filing implementing such rates for each commercial and
2445 personal line of business the corporation writes.

2446 6. The corporation shall annually certify to the office
2447 that its rates comply with the requirements of this paragraph.
2448 If any adjustment in the rates or rating factors of the
2449 corporation is necessary to ensure such compliance, the
2450 corporation shall make and implement such adjustments and file
2451 its revised rates and rating factors with the office. If the
2452 office thereafter determines that the revised rates and rating
2453 factors fail to comply with this paragraph, it shall notify the
2454 corporation and require the corporation to amend its rates or
2455 rating factors in conjunction with its next rate filing. The
2456 office must notify the corporation by electronic means of any
2457 rate filing it approves for any insurer among the insurers
2458 referred to in this paragraph.

2459 7. By January 1, 2014, the board shall provide
2460 recommendations to the Legislature on how to provide relief to a
2461 policyholder whose premium reflects the full rate required under
2462 subparagraph 1. and who demonstrates a financial need at the
2463 time of application or renewal, including the impact of any
2464 phase-in pursuant to s. 627.0629 of required rates under
2465 subparagraph 1.

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2466 Section 11. Section 627.3518, Florida Statutes, is created
2467 to read:

2468 627.3518 Citizens Property Insurance Corporation
2469 clearinghouse.—The Legislature recognizes that Citizens Property
2470 Insurance Corporation has authority to establish a clearinghouse
2471 as a separate organizational unit within the corporation for the
2472 purpose of determining the eligibility of new and renewal risks,
2473 excluding commercial residential, seeking coverage through the
2474 corporation and facilitating the identification and diversion of
2475 ineligible applicants and current policyholders from the
2476 corporation into the voluntary insurance market. The purpose of
2477 this section is to augment that authority by providing a
2478 framework for the corporation to implement such program by
2479 January 1, 2014.

2480 (1) As used in this section, the term:

2481 (a) "Clearinghouse" means the clearinghouse diversion
2482 program created under this section.

2483 (b) "Corporation" means Citizens Property Insurance
2484 Corporation.

2485 (c) "Exclusive agent" means a licensed insurance agent who
2486 has agreed, by contract, to act exclusively for one company or
2487 group of affiliated insurance companies and is disallowed by the
2488 provisions of that contract to directly write for any other
2489 unaffiliated insurer absent express consent from the company or
2490 group of affiliated insurance companies.

2491 (d) "Independent agent" means a licensed insurance agent
2492 not described in paragraph (c).

2493 (2) In order to confirm eligibility with the corporation
2494 and to enhance the access of new applicants for coverage and

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2495 existing policyholders of the corporation to offers of coverage
2496 from authorized and eligible insurers, the corporation shall
2497 establish a clearinghouse for personal residential risks in
2498 order to facilitate the diversion of ineligible applicants and
2499 existing policyholders from the corporation into the voluntary
2500 insurance market. The corporation shall also develop appropriate
2501 procedures for facilitating the diversion of ineligible
2502 applicants and existing policyholders for commercial residential
2503 coverage into the private insurance market, and shall report
2504 such procedures to the President of the Senate and the Speaker
2505 of the House of Representatives by July 1, 2015.

2506 (3) The clearinghouse has the same rights and
2507 responsibilities in carrying out its duties as a licensed
2508 general lines agent, but is not required to employ or engage a
2509 licensed general lines agent or to maintain an insurance agency
2510 license in order to solicit and place insurance coverage. In
2511 establishing the clearinghouse, the corporation may:

2512 (a) Require all new applications and all policies due for
2513 renewal to be submitted to the clearinghouse in order to
2514 facilitate obtaining an offer of coverage from an authorized
2515 insurer before binding or renewing coverage by the corporation.

2516 (b) Employ or otherwise contract with individuals or other
2517 entities to provide administrative or professional services in
2518 order to carry out the plan within the corporation in accordance
2519 with the applicable purchasing requirements under s. 627.351.

2520 (c) Enter into a contract with an authorized or eligible
2521 insurer participating in the clearinghouse and accept an
2522 appointment by such insurer.

2523 (d) Provide funds to operate the clearinghouse. Insurers

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2524 and agents participating in the clearinghouse are not required
2525 to pay a fee to offset or partially offset the cost of the
2526 clearinghouse, or use the clearinghouse for the renewal of
2527 policies initially written through the clearinghouse.

2528 (e) Develop an enhanced application for obtaining
2529 information that will assist private insurers in determining
2530 whether to make an offer of coverage through the clearinghouse.

2531 (f) Before approving new applications for coverage by the
2532 corporation, require that every application be subject to a
2533 period of 2 business days during which an insurer participating
2534 in the program may select the application for coverage. The
2535 insurer may issue a binder on any policy selected for coverage
2536 for at least 30 days but not more than 60 days.

2537 (4) An authorized or eligible insurer may participate in
2538 the clearinghouse; however, participation is not mandatory. An
2539 insurer that makes an offer of coverage to a new applicant or
2540 renews a policy for a policyholder through the clearinghouse:

2541 (a) Is not required to individually appoint an agent whose
2542 customer is underwritten and bound through the clearinghouse.
2543 Notwithstanding s. 626.112, an insurer is not required to
2544 appoint an agent on a policy underwritten through the
2545 clearinghouse if that policy remains with the insurer. An
2546 insurer may appoint an agent whose customer is initially
2547 underwritten and bound through the clearinghouse. If an insurer
2548 accepts a policy from an agent who is not appointed pursuant to
2549 this paragraph and thereafter accepts a policy from such agent,
2550 the provisions of s. 626.112 requiring appointment apply to the
2551 agent.

2552 (b) Must enter into a limited agency agreement with each

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2553 agent who is not appointed in accordance with paragraph (a) and
2554 whose customer is underwritten and bound through the
2555 clearinghouse.

2556 (c) Must enter into its standard agency agreement with each
2557 agent whose customer is underwritten and bound through the
2558 clearinghouse if that agent has been appointed by the insurer
2559 pursuant to s. 626.112.

2560 (d) Must comply with s. 627.4133(2).

2561 (e) Must allow authorized or eligible insurers
2562 participating in the clearinghouse to participate through their
2563 single, designated managing general agent or broker; however,
2564 the provisions of paragraph (6) (a) regarding ownership, control,
2565 and use of the expirations apply.

2566 (f) Must pay the producing agent a commission equal to that
2567 paid by the corporation or the usual and customary commission
2568 paid by the insurer for that line of business, whichever is
2569 greater.

2570 (5) (a) Notwithstanding s. 627.3517, an applicant for new
2571 coverage is not eligible for coverage from the corporation if
2572 the applicant is offered coverage from an authorized insurer
2573 through the clearinghouse at a premium that is at or below the
2574 eligibility threshold established under s. 627.351(6) (c) 5.a.

2575 (b) Notwithstanding any other provisions of law, if a
2576 renewing policyholder of the corporation is offered coverage
2577 from an authorized insurer for a personal lines risk at a
2578 premium that is equal to or less than the corporation's renewal
2579 premium for comparable coverage, the risk is not eligible for
2580 coverage with the corporation.

2581 (c) Notwithstanding s. 626.916(1), if an applicant for new

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2582 or renewal coverage from the corporation does not receive an
2583 offer of coverage from an authorized insurer, the applicant may
2584 choose to accept an offer of coverage from an eligible insurer
2585 or its broker under ss. 626.913-626.937. Such offer of coverage
2586 from an eligible insurer does not make the risk ineligible for
2587 coverage with the corporation.

2588 (d) An applicant for new or renewal coverage from the
2589 corporation may choose to accept any offer of coverage received
2590 through the clearinghouse from an authorized insurer.

2591 (e) Section 627.351(6)(c)5.a.(I) and b.(I) does not apply
2592 to an offer of coverage from an authorized insurer obtained
2593 through the clearinghouse.

2594 (f) The 45-day notice of nonrenewal required under s.
2595 627.4133(2)(b)4.b. applies when a policy is nonrenewed by the
2596 corporation because the risk has received an offer of coverage
2597 pursuant to this section which renders the risk ineligible for
2598 coverage by the corporation.

2599 (6) An independent agent who submits a new application for
2600 coverage or who is the agent of record on a renewal policy
2601 submitted to the clearinghouse:

2602 (a) Is granted and must maintain ownership and the
2603 exclusive use of expirations, records, or other written or
2604 electronic information directly related to such application or
2605 renewal written through the corporation or through an insurer
2606 participating in the clearinghouse, notwithstanding s.
2607 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
2608 for as long as the insured remains with the agency or until sold
2609 or surrendered in writing by the agent. A contract with the
2610 corporation or required by the corporation may not amend,

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2611 modify, interfere with, or limit such rights of ownership. Such
2612 expirations, records, or other written or electronic information
2613 may be used to review an application or issue a policy or for
2614 any other purpose necessary for placing business through the
2615 clearinghouse.

2616 (b) Is not required to be appointed by an insurer
2617 participating in the clearinghouse for policies written solely
2618 through the clearinghouse, notwithstanding s. 626.112.

2619 (c) May accept an appointment from an insurer participating
2620 in the clearinghouse.

2621 (d) May enter into a standard or limited agency agreement
2622 with the insurer, at the insurer's option.

2623
2624 An applicant ineligible for coverage under subsection (5)
2625 remains ineligible if the applicant's independent agent is
2626 unwilling or unable to enter into a standard or limited agency
2627 agreement with an insurer participating in the clearinghouse.

2628 (7) An exclusive agent who submits a new application for
2629 coverage or who is the agent of record on a renewal policy
2630 submitted to the clearinghouse:

2631 (a) Must maintain ownership and the exclusive use of
2632 expirations, records, or other written or electronic information
2633 directly related to such application or renewal written through
2634 the corporation or through an insurer participating in the
2635 clearinghouse, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
2636 (II)(B). A contract with the corporation or required by the
2637 corporation may not amend, modify, interfere with, or limit such
2638 rights of ownership. Such expirations, records, or other written
2639 or electronic information may be used to review an application

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2640 or issue a policy or for any other purpose necessary for placing
2641 business through the clearinghouse.

2642 (b) Is not required to be appointed by an insurer
2643 participating in the clearinghouse for policies written solely
2644 through the clearinghouse, notwithstanding s. 626.112.

2645 (c) Must only facilitate the placement of an offer of
2646 coverage from an insurer whose limited servicing agreement is
2647 approved by that exclusive agent's exclusive insurer.

2648 (d) May enter into a limited servicing agreement with the
2649 insurer making an offer of coverage, and may do so only after
2650 the exclusive agent's insurer has approved the terms of the
2651 agreement. The exclusive agent's insurer must approve a limited
2652 service agreement for the clearinghouse if the insurer has
2653 approved a service agreement with the agent for other purposes.

2654
2655 An applicant is ineligible for coverage under subsection (5) if
2656 the applicant's exclusive agent is unwilling or unable to enter
2657 into a standard or limited agency agreement with a participating
2658 insurer making an offer of coverage to that applicant.

2659 (8) Submission of an application to the clearinghouse for
2660 coverage by the corporation does not constitute the binding of
2661 coverage, and the failure of the clearinghouse to obtain an
2662 offer of coverage by an insurer is not considered acceptance of
2663 coverage of the risk by the corporation.

2664 (9) The clearinghouse may not include commercial
2665 nonresidential policies.

2666 Section 12. Section 627.3519, Florida Statutes, is amended
2667 to read:

2668 627.3519 Annual report of aggregate net probable maximum

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2669 losses, financing options, and potential assessments.—By ~~Ne~~
2670 ~~later than~~ February 1 of each year, the Florida Hurricane
2671 Catastrophe Fund and Citizens Property Insurance Corporation
2672 ~~Financial Services Commission~~ shall each provide ~~to the~~
2673 ~~Legislature~~ a report of their ~~the~~ aggregate net probable maximum
2674 losses, financing options, and potential assessments to the
2675 Legislature and the Financial Services Commission of the Florida
2676 Hurricane Catastrophe Fund and Citizens Property Insurance
2677 Corporation. Each ~~The~~ report must include the respective 50-
2678 year, 100-year, and 250-year probable maximum losses ~~of the fund~~
2679 ~~and the corporation~~; analysis of all reasonable financing
2680 strategies for each such probable maximum loss, including the
2681 amount and term of debt instruments and risk transfer products;
2682 specification of the percentage assessments that would be needed
2683 to support each of the financing strategies; and calculations of
2684 the aggregate assessment burden on Florida property and casualty
2685 policyholders for each of the probable maximum losses. ~~The~~
2686 ~~commission shall require the fund and the corporation to provide~~
2687 ~~the commission with such data and analysis as the commission~~
2688 ~~considers necessary to prepare the report.~~

2689 Section 13. Temporary keepout program.—Citizens Property
2690 Insurance Corporation shall implement a temporary keepout
2691 program beginning July 1, 2013, and ending on the date the
2692 clearinghouse program established under s. 627.3518, Florida
2693 Statutes, is operational.

2694 (1) Subject to procedures adopted by the corporation, the
2695 program shall provide an opportunity for new applicants for
2696 personal residential multiperil coverage with the corporation to
2697 be offered coverage with authorized insurers through the market

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2698 assistance plan established under s. 627.3515, Florida Statutes.

2699 (2) The program is subject to all of the following:

2700 (a) The corporation may not accept a new personal
2701 residential multiperil application for coverage within 72 hours
2702 after submission of the risk to the market assistance plan under
2703 subsection (1).

2704 (b) Section 627.3517, Florida Statutes, relating to
2705 consumer choice of agent does not apply to applications for
2706 coverage accepted by authorized insurers under the program.

2707 (c) Insurers issuing policies under this section are
2708 subject to s. 627.3518(3), Florida Statutes, relating to agent
2709 appointment, and are not subject to s. 627.351(6)(c)5.a.(I),
2710 Florida Statutes, relating to agent payment.

2711 (d) Notwithstanding s. 626.916(1), Florida Statutes, if an
2712 applicant for new or renewal coverage from the corporation does
2713 not receive an offer of coverage from an eligible insurer, the
2714 applicant may accept an offer from a designated broker of an
2715 insurer eligible under ss. 626.913-626.937, Florida Statutes.

2716 (e) An exclusive agent must only facilitate the placement
2717 of an offer of coverage from an insurer whose limited servicing
2718 agreement is approved by that exclusive agent's exclusive
2719 insurer.

2720
2721 An applicant is ineligible for coverage if the applicant's agent
2722 is unwilling or unable to enter into a standard or limited
2723 agency agreement with a participating insurer making an offer of
2724 coverage to that applicant.

2725 (3) This section expires on January 1, 2014, or when the
2726 clearinghouse program established under s. 627.3518, Florida

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2727 Statutes, becomes operational, whichever occurs first.

2728 Section 14. Section 627.352, Florida Statutes, is created
2729 to read:

2730 627.352 Catastrophe Risk Capital Access Facility.—

2731 (1) LEGISLATIVE FINDINGS AND INTENT.—The Legislature finds
2732 and declares that:

2733 (a) A growing and competitive private sector market for
2734 residential property insurance is in the public interest.

2735 (b) The global market for catastrophe risk has expanded
2736 dramatically, resulting in the availability of billions of
2737 dollars in additional risk capital for insurers and new and
2738 innovative alternative risk-transfer mechanisms.

2739 (c) Having access to additional risk capital and risk-
2740 transfer mechanisms provides an opportunity for property
2741 insurers in this state to expand their capacity to write
2742 additional business and diversify their catastrophe risk, which
2743 will serve the public interest of fostering private sector
2744 market growth.

2745 (d) Despite an expansion in the amount of available global
2746 risk capital, state property insurers in general, and smaller
2747 state property insurers in particular, face challenges accessing
2748 global markets if the relatively small amount of risk finance
2749 required by any one company is not economically viable in the
2750 larger global market.

2751 (e) It is the intent of the Legislature to establish a
2752 self-regulating mechanism to facilitate the access of property
2753 insurers generally, and smaller property insurers in particular,
2754 to global risk capital markets and risk-transfer mechanisms for
2755 property risks in this state.

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2756 (2) FACILITY CREATED.—A nonprofit association, to be known
2757 as the Catastrophe Risk Capital Access Facility, is hereby
2758 created.

2759 (a) The facility must operate pursuant to a plan of
2760 operation adopted by the governing board, except that the
2761 initial plan of operation shall be recommended by the initial
2762 governing board and adopted by the office after consultation
2763 with potential participating insurers and other interested
2764 parties.

2765 (b) The facility is not intended to be, and may not
2766 function as, an insurer, reinsurer, or other risk-bearing
2767 entity, and is not a state agency, board, or commission.

2768 (3) MEMBERSHIP.—An insurer holding a certificate of
2769 authority to transact property insurance in this state is
2770 eligible to become a member of the facility. To become a member,
2771 an insurer must file a declaration of intent with the office by
2772 September 30, 2013.

2773 (4) INITIAL GOVERNING BOARD.—

2774 (a) Each insurer that timely files a declaration under
2775 subsection (3) is a member of the initial governing board of the
2776 facility and has a vote proportional to its share of direct
2777 premium for property insurance written in this state as of
2778 December 31, 2012. At a minimum, three insurers must file a
2779 declaration of intent to constitute an initial governing board
2780 and activate the facility.

2781 (b) The initial governing board must hold its first meeting
2782 at a time and place specified by the office. At the first
2783 meeting, the initial governing board must elect one of its
2784 members to serve as chair.

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2785 (c) The initial governing board must submit a recommended
2786 plan of operation to the office by December 1, 2013. The initial
2787 governing board may retain staff or professionals to assist in
2788 the preparation of the proposed plan of operation.

2789 (d) The initial governing board must provide the presiding
2790 officers and minority party leaders of the Legislature with
2791 recommendations and draft legislation addressing the facility's
2792 need, if any, for exemptions from public records and open
2793 meetings laws by December 31, 2013.

2794 (e) The functions of the initial governing board terminate
2795 upon the election of a governing board as provided in the plan
2796 of operation.

2797 (5) GOVERNING BOARD.—Beginning on the effective date of the
2798 plan of operation, the facility shall operate under a seven-
2799 member governing board composed of representatives of member
2800 insurers, appointed as specified in the plan of operation.

2801 (6) PLAN OF OPERATION.—The plan of operation:

2802 (a) Must specify the following functions of the facility:

2803 1. Aggregating the demand of members for risk finance for
2804 state property risks from global capital markets.

2805 2. Designing and executing risk-transfer tools such as
2806 insurance-linked securities and other appropriate instruments
2807 for state property risks for members; using special purpose
2808 vehicles or onshore or offshore protected cells, as appropriate,
2809 to increase members' access to risk capital for state property
2810 risks; and making use of any other financial instruments or
2811 reinsurance or pooling arrangements that may develop in the
2812 market.

2813 3. Identifying and coordinating appropriate risk-transfer

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2814 products and opportunities for state property risks, initially
2815 targeting layers of coverage below, alongside, and above the
2816 coverage provided by the Florida Hurricane Catastrophe Fund.

2817 4. Establishing and maintaining regular and ongoing contact
2818 with global risk capital market participants, institutions, and
2819 investors in order to identify opportunities that satisfy and
2820 coordinate with insurer demand for additional risk capital for
2821 state property risks.

2822 (b) Must provide that in conducting its affairs, the
2823 facility may not:

2824 1. Take a position in, or provide financial support for,
2825 any risk-transfer transaction.

2826 2. Be a guarantor of premium or make any other financial
2827 guarantees to a member.

2828 3. Enter into any contract on the part of the state or
2829 create any state contractual obligations.

2830 4. Impose or levy any taxes, assessments, or similar
2831 charges.

2832 (c) Must provide for funding the expenses of the facility,
2833 including an initial charge that applies to all members and
2834 subsequent charges to members on a pro rata basis.

2835 (d) Must provide additional annual enrollment periods for
2836 eligible insurers to become members of the facility.

2837 (e) Must provide for the election and terms of the
2838 governing board.

2839 (f) May provide for the appointment or retention of staff
2840 and professionals as the governing board deems appropriate.

2841 (g) Must require the facility to submit a biennial report
2842 and annual independent audits to the members of the Financial

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2843 Services Commission and the presiding officers of the
2844 Legislature by December 31 of each even-numbered year beginning
2845 in 2014.

2846 (7) IMMUNITY FROM LIABILITY.—No liability on the part of,
2847 and no cause of action of any nature, may arise against the
2848 facility or its agents or employees, the governing board, or the
2849 department or office or their representatives for any action
2850 taken by them in the performance of their powers and duties
2851 under this section.

2852 Section 15. Subsection (1) of section 627.410, Florida
2853 Statutes, is amended to read:

2854 627.410 Filing, approval of forms.—

2855 (1) A ~~No~~ basic insurance policy or annuity contract form,
2856 or application form where written application is required and is
2857 to be made a part of the policy or contract, ~~or~~ group
2858 certificates issued under a master contract delivered in this
2859 state, or printed rider or endorsement form or form of renewal
2860 certificate, may not ~~shall~~ be delivered or issued for delivery
2861 in this state, unless the form has been filed with the office by
2862 or on ~~in~~ behalf of the insurer that ~~which~~ proposes to use such
2863 form and has been approved by the office. This provision does
2864 not apply to surety bonds or to policies, riders, endorsements,
2865 or forms of unique character that ~~which~~ are designed for and
2866 used with ~~relation to~~ insurance on ~~upon~~ a particular subject,
2867 ~~(other than as to health insurance), or that which~~ relate to the
2868 manner of distributing ~~distribution of~~ benefits or to the
2869 reservation of rights and benefits under life or health
2870 insurance policies and are used at the request of the individual
2871 policyholder, contract holder, or certificateholder. For ~~As to~~

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2872 group insurance policies effectuated and delivered outside this
2873 state but covering persons resident in this state, the group
2874 certificates to be delivered or issued for delivery in this
2875 state shall be filed with the office for information purposes
2876 only.

2877 Section 16. Paragraph (b) of subsection (1) of section
2878 627.706, Florida Statutes, is amended to read:

2879 627.706 Sinkhole insurance; catastrophic ground cover
2880 collapse; definitions.—

2881 (1)

2882 (b) The insurer shall make available, for an appropriate
2883 additional premium, coverage for sinkhole losses on any
2884 structure, including the contents of personal property contained
2885 therein, in an amount equal to the full amount of coverage on
2886 the structure. The insurer may also offer less coverage equal to
2887 25 or 50 percent of the amount of coverage on the structure,
2888 with an appropriate reduction in the additional premium to the
2889 ~~extent provided in the form to which the coverage attaches.~~ The
2890 insurer may require an inspection of the property before
2891 issuance of sinkhole loss coverage. A policy for residential
2892 property insurance may include a deductible amount applicable to
2893 sinkhole losses equal to 1 percent, 2 percent, 5 percent, or 10
2894 percent of the policy dwelling limits, with appropriate premium
2895 discounts offered with each deductible amount.

2896 Section 17. Except as otherwise expressly provided in the
2897 act, this act shall take effect July 1, 2013.