

Amendment No.

CHAMBER ACTION

Senate

House

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Representative Nelson offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Subsection (4) of section 626.752, Florida Statutes, is amended to read:

626.752 Exchange of business.—

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

Section 2. Section 627.3518, Florida Statutes, is created to read:

773161

Amendment No.

16 627.3518 Citizens Property Insurance Corporation
17 policyholder eligibility clearinghouse program.—The purpose of
18 this section is to provide a framework for the corporation to
19 implement a clearinghouse program by January 1, 2014.

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

21 (a) "Corporation" means Citizens Property Insurance
22 Corporation.

23 (b) "Exclusive agent" means any licensed insurance agent
24 that has, by contract, agreed to act exclusively for one company
25 or group of affiliated insurance companies and is disallowed by
26 the provisions of that contract to directly write for any other
27 unaffiliated insurer absent express consent from the company or
28 group of affiliated insurance companies.

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

31 (d) "Program" means the clearinghouse created under this
32 section.

33 (2) In order to confirm eligibility with the corporation
34 and to enhance access of new applicants for coverage and
35 existing policyholders of the corporation to offers of coverage
36 from authorized and eligible insurers under s. 626.918, the
37 corporation shall establish a program for personal residential
38 risks in order to facilitate the diversion of ineligible
39 applicants and existing policyholders from the corporation into
40 the voluntary insurance market. The corporation shall also
41 develop appropriate procedures for facilitating the diversion of
42 ineligible applicants and existing policyholders for commercial
43 residential coverage into the private insurance market and shall

773161

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Amendment No.

44 report such procedures to the President of the Senate and the
45 Speaker of the House of Representatives by January 1, 2014.

46 (3) The corporation board shall establish the
47 clearinghouse program as an organizational unit within the
48 corporation. The program shall have all the rights and
49 responsibilities in carrying out its duties as a licensed
50 general lines agent, but may not be required to employ or engage
51 a licensed general lines agent or to maintain an insurance
52 agency license to carry out its activities in the solicitation
53 and placement of insurance coverage. In establishing the
54 program, the corporation may:

55 (a) Require all new applications, and all policies due for
56 renewal, to be submitted for coverage to the program or any
57 private alternative in order to facilitate obtaining an offer of
58 coverage from an authorized insurer before binding or renewing
59 coverage by the corporation.

60 (b) Employ or otherwise contract with individuals or other
61 entities for appropriate administrative or professional services
62 to effectuate the plan within the corporation in accordance with
63 the applicable purchasing requirements under s. 627.351.

64 (c) Enter into contracts with any authorized or eligible
65 insurer to participate in the program and accept an appointment
66 by such insurer.

67 (d) Provide funds to operate the program. Insurers and
68 agents participating in the program are not required to pay a
69 fee to offset or partially offset the cost of the program or use
70 the program for renewal of policies initially written through
71 the clearinghouse.

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Amendment No.

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

75 (f) For personal lines residential risks, require, before
76 approving all new applications for coverage by the corporation,
77 that every application be subject to a period of 2 business days
78 when any insurer participating in the program may select the
79 application for coverage. The insurer may issue a binder on any
80 policy selected for coverage for a period of at least 30 days
81 but not more than 60 days.

82 (g) Allow eligible insurers to participate and make offers
83 of coverage. An offer of coverage may be made by an eligible
84 insurer only if an authorized insurer does not make an offer of
85 coverage through the program. Eligible insurers may offer
86 premiums and coverages that are more favorable than those
87 offered in the corporation, and agents are not required to
88 compile three declinations from authorized insurers before
89 binding coverage with an eligible insurer.

90 (4) Any authorized or eligible insurer may participate in
91 the program; however, participation is not mandatory for any
92 insurer. Insurers making offers of coverage to new applicants or
93 renewal policyholders through the program:

94 (a) May not be required to individually appoint any agent
95 whose customer is underwritten and bound through the program.
96 Notwithstanding s. 626.112, insurers are not required to appoint
97 any agent on a policy underwritten through the program for as
98 long as that policy remains with the insurer. Insurers may, at
99 their election, appoint any agent whose customer is initially

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Amendment No.

100 underwritten and bound through the program. In the event an
101 insurer accepts a policy from an agent who is not appointed
102 pursuant to this paragraph, and thereafter elects to accept a
103 policy from such agent, the provisions of s. 626.112 requiring
104 appointment apply to the agent.

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

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

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

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

117 (f) Must pay to the producing agent a commission equal to
118 that paid by the corporation or the usual and customary
119 commission paid by the insurer for that line of business,
120 whichever is greater.

121 (5) Notwithstanding s. 627.3517, any applicant for new
122 coverage from the corporation is not eligible for coverage from
123 the corporation, if provided an offer of coverage from an
124 authorized insurer through the program at a premium that is at
125 or below the eligibility threshold established in s.
126 627.351(6) (c) 5.a. Whenever an offer of coverage for a personal
127 lines risk is received for a policyholder of the corporation at

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Amendment No.

128 renewal, notwithstanding any other provisions of law, if the
129 offer is no more than 5 percent above the corporation's renewal
130 premium for comparable coverage, the risk is not eligible for
131 coverage with the corporation. In the event an offer of coverage
132 for a new applicant is received from an insurer, and the premium
133 offered exceeds the eligibility threshold contained in s.
134 627.351(6)(c)5.a., the applicant or insured may elect to accept
135 such coverage, or may elect to accept or continue coverage with
136 the corporation. In the event an offer of coverage for a
137 personal lines risk is received from an insurer at renewal, and
138 the premium offered is more than 5 percent above the
139 corporation's renewal premium for comparable coverage, the
140 insured may elect to accept such coverage, or may elect to
141 accept or continue coverage with the corporation. Any applicant
142 for new coverage from the corporation, and policyholders of all
143 policies for renewal, if provided an offer of coverage from an
144 eligible insurer, are not required to accept such offer, and may
145 be accepted for coverage or renewed by the corporation at the
146 applicant's or policyholder's option. Sub-sub-subparagraph
147 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
148 an authorized insurer obtained through the program.

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

152 (a) Must maintain ownership and the exclusive use of
153 expirations, records, or other written or electronic information
154 directly related to such applications or renewals written
155 through the corporation or through an insurer participating in

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Amendment No.

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

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

166 (c) May accept an appointment from any insurer
167 participating in the program.

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

170
171 Applicants ineligible for coverage in accordance with subsection
172 (5) remain ineligible if their independent agent is unwilling or
173 unable to enter into a standard or limited agency agreement with
174 an insurer participating in the program.

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

178 (a) Must maintain ownership and the exclusive use of
179 expirations, records, or other written or electronic information
180 directly related to such applications or renewals written
181 through the corporation or through an insurer participating in
182 the program, notwithstanding s. 627.351(6) (c) 5.a. (I) (B) and
183 (II) (B). Contracts with the corporation or required by the

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Amendment No.

184 corporation must not amend, modify, interfere with, or limit
185 such rights of ownership. Such expirations, records, or other
186 written or electronic information may be used to review an
187 application, issue a policy, or for any other purpose necessary
188 for placing such business through the program.

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

192 (c) Must accept an offer of coverage from any insurer
193 whose limited servicing agreement is approved by that agent's
194 exclusive insurer as eligible to participate in the program with
195 that insurer's exclusive agents. Applicants ineligible for
196 coverage in accordance with subsection (5) remain ineligible if
197 their exclusive agent is unwilling or unable to enter into a
198 standard or limited agency agreement with an insurer making an
199 offer of coverage to that applicant.

200 (d) Must enter into only a limited servicing agreement
201 with the insurer making an offer of coverage, and only after the
202 exclusive agent's insurer has approved the limited servicing
203 agreement terms. The exclusive agent's insurer must approve a
204 limited service agreement for the program for any insurer for
205 which it has approved a service agreement for other purposes.

206 (8) Submission of an application for coverage by the
207 corporation to the program does not constitute the binding of
208 coverage by the corporation, and failure of the program to
209 obtain an offer of coverage by an insurer may not be considered
210 acceptance of coverage of the risk by the corporation.

773161

Approved For Filing: 4/16/2013 1:42:20 PM

Page 8 of 10

Amendment No.

211 (9) The program may not include commercial nonresidential
212 policies.

213 Section 3. This act shall take effect July 1, 2013.
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T I T L E A M E N D M E N T

217 Remove everything before the enacting clause and insert:

218 A bill to be entitled

219 An act relating to the establishment of a
220 clearinghouse program within the Citizens Property
221 Insurance Corporation; amending s. 626.752, F.S.;
222 exempting Citizens Property Insurance Corporation from
223 exchange of business limitations and restrictions when
224 placing business with authorized insurers; creating s.
225 627.3518, F.S.; providing purpose; providing
226 definitions; requiring the creation of a clearinghouse
227 program within the corporation; specifying the
228 purposes of the program; requiring the corporation to
229 provide a report to the Legislature; specifying
230 certain rights and responsibilities with respect to
231 the program; authorizing the corporation to take
232 specified actions in establishing the program;
233 providing conditions and requirements relating to the
234 participation of insurers in the program; providing
235 conditions, requirements, limitations, and procedures
236 applicable to offers of coverage with respect to
237 applicants for coverage with the corporation and
238 existing policyholders of the corporation; providing

Amendment No.

239 requirements for certain independent insurance agents
240 and exclusive agents with respect to submitting
241 applications for coverage or policies for renewal to
242 the program; providing for construction; providing an
243 effective date.