

1                   A bill to be entitled  
2           An act relating to Citizens Property Insurance  
3           Corporation; amending s. 627.351, F.S.; providing that  
4           certain residential structures are not eligible for  
5           coverage by the corporation after specified dates;  
6           providing an exception; prohibiting the corporation  
7           from covering any new construction of a major  
8           structure, or substantial improvements on any major  
9           structure, commencing on or after July 1, 2014, that  
10          is seaward of the coastal construction control line or  
11          is within the Coastal Barrier Resources System;  
12          revising the membership of the board of governors of  
13          the corporation; restricting the eligibility of a risk  
14          for a renewal policy issued by the corporation under  
15          certain circumstances; deleting a provision allowing a  
16          policyholder removed from the corporation to remain  
17          eligible for coverage regardless of an offer of  
18          coverage from an authorized insurer; requiring  
19          disclosure of potential corporation surcharges and  
20          policyholder obligations to try to obtain private  
21          market coverage; revising the duties and  
22          responsibilities of the internal auditor of the  
23          corporation; authorizing insurers taking out,  
24          assuming, or removing policies from the corporation to  
25          use the corporation's policy forms and endorsements  
26          for a specified time without approval by the Office of  
27          Insurance Regulation; authorizing the corporation to  
28          adopt policy forms that allow the corporation to

29 | replace or repair covered damage in lieu of paying the  
 30 | value of the loss; establishing the Office of  
 31 | Inspector General within the corporation; providing  
 32 | for appointment, qualifications, duties, and  
 33 | responsibilities of the inspector general; revising  
 34 | provisions relating to purchases by the corporation;  
 35 | providing that the corporation is subject to state  
 36 | agency purchasing requirements; requiring the  
 37 | corporation to provide notice of purchasing decisions;  
 38 | providing procedures for protesting such decisions;  
 39 | providing applicability; providing effective dates.

40 |  
 41 | Be It Enacted by the Legislature of the State of Florida:

42 |  
 43 | Section 1. Paragraphs (a), (c), (i), and (q) of subsection  
 44 | (6) of section 627.351, Florida Statutes, are amended, and  
 45 | paragraphs (gg) and (hh) are added to that subsection, to read:

46 | 627.351 Insurance risk apportionment plans.—

47 | (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

48 | (a) The public purpose of this subsection is to ensure  
 49 | that there is an orderly market for property insurance for  
 50 | residents and businesses of this state.

51 | 1. The Legislature finds that private insurers are  
 52 | unwilling or unable to provide affordable property insurance  
 53 | coverage in this state to the extent sought and needed. The  
 54 | absence of affordable property insurance threatens the public  
 55 | health, safety, and welfare and likewise threatens the economic  
 56 | health of the state. The state therefore has a compelling public

57 | interest and a public purpose to assist in assuring that  
58 | property in the state is insured and that it is insured at  
59 | affordable rates so as to facilitate the remediation,  
60 | reconstruction, and replacement of damaged or destroyed property  
61 | in order to reduce or avoid the negative effects otherwise  
62 | resulting to the public health, safety, and welfare, to the  
63 | economy of the state, and to the revenues of the state and local  
64 | governments which are needed to provide for the public welfare.  
65 | It is necessary, therefore, to provide affordable property  
66 | insurance to applicants who are in good faith entitled to  
67 | procure insurance through the voluntary market but are unable to  
68 | do so. The Legislature intends, therefore, that affordable  
69 | property insurance be provided and that it continue to be  
70 | provided, as long as necessary, through Citizens Property  
71 | Insurance Corporation, a government entity that is an integral  
72 | part of the state, and that is not a private insurance company.  
73 | To that end, the corporation shall strive to increase the  
74 | availability of affordable property insurance in this state,  
75 | while achieving efficiencies and economies, and while providing  
76 | service to policyholders, applicants, and agents which is no  
77 | less than the quality generally provided in the voluntary  
78 | market, for the achievement of the foregoing public purposes.  
79 | Because it is essential for this government entity to have the  
80 | maximum financial resources to pay claims following a  
81 | catastrophic hurricane, it is the intent of the Legislature that  
82 | the corporation continue to be an integral part of the state and  
83 | that the income of the corporation be exempt from federal income  
84 | taxation and that interest on the debt obligations issued by the

85 corporation be exempt from federal income taxation.

86       2. The Residential Property and Casualty Joint  
87 Underwriting Association originally created by this statute  
88 shall be known as the Citizens Property Insurance Corporation.  
89 The corporation shall provide insurance for residential and  
90 commercial property, for applicants who are entitled, but, in  
91 good faith, are unable to procure insurance through the  
92 voluntary market. The corporation shall operate pursuant to a  
93 plan of operation approved by order of the Financial Services  
94 Commission. The plan is subject to continuous review by the  
95 commission. The commission may, by order, withdraw approval of  
96 all or part of a plan if the commission determines that  
97 conditions have changed since approval was granted and that the  
98 purposes of the plan require changes in the plan. For the  
99 purposes of this subsection, residential coverage includes both  
100 personal lines residential coverage, which consists of the type  
101 of coverage provided by homeowner's, mobile home owner's,  
102 dwelling, tenant's, condominium unit owner's, and similar  
103 policies; and commercial lines residential coverage, which  
104 consists of the type of coverage provided by condominium  
105 association, apartment building, and similar policies.

106       3. With respect to coverage for personal lines residential  
107 structures:

108       a. Effective January 1, 2014 ~~2009~~, a ~~personal lines~~  
109 ~~residential~~ structure that has a dwelling replacement cost of \$1  
110 ~~\$2~~ million or more, or a single condominium unit that has a  
111 combined dwelling and contents replacement cost of \$1 ~~\$2~~ million  
112 or more is not eligible for coverage by the corporation. Such

113 dwellings insured by the corporation on December 31, 2013 ~~2008~~,  
114 may continue to be covered by the corporation until the end of  
115 the policy term. ~~However, such dwellings may reapply and obtain~~  
116 ~~coverage if the property owner provides the corporation with a~~  
117 ~~sworn affidavit from one or more insurance agents, on a form~~  
118 ~~provided by the corporation, stating that the agents have made~~  
119 ~~their best efforts to obtain coverage and that the property has~~  
120 ~~been rejected for coverage by at least one authorized insurer~~  
121 ~~and at least three surplus lines insurers. If such conditions~~  
122 ~~are met, the dwelling may be insured by the corporation for up~~  
123 ~~to 3 years, after which time the dwelling is ineligible for~~  
124 ~~coverage.~~ The office shall approve the method used by the  
125 corporation for valuing the dwelling replacement cost for the  
126 purposes of this subparagraph. If a policyholder is insured by  
127 the corporation prior to being determined to be ineligible  
128 pursuant to this subparagraph and such policyholder files a  
129 lawsuit challenging the determination, the policyholder may  
130 remain insured by the corporation until the conclusion of the  
131 litigation.

132 b. Effective January 1, 2015, a structure that has a  
133 dwelling replacement cost of \$900,000 or more, or a single  
134 condominium unit that has a combined dwelling and contents  
135 replacement cost of \$900,000 or more, is not eligible for  
136 coverage by the corporation. Such dwellings insured by the  
137 corporation on December 31, 2014, may continue to be covered by  
138 the corporation only until the end of the policy term.

139 c. Effective January 1, 2016, a structure that has a  
140 dwelling replacement cost of \$800,000 or more, or a single

141 condominium unit that has a combined dwelling and contents  
142 replacement cost of \$800,000 or more, is not eligible for  
143 coverage by the corporation. Such dwellings insured by the  
144 corporation on December 31, 2015, may continue to be covered by  
145 the corporation until the end of the policy term.

146 d. Effective January 1, 2017, a structure that has a  
147 dwelling replacement cost of \$700,000 or more, or a single  
148 condominium unit that has a combined dwelling and contents  
149 replacement cost of \$700,000 or more, is not eligible for  
150 coverage by the corporation. Such dwellings insured by the  
151 corporation on December 31, 2016, may continue to be covered by  
152 the corporation until the end of the policy term.

153 e. Effective January 1, 2018, a structure that has a  
154 dwelling replacement cost of \$600,000 or more, or a single  
155 condominium unit that has a combined dwelling and contents  
156 replacement cost of \$600,000 or more, is not eligible for  
157 coverage by the corporation. Such dwellings insured by the  
158 corporation on December 31, 2017, may continue to be covered by  
159 the corporation until the end of the policy term.

160 f. Effective January 1, 2019, a structure that has a  
161 dwelling replacement cost of \$500,000 or more, or a single  
162 condominium unit that has a combined dwelling and contents  
163 replacement cost of \$500,000 or more, is not eligible for  
164 coverage by the corporation. Such dwellings insured by the  
165 corporation on December 31, 2018, may continue to be covered by  
166 the corporation until the end of the policy term.

167  
168 The requirements of sub-subparagraphs b.-f. do not apply in

169 counties where the office determines there is not a reasonable  
170 degree of competition. In such counties a personal lines  
171 residential structure that has a dwelling replacement cost of  
172 less than \$1 million, or a single condominium unit that has a  
173 combined dwelling and contents replacement cost of less than \$1  
174 million, is eligible for coverage by the corporation.

175 4. It is the intent of the Legislature that policyholders,  
176 applicants, and agents of the corporation receive service and  
177 treatment of the highest possible level but never less than that  
178 generally provided in the voluntary market. It is also intended  
179 that the corporation be held to service standards no less than  
180 those applied to insurers in the voluntary market by the office  
181 with respect to responsiveness, timeliness, customer courtesy,  
182 and overall dealings with policyholders, applicants, or agents  
183 of the corporation.

184 5.a. Effective January 1, 2009, a personal lines  
185 residential structure that is located in the "wind-borne debris  
186 region," as defined in s. 1609.2, International Building Code  
187 (2006), and that has an insured value on the structure of  
188 \$750,000 or more is not eligible for coverage by the corporation  
189 unless the structure has opening protections as required under  
190 the Florida Building Code for a newly constructed residential  
191 structure in that area. A residential structure shall be deemed  
192 to comply with this subparagraph if it has shutters or opening  
193 protections on all openings and if such opening protections  
194 complied with the Florida Building Code at the time they were  
195 installed.

196 b. Any major structure as defined in s. 161.54(6)(a) for

197 which a permit is applied on or after July 1, 2014, for new  
198 construction or substantial improvement as defined in s.  
199 161.54(12) is not eligible for coverage by the corporation if  
200 the structure is seaward of the coastal construction control  
201 line established pursuant to s. 161.053 or is within the Coastal  
202 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
203 3510.

204 6. For any claim filed under any policy of the  
205 corporation, a public adjuster may not charge, agree to, or  
206 accept any compensation, payment, commission, fee, or other  
207 thing of value greater than 10 percent of the additional amount  
208 actually paid over the amount that was originally offered by the  
209 corporation for any one claim.

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

211 1. Must provide for adoption of residential property and  
212 casualty insurance policy forms and commercial residential and  
213 nonresidential property insurance forms, which must be approved  
214 by the office before use. The corporation shall adopt the  
215 following policy forms:

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

220 b. Basic personal lines policy forms that are policies  
221 similar to an HO-8 policy or a dwelling fire policy that provide  
222 coverage meeting the requirements of the secondary mortgage  
223 market, but which is more limited than the coverage under a  
224 standard policy.



225 c. Commercial lines residential and nonresidential policy  
226 forms that are generally similar to the basic perils of full  
227 coverage obtainable for commercial residential structures and  
228 commercial nonresidential structures in the admitted voluntary  
229 market.

230 d. Personal lines and commercial lines residential  
231 property insurance forms that cover the peril of wind only. The  
232 forms are applicable only to residential properties located in  
233 areas eligible for coverage under the coastal account referred  
234 to in sub-subparagraph (b)2.a.

235 e. Commercial lines nonresidential property insurance  
236 forms that cover the peril of wind only. The forms are  
237 applicable only to nonresidential properties located in areas  
238 eligible for coverage under the coastal account referred to in  
239 sub-subparagraph (b)2.a.

240 f. The corporation may adopt variations of the policy  
241 forms listed in sub-subparagraphs a.-e. which contain more  
242 restrictive coverage.

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

247 2. Must provide that the corporation adopt a program in  
248 which the corporation and authorized insurers enter into quota  
249 share primary insurance agreements for hurricane coverage, as  
250 defined in s. 627.4025(2)(a), for eligible risks, and adopt  
251 property insurance forms for eligible risks which cover the  
252 peril of wind only.

253 a. As used in this subsection, the term:

254 (I) "Quota share primary insurance" means an arrangement  
255 in which the primary hurricane coverage of an eligible risk is  
256 provided in specified percentages by the corporation and an  
257 authorized insurer. The corporation and authorized insurer are  
258 each solely responsible for a specified percentage of hurricane  
259 coverage of an eligible risk as set forth in a quota share  
260 primary insurance agreement between the corporation and an  
261 authorized insurer and the insurance contract. The  
262 responsibility of the corporation or authorized insurer to pay  
263 its specified percentage of hurricane losses of an eligible  
264 risk, as set forth in the agreement, may not be altered by the  
265 inability of the other party to pay its specified percentage of  
266 losses. Eligible risks that are provided hurricane coverage  
267 through a quota share primary insurance arrangement must be  
268 provided policy forms that set forth the obligations of the  
269 corporation and authorized insurer under the arrangement,  
270 clearly specify the percentages of quota share primary insurance  
271 provided by the corporation and authorized insurer, and  
272 conspicuously and clearly state that the authorized insurer and  
273 the corporation may not be held responsible beyond their  
274 specified percentage of coverage of hurricane losses.

275 (II) "Eligible risks" means personal lines residential and  
276 commercial lines residential risks that meet the underwriting  
277 criteria of the corporation and are located in areas that were  
278 eligible for coverage by the Florida Windstorm Underwriting  
279 Association on January 1, 2002.

280 b. The corporation may enter into quota share primary

281 insurance agreements with authorized insurers at corporation  
282 coverage levels of 90 percent and 50 percent.

283 c. If the corporation determines that additional coverage  
284 levels are necessary to maximize participation in quota share  
285 primary insurance agreements by authorized insurers, the  
286 corporation may establish additional coverage levels. However,  
287 the corporation's quota share primary insurance coverage level  
288 may not exceed 90 percent.

289 d. Any quota share primary insurance agreement entered  
290 into between an authorized insurer and the corporation must  
291 provide for a uniform specified percentage of coverage of  
292 hurricane losses, by county or territory as set forth by the  
293 corporation board, for all eligible risks of the authorized  
294 insurer covered under the agreement.

295 e. Any quota share primary insurance agreement entered  
296 into between an authorized insurer and the corporation is  
297 subject to review and approval by the office. However, such  
298 agreement shall be authorized only as to insurance contracts  
299 entered into between an authorized insurer and an insured who is  
300 already insured by the corporation for wind coverage.

301 f. For all eligible risks covered under quota share  
302 primary insurance agreements, the exposure and coverage levels  
303 for both the corporation and authorized insurers shall be  
304 reported by the corporation to the Florida Hurricane Catastrophe  
305 Fund. For all policies of eligible risks covered under such  
306 agreements, the corporation and the authorized insurer must  
307 maintain complete and accurate records for the purpose of  
308 exposure and loss reimbursement audits as required by fund

309 rules. The corporation and the authorized insurer shall each  
310 maintain duplicate copies of policy declaration pages and  
311 supporting claims documents.

312 g. The corporation board shall establish in its plan of  
313 operation standards for quota share agreements which ensure that  
314 there is no discriminatory application among insurers as to the  
315 terms of the agreements, pricing of the agreements, incentive  
316 provisions if any, and consideration paid for servicing policies  
317 or adjusting claims.

318 h. The quota share primary insurance agreement between the  
319 corporation and an authorized insurer must set forth the  
320 specific terms under which coverage is provided, including, but  
321 not limited to, the sale and servicing of policies issued under  
322 the agreement by the insurance agent of the authorized insurer  
323 producing the business, the reporting of information concerning  
324 eligible risks, the payment of premium to the corporation, and  
325 arrangements for the adjustment and payment of hurricane claims  
326 incurred on eligible risks by the claims adjuster and personnel  
327 of the authorized insurer. Entering into a quota sharing  
328 insurance agreement between the corporation and an authorized  
329 insurer is voluntary and at the discretion of the authorized  
330 insurer.

331 3.a. May provide that the corporation may employ or  
332 otherwise contract with individuals or other entities to provide  
333 administrative or professional services that may be appropriate  
334 to effectuate the plan. The corporation may borrow funds by  
335 issuing bonds or by incurring other indebtedness, and shall have  
336 other powers reasonably necessary to effectuate the requirements

337 of this subsection, including, without limitation, the power to  
338 issue bonds and incur other indebtedness in order to refinance  
339 outstanding bonds or other indebtedness. The corporation may  
340 seek judicial validation of its bonds or other indebtedness  
341 under chapter 75. The corporation may issue bonds or incur other  
342 indebtedness, or have bonds issued on its behalf by a unit of  
343 local government pursuant to subparagraph (q)2. in the absence  
344 of a hurricane or other weather-related event, upon a  
345 determination by the corporation, subject to approval by the  
346 office, that such action would enable it to efficiently meet the  
347 financial obligations of the corporation and that such  
348 financings are reasonably necessary to effectuate the  
349 requirements of this subsection. The corporation may take all  
350 actions needed to facilitate tax-free status for such bonds or  
351 indebtedness, including formation of trusts or other affiliated  
352 entities. The corporation may pledge assessments, projected  
353 recoveries from the Florida Hurricane Catastrophe Fund, other  
354 reinsurance recoverables, policyholder surcharges and other  
355 surcharges, and other funds available to the corporation as  
356 security for bonds or other indebtedness. In recognition of s.  
357 10, Art. I of the State Constitution, prohibiting the impairment  
358 of obligations of contracts, it is the intent of the Legislature  
359 that no action be taken whose purpose is to impair any bond  
360 indenture or financing agreement or any revenue source committed  
361 by contract to such bond or other indebtedness.

362 b. To ensure that the corporation is operating in an  
363 efficient and economic manner while providing quality service to  
364 policyholders, applicants, and agents, the board shall

365 commission an independent third-party consultant having  
366 expertise in insurance company management or insurance company  
367 management consulting to prepare a report and make  
368 recommendations on the relative costs and benefits of  
369 outsourcing various policy issuance and service functions to  
370 private servicing carriers or entities performing similar  
371 functions in the private market for a fee, rather than  
372 performing such functions in-house. In making such  
373 recommendations, the consultant shall consider how other  
374 residual markets, both in this state and around the country,  
375 outsource appropriate functions or use servicing carriers to  
376 better match expenses with revenues that fluctuate based on a  
377 widely varying policy count. The report must be completed by  
378 July 1, 2012. Upon receiving the report, the board shall develop  
379 a plan to implement the report and submit the plan for review,  
380 modification, and approval to the Financial Services Commission.  
381 Upon the commission's approval of the plan, the board shall  
382 begin implementing the plan by January 1, 2013.

383 4. Must require that the corporation operate subject to  
384 the supervision and approval of a board of governors consisting  
385 of nine ~~eight~~ individuals who are residents of this state and  
386 who are, ~~7~~ from different geographical areas of the ~~this~~ state,  
387 one of whom is appointed by the Governor and serves solely to  
388 advocate on behalf of the consumer. The appointment of a  
389 consumer representative by the Governor is in addition to the  
390 appointments authorized under sub-subparagraph a.

391 a. The Governor, the Chief Financial Officer, the  
392 President of the Senate, and the Speaker of the House of

393 Representatives shall each appoint two members of the board. At  
394 least one of the two members appointed by each appointing  
395 officer must have demonstrated expertise in insurance and is  
396 deemed to be within the scope of the exemption provided in s.  
397 112.313(7) (b). The Chief Financial Officer shall designate one  
398 of the appointees as chair. All board members serve at the  
399 pleasure of the appointing officer. All members of the board are  
400 subject to removal at will by the officers who appointed them.  
401 All board members, including the chair, must be appointed to  
402 serve for 3-year terms beginning annually on a date designated  
403 by the plan. However, for the first term beginning on or after  
404 July 1, 2009, each appointing officer shall appoint one member  
405 of the board for a 2-year term and one member for a 3-year term.  
406 A board vacancy shall be filled for the unexpired term by the  
407 appointing officer. The Chief Financial Officer shall appoint a  
408 technical advisory group to provide information and advice to  
409 the board in connection with the board's duties under this  
410 subsection. The executive director and senior managers of the  
411 corporation shall be engaged by the board and serve at the  
412 pleasure of the board. Any executive director appointed on or  
413 after July 1, 2006, is subject to confirmation by the Senate.  
414 The executive director is responsible for employing other staff  
415 as the corporation may require, subject to review and  
416 concurrence by the board.

417       b. The board shall create a Market Accountability Advisory  
418 Committee to assist the corporation in developing awareness of  
419 its rates and its customer and agent service levels in  
420 relationship to the voluntary market insurers writing similar

421 coverage.

422 (I) The members of the advisory committee consist of the  
 423 following 11 persons, one of whom must be elected chair by the  
 424 members of the committee: four representatives, one appointed by  
 425 the Florida Association of Insurance Agents, one by the Florida  
 426 Association of Insurance and Financial Advisors, one by the  
 427 Professional Insurance Agents of Florida, and one by the Latin  
 428 American Association of Insurance Agencies; three  
 429 representatives appointed by the insurers with the three highest  
 430 voluntary market share of residential property insurance  
 431 business in the state; one representative from the Office of  
 432 Insurance Regulation; one consumer appointed by the board who is  
 433 insured by the corporation at the time of appointment to the  
 434 committee; one representative appointed by the Florida  
 435 Association of Realtors; and one representative appointed by the  
 436 Florida Bankers Association. All members shall be appointed to  
 437 3-year terms and may serve for consecutive terms.

438 (II) The committee shall report to the corporation at each  
 439 board meeting on insurance market issues which may include rates  
 440 and rate competition with the voluntary market; service,  
 441 including policy issuance, claims processing, and general  
 442 responsiveness to policyholders, applicants, and agents; and  
 443 matters relating to depopulation.

444 5. Must provide a procedure for determining the  
 445 eligibility of a risk for coverage, as follows:

446 a. Subject to s. 627.3517, with respect to personal lines  
 447 residential risks, if the risk is offered coverage from an  
 448 authorized insurer at the insurer's approved rate under a



449 standard policy including wind coverage or, if consistent with  
450 the insurer's underwriting rules as filed with the office, a  
451 basic policy including wind coverage, for a new application to  
452 the corporation for coverage, the risk is not eligible for any  
453 policy issued by the corporation unless the premium for coverage  
454 from the authorized insurer is more than 15 percent greater than  
455 the premium for comparable coverage from the corporation. For  
456 renewal policies, the risk is not eligible for any policy issued  
457 by the corporation unless the premium for the coverage from the  
458 authorized insurer is more than 5 percent greater than the  
459 premium for comparable coverage from the corporation. If the  
460 risk is not able to obtain such offer, the risk is eligible for  
461 a standard policy including wind coverage or a basic policy  
462 including wind coverage issued by the corporation; however, if  
463 the risk could not be insured under a standard policy including  
464 wind coverage regardless of market conditions, the risk is  
465 eligible for a basic policy including wind coverage unless  
466 rejected under subparagraph 8. ~~However, a policyholder of the~~  
467 ~~corporation or a policyholder removed from the corporation~~  
468 ~~through an assumption agreement until the end of the assumption~~  
469 ~~period remains eligible for coverage from the corporation~~  
470 ~~regardless of any offer of coverage from an authorized insurer~~  
471 ~~or surplus lines insurer.~~ The corporation shall determine the  
472 type of policy to be provided on the basis of objective  
473 standards specified in the underwriting manual and based on  
474 generally accepted underwriting practices.

475 (I) If the risk accepts an offer of coverage through the  
476 market assistance plan or through a mechanism established by the

477 corporation other than a plan established by s. 627.3518, before  
 478 a policy is issued to the risk by the corporation or during the  
 479 first 30 days of coverage by the corporation, and the producing  
 480 agent who submitted the application to the plan or to the  
 481 corporation is not currently appointed by the insurer, the  
 482 insurer shall:

483 (A) Pay to the producing agent of record of the policy for  
 484 the first year, an amount that is the greater of the insurer's  
 485 usual and customary commission for the type of policy written or  
 486 a fee equal to the usual and customary commission of the  
 487 corporation; or

488 (B) Offer to allow the producing agent of record of the  
 489 policy to continue servicing the policy for at least 1 year and  
 490 offer to pay the agent the greater of the insurer's or the  
 491 corporation's usual and customary commission for the type of  
 492 policy written.

493  
 494 If the producing agent is unwilling or unable to accept  
 495 appointment, the new insurer shall pay the agent in accordance  
 496 with sub-sub-sub-subparagraph (A).

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

501 (A) Pay to the producing agent of record, for the first  
 502 year, an amount that is the greater of the insurer's usual and  
 503 customary commission for the type of policy written or a fee  
 504 equal to the usual and customary commission of the corporation;

505 or

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

510

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

514 b. With respect to commercial lines residential risks, for  
515 a new application to the corporation for coverage, if the risk  
516 is offered coverage under a policy including wind coverage from  
517 an authorized insurer at its approved rate, the risk is not  
518 eligible for a policy issued by the corporation unless the  
519 premium for coverage from the authorized insurer is more than 15  
520 percent greater than the premium for comparable coverage from  
521 the corporation. For renewal policies, the risk is not eligible  
522 for any policy issued by the corporation unless the premium for  
523 the coverage from the authorized insurer is more than 5 percent  
524 greater than the premium for comparable coverage from the  
525 corporation. If the risk is not able to obtain any such offer,  
526 the risk is eligible for a policy including wind coverage issued  
527 by the corporation. ~~However, a policyholder of the corporation~~  
528 ~~or a policyholder removed from the corporation through an~~  
529 ~~assumption agreement until the end of the assumption period~~  
530 ~~remains eligible for coverage from the corporation regardless of~~  
531 ~~an offer of coverage from an authorized insurer or surplus lines~~  
532 ~~insurer.~~

533 (I) If the risk accepts an offer of coverage through the  
 534 market assistance plan or through a mechanism established by the  
 535 corporation other than a plan established by s. 627.3518, before  
 536 a policy is issued to the risk by the corporation or during the  
 537 first 30 days of coverage by the corporation, and the producing  
 538 agent who submitted the application to the plan or the  
 539 corporation is not currently appointed by the insurer, the  
 540 insurer shall:

541 (A) Pay to the producing agent of record of the policy,  
 542 for the first year, an amount that is the greater of the  
 543 insurer's usual and customary commission for the type of policy  
 544 written or a fee equal to the usual and customary commission of  
 545 the corporation; or

546 (B) Offer to allow the producing agent of record of the  
 547 policy to continue servicing the policy for at least 1 year and  
 548 offer to pay the agent the greater of the insurer's or the  
 549 corporation's usual and customary commission for the type of  
 550 policy written.

551  
 552 If the producing agent is unwilling or unable to accept  
 553 appointment, the new insurer shall pay the agent in accordance  
 554 with sub-sub-sub-subparagraph (A).

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

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

561 customary commission for the type of policy written or a fee  
562 equal to the usual and customary commission of the corporation;  
563 or

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

568

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

572 c. For purposes of determining comparable coverage under  
573 sub-subparagraphs a. and b., the comparison must be based on  
574 those forms and coverages that are reasonably comparable. The  
575 corporation may rely on a determination of comparable coverage  
576 and premium made by the producing agent who submits the  
577 application to the corporation, made in the agent's capacity as  
578 the corporation's agent. A comparison may be made solely of the  
579 premium with respect to the main building or structure only on  
580 the following basis: the same coverage A or other building  
581 limits; the same percentage hurricane deductible that applies on  
582 an annual basis or that applies to each hurricane for commercial  
583 residential property; the same percentage of ordinance and law  
584 coverage, if the same limit is offered by both the corporation  
585 and the authorized insurer; the same mitigation credits, to the  
586 extent the same types of credits are offered both by the  
587 corporation and the authorized insurer; the same method for loss  
588 payment, such as replacement cost or actual cash value, if the

589 same method is offered both by the corporation and the  
590 authorized insurer in accordance with underwriting rules; and  
591 any other form or coverage that is reasonably comparable as  
592 determined by the board. If an application is submitted to the  
593 corporation for wind-only coverage in the coastal account, the  
594 premium for the corporation's wind-only policy plus the premium  
595 for the ex-wind policy that is offered by an authorized insurer  
596 to the applicant must be compared to the premium for multiperil  
597 coverage offered by an authorized insurer, subject to the  
598 standards for comparison specified in this subparagraph. If the  
599 corporation or the applicant requests from the authorized  
600 insurer a breakdown of the premium of the offer by types of  
601 coverage so that a comparison may be made by the corporation or  
602 its agent and the authorized insurer refuses or is unable to  
603 provide such information, the corporation may treat the offer as  
604 not being an offer of coverage from an authorized insurer at the  
605 insurer's approved rate.

606 6. Must include rules for classifications of risks and  
607 rates.

608 7. Must provide that if premium and investment income for  
609 an account attributable to a particular calendar year are in  
610 excess of projected losses and expenses for the account  
611 attributable to that year, such excess shall be held in surplus  
612 in the account. Such surplus must be available to defray  
613 deficits in that account as to future years and used for that  
614 purpose before assessing assessable insurers and assessable  
615 insureds as to any calendar year.

616 8. Must provide objective criteria and procedures to be

617 uniformly applied to all applicants in determining whether an  
618 individual risk is so hazardous as to be uninsurable. In making  
619 this determination and in establishing the criteria and  
620 procedures, the following must be considered:

621 a. Whether the likelihood of a loss for the individual  
622 risk is substantially higher than for other risks of the same  
623 class; and

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

626

627 The acceptance or rejection of a risk by the corporation shall  
628 be construed as the private placement of insurance, and the  
629 provisions of chapter 120 do not apply.

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

634 10. The policies issued by the corporation must provide  
635 that if the corporation or the market assistance plan obtains an  
636 offer from an authorized insurer to cover the risk at its  
637 approved rates, the risk is no longer eligible for renewal  
638 through the corporation, except as otherwise provided in this  
639 subsection.

640 11. Corporation policies and applications must include a  
641 notice that the corporation policy could, under this section, be  
642 replaced with a policy issued by an authorized insurer which  
643 does not provide coverage identical to the coverage provided by  
644 the corporation. The notice must also specify that acceptance of

645 corporation coverage creates a conclusive presumption that the  
646 applicant or policyholder is aware of this potential.

647 12. May establish, subject to approval by the office,  
648 different eligibility requirements and operational procedures  
649 for any line or type of coverage for any specified county or  
650 area if the board determines that such changes are justified due  
651 to the voluntary market being sufficiently stable and  
652 competitive in such area or for such line or type of coverage  
653 and that consumers who, in good faith, are unable to obtain  
654 insurance through the voluntary market through ordinary methods  
655 continue to have access to coverage from the corporation. If  
656 coverage is sought in connection with a real property transfer,  
657 the requirements and procedures may not provide an effective  
658 date of coverage later than the date of the closing of the  
659 transfer as established by the transferor, the transferee, and,  
660 if applicable, the lender.

661 13. Must provide that, with respect to the coastal  
662 account, any assessable insurer with a surplus as to  
663 policyholders of \$25 million or less writing 25 percent or more  
664 of its total countrywide property insurance premiums in this  
665 state may petition the office, within the first 90 days of each  
666 calendar year, to qualify as a limited apportionment company. A  
667 regular assessment levied by the corporation on a limited  
668 apportionment company for a deficit incurred by the corporation  
669 for the coastal account may be paid to the corporation on a  
670 monthly basis as the assessments are collected by the limited  
671 apportionment company from its insureds, but a limited  
672 apportionment company must begin collecting the regular



673 assessments not later than 90 days after the regular assessments  
674 are levied by the corporation, and the regular assessments must  
675 be paid in full within 15 months after being levied by the  
676 corporation. A limited apportionment company shall collect from  
677 its policyholders any emergency assessment imposed under sub-  
678 subparagraph (b)3.d. The plan must provide that, if the office  
679 determines that any regular assessment will result in an  
680 impairment of the surplus of a limited apportionment company,  
681 the office may direct that all or part of such assessment be  
682 deferred as provided in subparagraph (q)4. However, an emergency  
683 assessment to be collected from policyholders under sub-  
684 subparagraph (b)3.d. may not be limited or deferred.

685 14. Must provide that the corporation appoint as its  
686 licensed agents only those agents who also hold an appointment  
687 as defined in s. 626.015(3) with an insurer who at the time of  
688 the agent's initial appointment by the corporation is authorized  
689 to write and is actually writing personal lines residential  
690 property coverage, commercial residential property coverage, or  
691 commercial nonresidential property coverage within the state.

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

696 16. Must limit coverage on mobile homes or manufactured  
697 homes built before 1994 to actual cash value of the dwelling  
698 rather than replacement costs of the dwelling.

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

701 18. May require commercial property to meet specified  
702 hurricane mitigation construction features as a condition of  
703 eligibility for coverage.

704 19. Must provide that new or renewal policies issued by  
705 the corporation on or after January 1, 2012, which cover  
706 sinkhole loss do not include coverage for any loss to  
707 appurtenant structures, driveways, sidewalks, decks, or patios  
708 that are directly or indirectly caused by sinkhole activity. The  
709 corporation shall exclude such coverage using a notice of  
710 coverage change, which may be included with the policy renewal,  
711 and not by issuance of a notice of nonrenewal of the excluded  
712 coverage upon renewal of the current policy.

713 20. As of January 1, 2012, must require that the agent  
714 obtain from an applicant for coverage from the corporation an  
715 acknowledgment signed by the applicant, which includes, at a  
716 minimum, the following statement:

717 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

718 AND ASSESSMENT LIABILITY:

719 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
720 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
721 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
722 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
723 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
724 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
725 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
726 LEGISLATURE.

727 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER  
728 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,

729 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO  
730 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN  
731 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE  
732 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES  
733 ARE REGULATED AND APPROVED BY THE STATE.

734 3.2. I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
735 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
736 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
737 FLORIDA LEGISLATURE.

738 4.3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
739 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
740 STATE OF FLORIDA.

741 a. The corporation shall maintain, in electronic format or  
742 otherwise, a copy of the applicant's signed acknowledgment and  
743 provide a copy of the statement to the policyholder as part of  
744 the first renewal after the effective date of this subparagraph.

745 b. The signed acknowledgment form creates a conclusive  
746 presumption that the policyholder understood and accepted his or  
747 her potential surcharge and assessment liability as a  
748 policyholder of the corporation.

749 (i)1. The Office of the Internal Auditor is established  
750 within the corporation to provide a central point for  
751 coordination of and responsibility for activities that promote  
752 accountability, integrity, and efficiency to the policyholders  
753 and to the taxpayers of this state. The internal auditor shall  
754 be appointed by the board of governors, shall report to and be  
755 under the general supervision of the board of governors, and is  
756 not subject to supervision by an ~~any~~ employee of the

757 corporation. Administrative staff and support shall be provided  
 758 by the corporation. The internal auditor shall be appointed  
 759 without regard to political affiliation. It is the duty and  
 760 responsibility of the internal auditor to:

761 a. Provide direction for, supervise, conduct, and  
 762 coordinate audits, investigations, and management reviews  
 763 relating to the programs and operations of the corporation.

764 b. Conduct, supervise, or coordinate other activities  
 765 carried out or financed by the corporation for the purpose of  
 766 promoting efficiency in the administration of, or preventing and  
 767 detecting fraud, abuse, and mismanagement in, its programs and  
 768 operations.

769 c. Submit final audit reports, reviews, or investigative  
 770 reports to the board of governors, the executive director, the  
 771 members of the Financial Services Commission, and the President  
 772 of the Senate and the Speaker of the House of Representatives.

773 d. Keep the board of governors informed concerning fraud,  
 774 abuses, and internal control deficiencies relating to programs  
 775 and operations administered or financed by the corporation,  
 776 recommend corrective action, and report on the progress made in  
 777 implementing corrective action.

778 e. Cooperate and coordinate activities with the  
 779 corporation's inspector general ~~Report expeditiously to the~~  
 780 ~~Department of Law Enforcement or other law enforcement agencies,~~  
 781 ~~as appropriate, whenever the internal auditor has reasonable~~  
 782 ~~grounds to believe there has been a violation of criminal law.~~

783 2. On or before February 15, the internal auditor shall  
 784 prepare an annual report evaluating the effectiveness of the

785 internal controls of the corporation and providing  
786 recommendations for corrective action, if necessary, and  
787 summarizing the audits, reviews, and investigations conducted by  
788 the office during the preceding fiscal year. The final report  
789 shall be furnished to the board of governors and the executive  
790 director, the President of the Senate, the Speaker of the House  
791 of Representatives, and the Financial Services Commission.

792 (q)1. The corporation shall certify to the office its  
793 needs for annual assessments as to a particular calendar year,  
794 and for any interim assessments that it deems to be necessary to  
795 sustain operations as to a particular year pending the receipt  
796 of annual assessments. Upon verification, the office shall  
797 approve such certification, and the corporation shall levy such  
798 annual or interim assessments. Such assessments shall be  
799 prorated as provided in paragraph (b). The corporation shall  
800 take all reasonable and prudent steps necessary to collect the  
801 amount of assessments due from each assessable insurer,  
802 including, if prudent, filing suit to collect the assessments,  
803 and the office may provide such assistance to the corporation it  
804 deems appropriate. If the corporation is unable to collect an  
805 assessment from any assessable insurer, the uncollected  
806 assessments shall be levied as an additional assessment against  
807 the assessable insurers and any assessable insurer required to  
808 pay an additional assessment as a result of such failure to pay  
809 shall have a cause of action against such nonpaying assessable  
810 insurer. Assessments shall be included as an appropriate factor  
811 in the making of rates. The failure of a surplus lines agent to  
812 collect and remit any regular or emergency assessment levied by

813 the corporation is considered to be a violation of s. 626.936  
814 and subjects the surplus lines agent to the penalties provided  
815 in that section.

816 2. The governing body of any unit of local government, any  
817 residents of which are insured by the corporation, may issue  
818 bonds as defined in s. 125.013 or s. 166.101 from time to time  
819 to fund an assistance program, in conjunction with the  
820 corporation, for the purpose of defraying deficits of the  
821 corporation. In order to avoid needless and indiscriminate  
822 proliferation, duplication, and fragmentation of such assistance  
823 programs, any unit of local government, any residents of which  
824 are insured by the corporation, may provide for the payment of  
825 losses, regardless of whether or not the losses occurred within  
826 or outside of the territorial jurisdiction of the local  
827 government. Revenue bonds under this subparagraph may not be  
828 issued until validated pursuant to chapter 75, unless a state of  
829 emergency is declared by executive order or proclamation of the  
830 Governor pursuant to s. 252.36 making such findings as are  
831 necessary to determine that it is in the best interests of, and  
832 necessary for, the protection of the public health, safety, and  
833 general welfare of residents of this state and declaring it an  
834 essential public purpose to permit certain municipalities or  
835 counties to issue such bonds as will permit relief to claimants  
836 and policyholders of the corporation. Any such unit of local  
837 government may enter into such contracts with the corporation  
838 and with any other entity created pursuant to this subsection as  
839 are necessary to carry out this paragraph. Any bonds issued  
840 under this subparagraph shall be payable from and secured by

841 moneys received by the corporation from emergency assessments  
842 under sub-subparagraph (b)3.d., and assigned and pledged to or  
843 on behalf of the unit of local government for the benefit of the  
844 holders of such bonds. The funds, credit, property, and taxing  
845 power of the state or of the unit of local government shall not  
846 be pledged for the payment of such bonds.

847 3.a. The corporation shall adopt one or more programs  
848 subject to approval by the office for the reduction of both new  
849 and renewal writings in the corporation. Beginning January 1,  
850 2008, any program the corporation adopts for the payment of  
851 bonuses to an insurer for each risk the insurer removes from the  
852 corporation shall comply with s. 627.3511(2) and may not exceed  
853 the amount referenced in s. 627.3511(2) for each risk removed.  
854 The corporation may consider any prudent and not unfairly  
855 discriminatory approach to reducing corporation writings, and  
856 may adopt a credit against assessment liability or other  
857 liability that provides an incentive for insurers to take risks  
858 out of the corporation and to keep risks out of the corporation  
859 by maintaining or increasing voluntary writings in counties or  
860 areas in which corporation risks are highly concentrated and a  
861 program to provide a formula under which an insurer voluntarily  
862 taking risks out of the corporation by maintaining or increasing  
863 voluntary writings will be relieved wholly or partially from  
864 assessments under sub-subparagraph (b)3.a. However, any "take-  
865 out bonus" or payment to an insurer must be conditioned on the  
866 property being insured for at least 5 years by the insurer,  
867 unless canceled or nonrenewed by the policyholder. If the policy  
868 is canceled or nonrenewed by the policyholder before the end of

869 the 5-year period, the amount of the take-out bonus must be  
870 prorated for the time period the policy was insured. When the  
871 corporation enters into a contractual agreement for a take-out  
872 plan, the producing agent of record of the corporation policy is  
873 entitled to retain any unearned commission on such policy, and  
874 the insurer shall either:

875 (I) Pay to the producing agent of record of the policy,  
876 for the first year, an amount which is the greater of the  
877 insurer's usual and customary commission for the type of policy  
878 written or a policy fee equal to the usual and customary  
879 commission of the corporation; or

880 (II) Offer to allow the producing agent of record of the  
881 policy to continue servicing the policy for a period of not less  
882 than 1 year and offer to pay the agent the insurer's usual and  
883 customary commission for the type of policy written. If the  
884 producing agent is unwilling or unable to accept appointment by  
885 the new insurer, the new insurer shall pay the agent in  
886 accordance with sub-sub-subparagraph (I).

887 b. Any credit or exemption from regular assessments  
888 adopted under this subparagraph shall last no longer than the 3  
889 years following the cancellation or expiration of the policy by  
890 the corporation. With the approval of the office, the board may  
891 extend such credits for an additional year if the insurer  
892 guarantees an additional year of renewability for all policies  
893 removed from the corporation, or for 2 additional years if the  
894 insurer guarantees 2 additional years of renewability for all  
895 policies so removed.

896 c. There shall be no credit, limitation, exemption, or



897 | deferment from emergency assessments to be collected from  
898 | policyholders pursuant to sub-subparagraph (b)3.d.

899 |         4. The plan shall provide for the deferment, in whole or  
900 | in part, of the assessment of an assessable insurer, other than  
901 | an emergency assessment collected from policyholders pursuant to  
902 | sub-subparagraph (b)3.d., if the office finds that payment of  
903 | the assessment would endanger or impair the solvency of the  
904 | insurer. In the event an assessment against an assessable  
905 | insurer is deferred in whole or in part, the amount by which  
906 | such assessment is deferred may be assessed against the other  
907 | assessable insurers in a manner consistent with the basis for  
908 | assessments set forth in paragraph (b).

909 |         5. Effective July 1, 2007, in order to evaluate the costs  
910 | and benefits of approved take-out plans, if the corporation pays  
911 | a bonus or other payment to an insurer for an approved take-out  
912 | plan, it shall maintain a record of the address or such other  
913 | identifying information on the property or risk removed in order  
914 | to track if and when the property or risk is later insured by  
915 | the corporation.

916 |         6. Any policy taken out, assumed, or removed from the  
917 | corporation is, as of the effective date of the take-out,  
918 | assumption, or removal, direct insurance issued by the insurer  
919 | and not by the corporation, even if the corporation continues to  
920 | service the policies. This subparagraph applies to policies of  
921 | the corporation and not policies taken out, assumed, or removed  
922 | from any other entity.

923 |         7. For a policy taken out, assumed, or removed from the  
924 | corporation, the insurer may, for a period of no more than 3

925 years, continue to use any of the corporation's policy forms or  
926 endorsements that apply to the policy taken out, removed, or  
927 assumed without obtaining approval from the office for use of  
928 such policy form or endorsement.

929 (gg) The corporation may adopt policy forms that allow the  
930 corporation the option, at its discretion, to repair or replace  
931 covered damage with property of like kind and quality rather  
932 than paying the value of the loss to the policyholder.

933 (hh) The Office of Inspector General is established within  
934 the corporation to provide a central point for coordination of  
935 and responsibility for activities that promote accountability,  
936 integrity, and efficiency. The office shall be headed by an  
937 inspector general, which is a senior management position that  
938 involves planning, coordinating, and performing activities  
939 assigned to and assumed by the inspector general for the  
940 corporation.

941 1. The inspector general shall be appointed by the  
942 Financial Services Commission and may only be removed from  
943 office by the commission. The inspector general shall be  
944 appointed without regard to political affiliation.

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

950 b. The inspector general shall report to, and be under the  
951 supervision of, the chair of the board of governors. The  
952 executive director or corporation staff may not prevent or

953 prohibit the inspector general from initiating, carrying out, or  
954 completing any review, evaluation, or investigation.

955 2. The inspector general shall initiate, direct,  
956 coordinate, participate in, and perform studies, reviews,  
957 evaluations, and investigations designed to assess management  
958 practices; compliance with laws, rules, and policies; and  
959 program effectiveness and efficiency. This includes:

960 a. Conducting internal examinations; investigating  
961 allegations of fraud, waste, abuse, malfeasance, mismanagement,  
962 employee misconduct, or violations of corporation policies; and  
963 conducting any other investigations as directed by the Financial  
964 Services Commission or as independently determined.

965 b. Evaluating and recommending actions regarding security,  
966 the ethical behavior of personnel and vendors, and compliance  
967 with rules, laws, policies, and personnel matters; and rendering  
968 ethics opinions.

969 c. Overseeing or participating in personnel and  
970 administrative policy compliance and management, operational  
971 reviews, and conducting and selecting human resources-related  
972 advice and consultation.

973 d. Evaluating the application of a corporation code of  
974 ethics, providing input on the design and content of ethics-  
975 related policy training courses, educating employees on the code  
976 and on appropriate conduct, and checking for compliance.

977 e. Participating in policy development and review,  
978 including the creation, modification, and maintenance of  
979 personnel and administrative services policies and in the  
980 identification of policy enhancements, and researching policy-

981 related issues.

982 f. Participating in the activities of the senior  
983 management team and evaluating the management's compliance with  
984 recommended solutions.

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

987 h. Maintaining records of investigations and discipline in  
988 accordance with established policies.

989 i. Supervising and directing the tasks and assignments of  
990 the staff assigned to assist with the inspector general's  
991 projects. This includes regular review and feedback regarding  
992 work in progress and upon completion and providing input  
993 regarding relevant training and staff development activities as  
994 warranted.

995 j. Directing, planning, preparing, and presenting interim  
996 and final reports and oral briefings to the Financial Services  
997 Commission and the executive director which communicate the  
998 results of studies, reviews, and investigations.

999 k. Providing the executive director with independent and  
1000 objective assessments of programs and activities.

1001 l. Completing special projects and assignments as directed  
1002 by the Financial Services Commission and performing other duties  
1003 as requested by the commission.

1004 m. Reporting expeditiously to the Department of Law  
1005 Enforcement or other law enforcement agencies, as appropriate,  
1006 whenever the inspector general has reasonable grounds to believe  
1007 there has been a violation of criminal law.

1008 Section 2. Effective October 1, 2013, paragraphs (e) and

1009 (t) of subsection (6) of section 627.351, Florida Statutes, are  
 1010 amended to read:

1011 627.351 Insurance risk apportionment plans.—

1012 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1013 (e) The corporation is subject to s. 287.057 for the  
 1014 purchase of commodities and contractual services except as  
 1015 otherwise provided in this paragraph. Services provided by  
 1016 traders or technical experts to assist a licensed adjuster  
 1017 in the evaluation of individual claims are not subject to the  
 1018 procurement requirements of this section. Additionally, the  
 1019 procurement of financial services providers and underwriters  
 1020 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~  
 1021 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~  
 1022 ~~receipt of written quotes, written record of telephone quotes,~~  
 1023 ~~or informal bids, whenever practical. The procurement of goods~~  
 1024 ~~or services valued at or over \$25,000 shall be subject to~~  
 1025 ~~competitive solicitation, except in situations where the goods~~  
 1026 ~~or services are provided by a sole source or are deemed an~~  
 1027 ~~emergency purchase; the services are exempted from competitive~~  
 1028 ~~solicitation requirements under s. 287.057(3)(f); or the~~  
 1029 ~~procurement of services is subject to s. 627.3513. Justification~~  
 1030 ~~for the sole-sourcing or emergency procurement must be~~  
 1031 ~~documented.~~ Contracts for goods or services valued at or more  
 1032 than ~~over~~ \$100,000 are subject to approval by the board.

1033 1. The corporation is an agency for purposes of s.  
 1034 287.057, except that, for purposes of s. 287.057(22), the  
 1035 corporation is an eligible user.

1036 a. The authority of the Department of Management Services

1037 and the Chief Financial Officer under s. 287.057 extends to the  
 1038 corporation as if the corporation were an agency.

1039 b. The executive director of the corporation is the agency  
 1040 head under s. 287.057, except for resolution of bid protests for  
 1041 which the board would serve as the agency head.

1042 2. The corporation must provide notice of a decision or  
 1043 intended decision concerning a solicitation, contract award, or  
 1044 exceptional purchase by electronic posting. Such notice must  
 1045 contain the following statement: "Failure to file a protest  
 1046 within the time prescribed in this section constitutes a waiver  
 1047 of proceedings."

1048 a. A person adversely affected by the corporation's  
 1049 decision or intended decision to award a contract pursuant to s.  
 1050 287.057(1) or s. 287.057(3)(c) who elects to challenge the  
 1051 decision must file a written notice of protest with the  
 1052 executive director of the corporation within 72 hours after the  
 1053 corporation posts a notice of its decision or intended decision.  
 1054 For a protest of the terms, conditions, and specifications  
 1055 contained in a solicitation, including any provisions governing  
 1056 the methods for ranking bids, proposals, replies, awarding  
 1057 contracts, reserving rights of further negotiation, or modifying  
 1058 or amending any contract, the notice of protest must be filed in  
 1059 writing within 72 hours after the posting of the solicitation.  
 1060 Saturdays, Sundays, and state holidays are excluded in the  
 1061 computation of the 72-hour time period.

1062 b. A formal written protest must be filed within 10 days  
 1063 after the date the notice of protest is filed. The formal  
 1064 written protest must state with particularity the facts and law

1065 upon which the protest is based. Upon receipt of a formal  
1066 written protest that has been timely filed, the corporation must  
1067 stop the solicitation or contract award process until the  
1068 subject of the protest is resolved by final board action unless  
1069 the executive director sets forth in writing particular facts  
1070 and circumstances that require the continuance of the  
1071 solicitation or contract award process without delay in order to  
1072 avoid an immediate and serious danger to the public health,  
1073 safety, or welfare. The corporation must provide an opportunity  
1074 to resolve the protest by mutual agreement between the parties  
1075 within 7 business days after receipt of the formal written  
1076 protest. If the subject of a protest is not resolved by mutual  
1077 agreement within 7 business days, the corporation's board must  
1078 place the protest on the agenda and resolve it at its next  
1079 regularly scheduled meeting. The protest must be heard by the  
1080 board at a publicly noticed meeting in accordance with  
1081 procedures established by the board.

1082 c. In a protest of an invitation-to-bid or request-for-  
1083 proposals procurement, submissions made after the bid or  
1084 proposal opening which amend or supplement the bid or proposal  
1085 may not be considered. In protesting an invitation-to-negotiate  
1086 procurement, submissions made after the corporation announces  
1087 its intent to award a contract, reject all replies, or withdraw  
1088 the solicitation that amends or supplements the reply may not be  
1089 considered. Unless otherwise provided by law, the burden of  
1090 proof rests with the party protesting the corporation's action.  
1091 In a competitive-procurement protest, other than a rejection of  
1092 all bids, proposals, or replies, the corporation's board must

1093 conduct a de novo proceeding to determine whether the  
1094 corporation's proposed action is contrary to the corporation's  
1095 governing statutes, the corporation's rules or policies, or the  
1096 solicitation specifications. The standard of proof for the  
1097 proceeding is whether the corporation's action was clearly  
1098 erroneous, contrary to competition, arbitrary, or capricious. In  
1099 any bid-protest proceeding contesting an intended corporation  
1100 action to reject all bids, proposals, or replies, the standard  
1101 of review by the board is whether the corporation's intended  
1102 action is illegal, arbitrary, dishonest, or fraudulent.

1103 d. Failure to file a notice of protest or failure to file  
1104 a formal written protest constitutes a waiver of proceedings.

1105 3. Contract actions and decisions by the board under this  
1106 paragraph are final. Any further legal remedy must be made in  
1107 the Circuit Court of Leon County.

1108 (t) For the purposes of s. 199.183(1), the corporation  
1109 shall be considered a political subdivision of the state and  
1110 shall be exempt from the corporate income tax. The premiums,  
1111 assessments, investment income, and other revenue of the  
1112 corporation are funds received for providing property insurance  
1113 coverage as required by this subsection, paying claims for  
1114 Florida citizens insured by the corporation, securing and  
1115 repaying debt obligations issued by the corporation, and  
1116 conducting all other activities of the corporation, and shall  
1117 not be considered taxes, fees, licenses, or charges for services  
1118 imposed by the Legislature on individuals, businesses, or  
1119 agencies outside state government. Bonds and other debt  
1120 obligations issued by or on behalf of the corporation are not to



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1121 be considered "state bonds" within the meaning of s. 215.58(8).  
1122 The corporation is ~~not~~ subject to the procurement provisions of  
1123 chapter 287 as provided in paragraph (e), and policies and  
1124 decisions of the corporation relating to incurring debt, levying  
1125 of assessments and the sale, issuance, continuation, terms and  
1126 claims under corporation policies, and all services relating  
1127 thereto, are not subject to the provisions of chapter 120. The  
1128 corporation is not required to obtain or to hold a certificate  
1129 of authority issued by the office, nor is it required to  
1130 participate as a member insurer of the Florida Insurance  
1131 Guaranty Association. However, the corporation is required to  
1132 pay, in the same manner as an authorized insurer, assessments  
1133 levied by the Florida Insurance Guaranty Association. It is the  
1134 intent of the Legislature that the tax exemptions provided in  
1135 this paragraph will augment the financial resources of the  
1136 corporation to better enable the corporation to fulfill its  
1137 public purposes. Any debt obligations issued by the corporation,  
1138 their transfer, and the income therefrom, including any profit  
1139 made on the sale thereof, shall at all times be free from  
1140 taxation of every kind by the state and any political  
1141 subdivision or local unit or other instrumentality thereof;  
1142 however, this exemption does not apply to any tax imposed by  
1143 chapter 220 on interest, income, or profits on debt obligations  
1144 owned by corporations other than the corporation.

1145 Section 3. The purchase of commodities and contractual  
1146 services by Citizens Property Insurance Corporation commenced  
1147 before October 1, 2013, is governed by the law in effect on  
1148 September 30, 2013.

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1149 |           Section 4. Except as otherwise expressly provided in this  
1150 | act, this act shall take effect July 1, 2013.