

Amendment No.

CHAMBER ACTION

Senate

House

.

Representative Holder offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Effective June 1, 2013, paragraph (n) of subsection (2), paragraph (b) of subsection (4), paragraphs (b) and (d) of subsection (6), and present subsection (16) of section 215.555, Florida Statutes, are amended, and subsections (17) and (18) of that section are renumbered as subsections (16) and (17), respectively, to read:

215.555 Florida Hurricane Catastrophe Fund.—

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

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

(4) REIMBURSEMENT CONTRACTS.—

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17 (b)1. The contract shall contain a promise by the board to
18 reimburse the insurer for 45 percent, 75 percent, or 90 percent
19 of its losses from each covered event in excess of the insurer's
20 retention, plus 5 percent of the reimbursed losses to cover loss
21 adjustment expenses.

22 2. The insurer must elect one of the percentage coverage
23 levels specified in this paragraph and may, upon renewal of a
24 reimbursement contract, elect a lower percentage coverage level
25 if no revenue bonds issued under subsection (6) after a covered
26 event are outstanding, or elect a higher percentage coverage
27 level, regardless of whether or not revenue bonds are
28 outstanding. All members of an insurer group must elect the same
29 percentage coverage level. Any joint underwriting association,
30 risk apportionment plan, or other entity created under s.
31 627.351 must elect the 90-percent coverage level.

32 3. The contract shall provide that reimbursement amounts
33 shall not be reduced by reinsurance paid or payable to the
34 insurer from other sources.

35 ~~4. Notwithstanding any other provision contained in this~~
36 ~~section, the board shall make available to insurers that~~
37 ~~purchased coverage provided by this subparagraph in 2008,~~
38 ~~insurers qualifying as limited apportionment companies under s.~~
39 ~~627.351(6)(c), and insurers that have been approved to~~
40 ~~participate in the Insurance Capital Build-Up Incentive Program~~
41 ~~pursuant to s. 215.5595 a contract or contract addendum that~~
42 ~~provides an additional amount of reimbursement coverage of up to~~
43 ~~\$10 million. The premium to be charged for this additional~~
44 ~~reimbursement coverage shall be 50 percent of the additional~~

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45 ~~reimbursement coverage provided, which shall include one prepaid~~
46 ~~reinstatement. The minimum retention level that an eligible~~
47 ~~participating insurer must retain associated with this~~
48 ~~additional coverage layer is 30 percent of the insurer's surplus~~
49 ~~as of December 31, 2008, for the 2009-2010 contract year; as of~~
50 ~~December 31, 2009, for the 2010-2011 contract year; and as of~~
51 ~~December 31, 2010, for the 2011-2012 contract year. This~~
52 ~~coverage shall be in addition to all other coverage that may be~~
53 ~~provided under this section. The coverage provided by the fund~~
54 ~~under this subparagraph shall be in addition to the claims-~~
55 ~~paying capacity as defined in subparagraph (c)1., but only with~~
56 ~~respect to those insurers that select the additional coverage~~
57 ~~option and meet the requirements of this subparagraph. The~~
58 ~~claims-paying capacity with respect to all other participating~~
59 ~~insurers and limited apportionment companies that do not select~~
60 ~~the additional coverage option shall be limited to their~~
61 ~~reimbursement premium's proportionate share of the actual~~
62 ~~claims-paying capacity otherwise defined in subparagraph (c)1.~~
63 ~~and as provided for under the terms of the reimbursement~~
64 ~~contract. The optional coverage retention as specified shall be~~
65 ~~accessed before the mandatory coverage under the reimbursement~~
66 ~~contract, but once the limit of coverage selected under this~~
67 ~~option is exhausted, the insurer's retention under the mandatory~~
68 ~~coverage will apply. This coverage will apply and be paid~~
69 ~~concurrently with mandatory coverage. This subparagraph expires~~
70 ~~on May 31, 2012.~~

71 (6) REVENUE BONDS.—

72 (b) Emergency assessments—

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73 1. If the board determines that the amount of revenue
74 produced under subsection (5) is insufficient to fund the
75 obligations, costs, and expenses of the fund and the
76 corporation, including repayment of revenue bonds and that
77 portion of the debt service coverage not met by reimbursement
78 premiums, the board shall direct the Office of Insurance
79 Regulation to levy, by order, an emergency assessment on direct
80 premiums for all property and casualty lines of business in this
81 state, including property and casualty business of surplus lines
82 insurers regulated under part VIII of chapter 626, but not
83 including any workers' compensation premiums or medical
84 malpractice premiums. As used in this subsection, the term
85 "property and casualty business" includes all lines of business
86 identified on Form 2, Exhibit of Premiums and Losses, in the
87 annual statement required of authorized insurers by s. 624.424
88 and any rule adopted under this section, except for those lines
89 identified as accident and health insurance and except for
90 policies written under the National Flood Insurance Program. The
91 assessment shall be specified as a percentage of direct written
92 premium and is subject to annual adjustments by the board in
93 order to meet debt obligations. The same percentage shall apply
94 to all policies in lines of business subject to the assessment
95 issued or renewed during the 12-month period beginning on the
96 effective date of the assessment.

97 2. A premium is not subject to an annual assessment under
98 this paragraph in excess of 6 percent of premium with respect to
99 obligations arising out of losses attributable to any one
100 contract year, and a premium is not subject to an aggregate

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101 annual assessment under this paragraph in excess of 10 percent
102 of premium. An annual assessment under this paragraph shall
103 continue as long as the revenue bonds issued with respect to
104 which the assessment was imposed are outstanding, including any
105 bonds the proceeds of which were used to refund the revenue
106 bonds, unless adequate provision has been made for the payment
107 of the bonds under the documents authorizing issuance of the
108 bonds.

109 3. Emergency assessments shall be collected from
110 policyholders. Emergency assessments shall be remitted by
111 insurers as a percentage of direct written premium for the
112 preceding calendar quarter as specified in the order from the
113 Office of Insurance Regulation. The office shall verify the
114 accurate and timely collection and remittance of emergency
115 assessments and shall report the information to the board in a
116 form and at a time specified by the board. Each insurer
117 collecting assessments shall provide the information with
118 respect to premiums and collections as may be required by the
119 office to enable the office to monitor and verify compliance
120 with this paragraph.

121 4. With respect to assessments of surplus lines premiums,
122 each surplus lines agent shall collect the assessment at the
123 same time as the agent collects the surplus lines tax required
124 by s. 626.932, and the surplus lines agent shall remit the
125 assessment to the Florida Surplus Lines Service Office created
126 by s. 626.921 at the same time as the agent remits the surplus
127 lines tax to the Florida Surplus Lines Service Office. The
128 emergency assessment on each insured procuring coverage and

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129 filing under s. 626.938 shall be remitted by the insured to the
130 Florida Surplus Lines Service Office at the time the insured
131 pays the surplus lines tax to the Florida Surplus Lines Service
132 Office. The Florida Surplus Lines Service Office shall remit the
133 collected assessments to the fund or corporation as provided in
134 the order levied by the Office of Insurance Regulation. The
135 Florida Surplus Lines Service Office shall verify the proper
136 application of such emergency assessments and shall assist the
137 board in ensuring the accurate and timely collection and
138 remittance of assessments as required by the board. The Florida
139 Surplus Lines Service Office shall annually calculate the
140 aggregate written premium on property and casualty business,
141 other than workers' compensation and medical malpractice,
142 procured through surplus lines agents and insureds procuring
143 coverage and filing under s. 626.938 and shall report the
144 information to the board in a form and at a time specified by
145 the board.

146 5. Any assessment authority not used for a particular
147 contract year may be used for a subsequent contract year. If,
148 for a subsequent contract year, the board determines that the
149 amount of revenue produced under subsection (5) is insufficient
150 to fund the obligations, costs, and expenses of the fund and the
151 corporation, including repayment of revenue bonds and that
152 portion of the debt service coverage not met by reimbursement
153 premiums, the board shall direct the Office of Insurance
154 Regulation to levy an emergency assessment up to an amount not
155 exceeding the amount of unused assessment authority from a
156 previous contract year or years, plus an additional 4 percent

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157 provided that the assessments in the aggregate do not exceed the
158 limits specified in subparagraph 2.

159 6. The assessments otherwise payable to the corporation
160 under this paragraph shall be paid to the fund unless and until
161 the Office of Insurance Regulation and the Florida Surplus Lines
162 Service Office have received from the corporation and the fund a
163 notice, which shall be conclusive and upon which they may rely
164 without further inquiry, that the corporation has issued bonds
165 and the fund has no agreements in effect with local governments
166 under paragraph (c). On or after the date of the notice and
167 until the date the corporation has no bonds outstanding, the
168 fund shall have no right, title, or interest in or to the
169 assessments, except as provided in the fund's agreement with the
170 corporation.

171 7. Emergency assessments are not premium and are not
172 subject to the premium tax, to the surplus lines tax, to any
173 fees, or to any commissions. An insurer is liable for all
174 assessments that it collects and must treat the failure of an
175 insured to pay an assessment as a failure to pay the premium. An
176 insurer is not liable for uncollectible assessments.

177 8. When an insurer is required to return an unearned
178 premium, it shall also return any collected assessment
179 attributable to the unearned premium. A credit adjustment to the
180 collected assessment may be made by the insurer with regard to
181 future remittances that are payable to the fund or corporation,
182 but the insurer is not entitled to a refund.

183 9. When a surplus lines insured or an insured who has
184 procured coverage and filed under s. 626.938 is entitled to the

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185 return of an unearned premium, the Florida Surplus Lines Service
186 Office shall provide a credit or refund to the agent or such
187 insured for the collected assessment attributable to the
188 unearned premium prior to remitting the emergency assessment
189 collected to the fund or corporation.

190 10. The exemption of medical malpractice insurance
191 premiums from emergency assessments under this paragraph is
192 repealed May 31, 2016 ~~2013~~, and medical malpractice insurance
193 premiums shall be subject to emergency assessments attributable
194 to loss events occurring in the contract years commencing on
195 June 1, 2016 ~~2013~~.

196 (d) State Board of Administration ~~Florida Hurricane~~
197 ~~Catastrophe Fund~~ Finance Corporation.-

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

200 a. The public benefits corporation created under this
201 paragraph will provide a mechanism necessary for the cost-
202 effective and efficient issuance of bonds. This mechanism will
203 eliminate unnecessary costs in the bond issuance process,
204 thereby increasing the amounts available to pay reimbursement
205 for losses to property sustained as a result of hurricane
206 damage.

207 b. The purpose of such bonds is to fund reimbursements
208 through the Florida Hurricane Catastrophe Fund to pay for the
209 costs of construction, reconstruction, repair, restoration, and
210 other costs associated with damage to properties of
211 policyholders of covered policies due to the occurrence of a
212 hurricane.

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213 c. The efficacy of the financing mechanism will be
214 enhanced by the corporation's ownership of the assessments, by
215 the insulation of the assessments from possible bankruptcy
216 proceedings, and by covenants of the state with the
217 corporation's bondholders.

218 2.a. There is created a public benefits corporation, which
219 is an instrumentality of the state, to be known as the State
220 Board of Administration ~~Florida Hurricane Catastrophe Fund~~
221 Finance Corporation.

222 b. The corporation shall operate under a five-member board
223 of directors consisting of the Governor or a designee, the Chief
224 Financial Officer or a designee, the Attorney General or a
225 designee, the director of the Division of Bond Finance of the
226 State Board of Administration, and the Chief Operating Officer
227 ~~senior employee of the State Board of Administration responsible~~
228 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

229 c. The corporation has all of the powers of corporations
230 under chapter 607 and under chapter 617, subject only to the
231 provisions of this subsection.

232 d. The corporation may issue bonds and engage in such
233 other financial transactions as are necessary to provide
234 sufficient funds to achieve the purposes of this section.

235 e. The corporation may invest in any of the investments
236 authorized under s. 215.47.

237 f. There shall be no liability on the part of, and no
238 cause of action shall arise against, any board members or
239 employees of the corporation for any actions taken by them in
240 the performance of their duties under this paragraph.

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241 3.a. In actions under chapter 75 to validate any bonds
242 issued by the corporation, the notice required by s. 75.06 shall
243 be published in two newspapers of general circulation in the
244 state, and the complaint and order of the court shall be served
245 only on the State Attorney of the Second Judicial Circuit.

246 b. The state hereby covenants with holders of bonds of the
247 corporation that the state will not repeal or abrogate the power
248 of the board to direct the Office of Insurance Regulation to
249 levy the assessments and to collect the proceeds of the revenues
250 pledged to the payment of such bonds as long as any such bonds
251 remain outstanding unless adequate provision has been made for
252 the payment of such bonds pursuant to the documents authorizing
253 the issuance of such bonds.

254 4. The bonds of the corporation are not a debt of the
255 state or of any political subdivision, and neither the state nor
256 any political subdivision is liable on such bonds. The
257 corporation does not have the power to pledge the credit, the
258 revenues, or the taxing power of the state or of any political
259 subdivision. The credit, revenues, or taxing power of the state
260 or of any political subdivision shall not be deemed to be
261 pledged to the payment of any bonds of the corporation.

262 5.a. The property, revenues, and other assets of the
263 corporation; the transactions and operations of the corporation
264 and the income from such transactions and operations; and all
265 bonds issued under this paragraph and interest on such bonds are
266 exempt from taxation by the state and any political subdivision,
267 including the intangibles tax under chapter 199 and the income
268 tax under chapter 220. This exemption does not apply to any tax

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269 imposed by chapter 220 on interest, income, or profits on debt
270 obligations owned by corporations other than the State Board of
271 Administration Florida Hurricane Catastrophe Fund Finance
272 Corporation.

273 b. All bonds of the corporation shall be and constitute
274 legal investments without limitation for all public bodies of
275 this state; for all banks, trust companies, savings banks,
276 savings associations, savings and loan associations, and
277 investment companies; for all administrators, executors,
278 trustees, and other fiduciaries; for all insurance companies and
279 associations and other persons carrying on an insurance
280 business; and for all other persons who are now or may hereafter
281 be authorized to invest in bonds or other obligations of the
282 state and shall be and constitute eligible securities to be
283 deposited as collateral for the security of any state, county,
284 municipal, or other public funds. This sub-subparagraph shall be
285 considered as additional and supplemental authority and shall
286 not be limited without specific reference to this sub-
287 subparagraph.

288 6. The corporation and its corporate existence shall
289 continue until terminated by law; however, no such law shall
290 take effect as long as the corporation has bonds outstanding
291 unless adequate provision has been made for the payment of such
292 bonds pursuant to the documents authorizing the issuance of such
293 bonds. Upon termination of the existence of the corporation, all
294 of its rights and properties in excess of its obligations shall
295 pass to and be vested in the state.

296 7. The State Board of Administration Finance Corporation

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297 is for all purposes the successor to the Florida Hurricane
298 Catastrophe Fund Finance Corporation.

299 ~~(16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL COVERAGE.—~~

300 ~~(a) Findings and intent.—~~

301 ~~1. The Legislature finds that:~~

302 ~~a. Because of temporary disruptions in the market for~~
303 ~~catastrophic reinsurance, many property insurers were unable to~~
304 ~~procure reinsurance for the 2006 hurricane season with an~~
305 ~~attachment point below the insurers' respective Florida~~
306 ~~Hurricane Catastrophe Fund attachment points, were unable to~~
307 ~~procure sufficient amounts of such reinsurance, or were able to~~
308 ~~procure such reinsurance only by incurring substantially higher~~
309 ~~costs than in prior years.~~

310 ~~b. The reinsurance market problems were responsible, at~~
311 ~~least in part, for substantial premium increases to many~~
312 ~~consumers and increases in the number of policies issued by the~~
313 ~~Citizens Property Insurance Corporation.~~

314 ~~e. It is likely that the reinsurance market disruptions~~
315 ~~will not significantly abate prior to the 2007 hurricane season.~~

316 ~~2. It is the intent of the Legislature to create a~~
317 ~~temporary emergency program, applicable to the 2007, 2008, and~~
318 ~~2009 hurricane seasons, to address these market disruptions and~~
319 ~~enable insurers, at their option, to procure additional coverage~~
320 ~~from the Florida Hurricane Catastrophe Fund.~~

321 ~~(b) Applicability of other provisions of this section. All~~
322 ~~provisions of this section and the rules adopted under this~~
323 ~~section apply to the program created by this subsection unless~~
324 ~~specifically superseded by this subsection.~~

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325 ~~(c) Optional coverage. For the contract year commencing~~
326 ~~June 1, 2007, and ending May 31, 2008, the contract year~~
327 ~~commencing June 1, 2008, and ending May 31, 2009, and the~~
328 ~~contract year commencing June 1, 2009, and ending May 31, 2010,~~
329 ~~the board shall offer for each of such years the optional~~
330 ~~coverage as provided in this subsection.~~

331 ~~(d) Additional definitions. As used in this subsection,~~
332 ~~the term:~~

333 ~~1. "TEACO options" means the temporary emergency~~
334 ~~additional coverage options created under this subsection.~~

335 ~~2. "TEACO insurer" means an insurer that has opted to~~
336 ~~obtain coverage under the TEACO options in addition to the~~
337 ~~coverage provided to the insurer under its reimbursement~~
338 ~~contract.~~

339 ~~3. "TEACO reimbursement premium" means the premium charged~~
340 ~~by the fund for coverage provided under the TEACO options.~~

341 ~~4. "TEACO retention" means the amount of losses below~~
342 ~~which a TEACO insurer is not entitled to reimbursement from the~~
343 ~~fund under the TEACO option selected. A TEACO insurer's~~
344 ~~retention options shall be calculated as follows:~~

345 ~~a. The board shall calculate and report to each TEACO~~
346 ~~insurer the TEACO retention multiples. There shall be three~~
347 ~~TEACO retention multiples for defining coverage. Each multiple~~
348 ~~shall be calculated by dividing \$3 billion, \$4 billion, or \$5~~
349 ~~billion by the total estimated mandatory FHCF reimbursement~~
350 ~~premium assuming all insurers selected the 90-percent coverage~~
351 ~~level.~~

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352 ~~b. The TEACO retention multiples as determined under sub-~~
353 ~~subparagraph a. shall be adjusted to reflect the coverage level~~
354 ~~elected by the insurer. For insurers electing the 90-percent~~
355 ~~coverage level, the adjusted retention multiple is 100 percent~~
356 ~~of the amount determined under sub-subparagraph a. For insurers~~
357 ~~electing the 75-percent coverage level, the retention multiple~~
358 ~~is 120 percent of the amount determined under sub-subparagraph~~
359 ~~a. For insurers electing the 45-percent coverage level, the~~
360 ~~adjusted retention multiple is 200 percent of the amount~~
361 ~~determined under sub-subparagraph a.~~

362 ~~e. An insurer shall determine its provisional TEACO~~
363 ~~retention by multiplying its estimated mandatory FHCF~~
364 ~~reimbursement premium by the applicable adjusted TEACO retention~~
365 ~~multiple and shall determine its actual TEACO retention by~~
366 ~~multiplying its actual mandatory FHCF reimbursement premium by~~
367 ~~the applicable adjusted TEACO retention multiple.~~

368 ~~d. For TEACO insurers who experience multiple covered~~
369 ~~events causing loss during the contract year, the insurer's full~~
370 ~~TEACO retention shall be applied to each of the covered events~~
371 ~~causing the two largest losses for that insurer. For other~~
372 ~~covered events resulting in losses, the TEACO option does not~~
373 ~~apply and the insurer's retention shall be one-third of the full~~
374 ~~retention as calculated under paragraph (2) (e).~~

375 ~~5. "TEACO addendum" means an addendum to the reimbursement~~
376 ~~contract reflecting the obligations of the fund and TEACO~~
377 ~~insurers under the program created by this subsection.~~

378 ~~6. "FHCF" means the Florida Hurricane Catastrophe Fund.~~

379 ~~(e) TEACO addendum.~~

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380 ~~1. The TEACO addendum shall provide for reimbursement of~~
381 ~~TEACO insurers for covered events occurring during the contract~~
382 ~~year, in exchange for the TEACO reimbursement premium paid into~~
383 ~~the fund under paragraph (f). Any insurer writing covered~~
384 ~~policies has the option of choosing to accept the TEACO addendum~~
385 ~~for any of the 3 contract years that the coverage is offered.~~

386 ~~2. The TEACO addendum shall contain a promise by the board~~
387 ~~to reimburse the TEACO insurer for 45 percent, 75 percent, or 90~~
388 ~~percent of its losses from each covered event in excess of the~~
389 ~~insurer's TEACO retention, plus 5 percent of the reimbursed~~
390 ~~losses to cover loss adjustment expenses. The percentage shall~~
391 ~~be the same as the coverage level selected by the insurer under~~
392 ~~paragraph (4) (b).~~

393 ~~3. The TEACO addendum shall provide that reimbursement~~
394 ~~amounts shall not be reduced by reinsurance paid or payable to~~
395 ~~the insurer from other sources.~~

396 ~~4. The TEACO addendum shall also provide that the~~
397 ~~obligation of the board with respect to all TEACO addenda shall~~
398 ~~not exceed an amount equal to two times the difference between~~
399 ~~the industry retention level calculated under paragraph (2) (e)~~
400 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~
401 ~~retention level options actually selected, but in no event may~~
402 ~~the board's obligation exceed the actual claims-paying capacity~~
403 ~~of the fund plus the additional capacity created in paragraph~~
404 ~~(g). If the actual claims-paying capacity and the additional~~
405 ~~capacity created under paragraph (g) fall short of the board's~~
406 ~~obligations under the reimbursement contract, each insurer's~~
407 ~~share of the fund's capacity shall be prorated based on the~~

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408 ~~premium an insurer pays for its mandatory reimbursement coverage~~
409 ~~and the premium paid for its optional TEACO coverage as each~~
410 ~~such premium bears to the total premiums paid to the fund times~~
411 ~~the available capacity.~~

412 ~~5. The priorities, schedule, and method of reimbursements~~
413 ~~under the TEACO addendum shall be the same as provided under~~
414 ~~subsection (4).~~

415 ~~6. A TEACO insurer's maximum reimbursement for a single~~
416 ~~event shall be equal to the product of multiplying its mandatory~~
417 ~~FHCF premium by the difference between its FHCF retention~~
418 ~~multiple and its TEACO retention multiple under the TEACO option~~
419 ~~selected and by the coverage selected under paragraph (4) (b),~~
420 ~~plus an additional 5 percent for loss adjustment expenses. A~~
421 ~~TEACO insurer's maximum reimbursement under the TEACO option~~
422 ~~selected for a TEACO insurer's two largest events shall be twice~~
423 ~~its maximum reimbursement for a single event.~~

424 ~~(f) TEACO reimbursement premiums.—~~

425 ~~1. Each TEACO insurer shall pay to the fund, in the manner~~
426 ~~and at the time provided in the reimbursement contract for~~
427 ~~payment of reimbursement premiums, a TEACO reimbursement premium~~
428 ~~calculated as specified in this paragraph.~~

429 ~~2. The insurer's TEACO reimbursement premium associated~~
430 ~~with the \$3 billion retention option shall be equal to 85~~
431 ~~percent of a TEACO insurer's maximum reimbursement for a single~~
432 ~~event as calculated under subparagraph (e)6. The TEACO~~
433 ~~reimbursement premium associated with the \$4 billion retention~~
434 ~~option shall be equal to 80 percent of a TEACO insurer's maximum~~
435 ~~reimbursement for a single event as calculated under~~

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436 ~~subparagraph (e)6. The TEACO premium associated with the \$5~~
437 ~~billion retention option shall be equal to 75 percent of a TEACO~~
438 ~~insurer's maximum reimbursement for a single event as calculated~~
439 ~~under subparagraph (e)6.~~

440 ~~(g) Effect on claims-paying capacity of the fund. For the~~
441 ~~contract term commencing June 1, 2007, the contract year~~
442 ~~commencing June 1, 2008, and the contract term beginning June 1,~~
443 ~~2009, the program created by this subsection shall increase the~~
444 ~~claims-paying capacity of the fund as provided in subparagraph~~
445 ~~(4)(c)1. by an amount equal to two times the difference between~~
446 ~~the industry retention level calculated under paragraph (2)(c)~~
447 ~~and the \$3 billion industry TEACO retention level specified in~~
448 ~~sub-subparagraph (d)4.a. The additional capacity shall apply~~
449 ~~only to the additional coverage provided by the TEACO option and~~
450 ~~shall not otherwise affect any insurer's reimbursement from the~~
451 ~~fund.~~

452 Section 2. Subsection (4) of section 626.752, Florida
453 Statutes, is amended to read:

454 626.752 Exchange of business.—

455 (4) The foregoing limitations and restrictions shall not
456 be construed and shall not apply to the placing of surplus lines
457 business under the provisions of part VIII or to the activities
458 of Citizens Property Insurance Corporation in placing new and
459 renewal business with authorized insurers in accordance with s.
460 627.3518.

461 Section 3. Present subsections (11), (15), and (17) of
462 section 626.854, Florida Statutes, are amended, and a new
463 subsection (17) is added to that section to read:

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464 626.854 "Public adjuster" defined; prohibitions.—The
465 Legislature finds that it is necessary for the protection of the
466 public to regulate public insurance adjusters and to prevent the
467 unauthorized practice of law.

468 (11) (a) If a public adjuster enters into a contract with
469 an insured or claimant to reopen a claim or file a supplemental
470 claim that seeks additional payments for a claim that has been
471 previously paid in part or in full or settled by the insurer,
472 the public adjuster may not charge, agree to, or accept from any
473 source ~~any~~ compensation, payment, commission, fee, or any other
474 thing of value based on a previous settlement or previous claim
475 payments by the insurer for the same cause of loss. The charge,
476 compensation, payment, commission, fee, or any other thing of
477 value must be based only on the claim payments or settlement
478 obtained through the work of the public adjuster after entering
479 into the contract with the insured or claimant. Compensation for
480 the reopened or supplemental claim may not exceed 20 percent of
481 the reopened or supplemental claim payment. In no event shall
482 the contracts described in this paragraph exceed ~~are not subject~~
483 ~~to~~ the limitations in paragraph (b).

484 (b) A public adjuster may not charge, agree to, or accept
485 from any source ~~any~~ compensation, payment, commission, fee, or
486 any other thing of value in excess of:

487 1. Ten percent of the amount of insurance claim payments
488 made by the insurer for claims based on events that are the
489 subject of a declaration of a state of emergency by the
490 Governor. This provision applies to claims made during the year
491 after the declaration of emergency. After that year, the

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492 limitations in subparagraph 2. apply.

493 2. Twenty percent of the amount of insurance claim
494 payments made by the insurer for claims that are not based on
495 events that are the subject of a declaration of a state of
496 emergency by the Governor.

497 (c) Any maneuver, shift, or device through which the
498 limits on compensation set forth in this subsection are exceeded
499 is a violation of this chapter punishable as provided under s.
500 626.8698.

501 ~~(15) A public adjuster must ensure prompt notice of~~
502 ~~property loss claims submitted to an insurer by or through a~~
503 ~~public adjuster or on which a public adjuster represents the~~
504 ~~insured at the time the claim or notice of loss is submitted to~~
505 ~~the insurer.~~ The public adjuster must ensure that prompt notice
506 is given of the claim to the insurer, the public adjuster's
507 contract is provided to the insurer, the property is available
508 for inspection of the loss or damage by the insurer, and the
509 insurer is given an opportunity to interview the insured
510 directly about the loss and claim. The insurer must be allowed
511 to obtain necessary information to investigate and respond to
512 the claim.

513 (a) The insurer may not exclude the public adjuster from
514 its in-person meetings with the insured. The insurer shall meet
515 or communicate with the public adjuster in an effort to reach
516 agreement as to the scope of the covered loss under the
517 insurance policy. The public adjuster shall meet or communicate
518 with the insurer in an effort to reach agreement as to the scope
519 of the covered loss under the insurance policy. This section

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520 does not impair the terms and conditions of the insurance policy
521 in effect at the time the claim is filed.

522 (b) A public adjuster may not restrict or prevent an
523 insurer, company employee adjuster, independent adjuster,
524 attorney, investigator, or other person acting on behalf of the
525 insurer from having reasonable access at reasonable times to any
526 ~~an~~ insured or claimant or to the insured property that is the
527 subject of a claim.

528 (c) A public adjuster may not act or fail to reasonably
529 act in any manner that obstructs or prevents an insurer or
530 insurer's adjuster from timely conducting an inspection of any
531 part of the insured property for which there is a claim for loss
532 or damage. The public adjuster representing the insureds ~~insured~~
533 may be present for the insurer's inspection, but if the
534 unavailability of the public adjuster otherwise delays the
535 insurer's timely inspection of the property, the public adjuster
536 or the insureds ~~insured~~ must allow the insurer to have access to
537 the property without the participation or presence of the public
538 adjuster or insureds ~~insured~~ in order to facilitate the
539 insurer's prompt inspection of the loss or damage.

540 (17) A public adjuster shall not acquire any interest in
541 salvaged property, except with the written consent and
542 permission of the insured through a signed affidavit.

543 (18) ~~(17)~~ The provisions of subsections (5)-(17) ~~(5)-(16)~~
544 apply only to residential property insurance policies and
545 condominium unit owner policies as defined in s. 718.111(11).

546 Section 4. The Legislature intends to enhance the
547 expertise immediately available to the commission by increasing

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548 the membership of the Florida Commission on Hurricane Loss
549 Projection Methodology to provide for the appointment of an
550 additional member with special qualifications or attributes.

551 Section 5. Subsection (2) of section 627.0628, Florida
552 Statutes, is amended to read:

553 627.0628 Florida Commission on Hurricane Loss Projection
554 Methodology; public records exemption; public meetings
555 exemption.—

556 (2) COMMISSION CREATED.—

557 (a) There is created the Florida Commission on Hurricane
558 Loss Projection Methodology, which is assigned to the State
559 Board of Administration. For the purposes of this section, the
560 term "commission" means the Florida Commission on Hurricane Loss
561 Projection Methodology. The commission shall be administratively
562 housed within the State Board of Administration, but it shall
563 independently exercise the powers and duties specified in this
564 section.

565 (b) The commission shall consist of the following 12 ~~11~~
566 members:

- 567 1. The insurance consumer advocate.
- 568 2. The senior employee of the State Board of
569 Administration responsible for operations of the Florida
570 Hurricane Catastrophe Fund.
- 571 3. The Executive Director of the Citizens Property
572 Insurance Corporation.
- 573 4. The Director of the Division of Emergency Management.
- 574 5. The actuary member of the Florida Hurricane Catastrophe
575 Fund Advisory Council.

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576 6. An employee of the office who is an actuary responsible
577 for property insurance rate filings and who is appointed by the
578 director of the office.

579 7. Five members appointed by the Chief Financial Officer,
580 as follows:

581 a. An actuary who is employed full time by a property and
582 casualty insurer that was responsible for at least 1 percent of
583 the aggregate statewide direct written premium for homeowner's
584 insurance in the calendar year preceding the member's
585 appointment to the commission.

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

589 c. An expert in statistics who is a full-time member of
590 the faculty of the State University System and who has a
591 background in insurance.

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

594 e. An expert in meteorology who is a full-time member of
595 the faculty of the State University System and who specializes
596 in hurricanes.

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

601 (c) Members designated under subparagraphs (b)1.-5. shall
602 serve on the commission as long as they maintain the respective
603 offices designated in subparagraphs (b)1.-5. The member

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604 appointed by the director of the office under subparagraph (b)6.
605 shall serve on the commission until the end of the term of
606 office of the director who appointed him or her, unless removed
607 earlier by the director for cause. Members appointed by the
608 Chief Financial Officer under subparagraph (b)7. shall serve on
609 the commission until the end of the term of office of the Chief
610 Financial Officer who appointed them, unless earlier removed by
611 the Chief Financial Officer for cause. Vacancies on the
612 commission shall be filled in the same manner as the original
613 appointment.

614 (d) The State Board of Administration shall annually
615 appoint one of the members of the commission to serve as chair.

616 (e) Members of the commission shall serve without
617 compensation, but shall be reimbursed for per diem and travel
618 expenses pursuant to s. 112.061.

619 (f) The State Board of Administration shall, as a cost of
620 administration of the Florida Hurricane Catastrophe Fund,
621 provide for travel, expenses, and staff support for the
622 commission.

623 (g) There shall be no liability on the part of, and no
624 cause of action of any nature shall arise against, any member of
625 the commission, any member of the State Board of Administration,
626 or any employee of the State Board of Administration for any
627 action taken in the performance of their duties under this
628 section. In addition, the commission may, in writing, waive any
629 potential cause of action for negligence of a consultant,
630 contractor, or contract employee engaged to assist the
631 commission.

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632 Section 6. Subsection (5) of section 627.0629, Florida
633 Statutes, is amended to read:

634 627.0629 Residential property insurance; rate filings.—

635 (5) In order to provide an appropriate transition period,
636 an insurer may implement an approved rate filing for residential
637 property insurance over a period of years. Such insurer must
638 provide an informational notice to the office setting out its
639 schedule for implementation of the phased-in rate filing. The
640 insurer may include in its rate the actual cost of private
641 market reinsurance that corresponds to available coverage of the
642 Temporary Increase in Coverage Limits, TICL, from the Florida
643 Hurricane Catastrophe Fund. The insurer may also include the
644 cost of reinsurance to replace the TICL reduction implemented
645 pursuant to s. 215.555(16)(d)9. ~~215.555(17)(d)9.~~ However, this
646 cost for reinsurance may not include any expense or profit load
647 or result in a total annual base rate increase in excess of 10
648 percent.

649 Section 7. Paragraphs (a), (c), (i), (k), and (q) of
650 subsection (6) of section 627.351, Florida Statutes, are
651 amended, and paragraphs (gg) and (hh) are added to that
652 subsection, to read:

653 627.351 Insurance risk apportionment plans.—

654 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

658 1. The Legislature finds that private insurers are
659 unwilling or unable to provide affordable property insurance

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660 coverage in this state to the extent sought and needed. The
661 absence of affordable property insurance threatens the public
662 health, safety, and welfare and likewise threatens the economic
663 health of the state. The state therefore has a compelling public
664 interest and a public purpose to assist in assuring that
665 property in the state is insured and that it is insured at
666 affordable rates so as to facilitate the remediation,
667 reconstruction, and replacement of damaged or destroyed property
668 in order to reduce or avoid the negative effects otherwise
669 resulting to the public health, safety, and welfare, to the
670 economy of the state, and to the revenues of the state and local
671 governments which are needed to provide for the public welfare.
672 It is necessary, therefore, to provide affordable property
673 insurance to applicants who are in good faith entitled to
674 procure insurance through the voluntary market but are unable to
675 do so. The Legislature intends, therefore, that affordable
676 property insurance be provided and that it continue to be
677 provided, as long as necessary, through Citizens Property
678 Insurance Corporation, a government entity that is an integral
679 part of the state, and that is not a private insurance company.
680 To that end, the corporation shall strive to increase the
681 availability of affordable property insurance in this state,
682 while achieving efficiencies and economies, and while providing
683 service to policyholders, applicants, and agents which is no
684 less than the quality generally provided in the voluntary
685 market, for the achievement of the foregoing public purposes.
686 Because it is essential for this government entity to have the
687 maximum financial resources to pay claims following a

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688 catastrophic hurricane, it is the intent of the Legislature that
689 the corporation continue to be an integral part of the state and
690 that the income of the corporation be exempt from federal income
691 taxation and that interest on the debt obligations issued by the
692 corporation be exempt from federal income taxation.

693 2. The Residential Property and Casualty Joint
694 Underwriting Association originally created by this statute
695 shall be known as the Citizens Property Insurance Corporation.
696 The corporation shall provide insurance for residential and
697 commercial property, for applicants who are entitled, but, in
698 good faith, are unable to procure insurance through the
699 voluntary market. The corporation shall operate pursuant to a
700 plan of operation approved by order of the Financial Services
701 Commission. The plan is subject to continuous review by the
702 commission. The commission may, by order, withdraw approval of
703 all or part of a plan if the commission determines that
704 conditions have changed since approval was granted and that the
705 purposes of the plan require changes in the plan. For the
706 purposes of this subsection, residential coverage includes both
707 personal lines residential coverage, which consists of the type
708 of coverage provided by homeowner's, mobile home owner's,
709 dwelling, tenant's, condominium unit owner's, and similar
710 policies; and commercial lines residential coverage, which
711 consists of the type of coverage provided by condominium
712 association, apartment building, and similar policies.

713 3. With respect to coverage for personal lines residential
714 structures:

715 a. Effective January 1, 2014 ~~2009~~, a ~~personal lines~~

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716 ~~residential~~ structure that has a dwelling replacement cost of \$1
717 ~~\$2~~ million or more, or a single condominium unit that has a
718 combined dwelling and contents replacement cost of \$1 ~~\$2~~ million
719 or more is not eligible for coverage by the corporation. Such
720 dwellings insured by the corporation on December 31, 2013 ~~2008~~,
721 may continue to be covered by the corporation until the end of
722 the policy term. ~~However, such dwellings may reapply and obtain~~
723 ~~coverage if the property owner provides the corporation with a~~
724 ~~sworn affidavit from one or more insurance agents, on a form~~
725 ~~provided by the corporation, stating that the agents have made~~
726 ~~their best efforts to obtain coverage and that the property has~~
727 ~~been rejected for coverage by at least one authorized insurer~~
728 ~~and at least three surplus lines insurers. If such conditions~~
729 ~~are met, the dwelling may be insured by the corporation for up~~
730 ~~to 3 years, after which time the dwelling is ineligible for~~
731 ~~coverage.~~ The office shall approve the method used by the
732 corporation for valuing the dwelling replacement cost for the
733 purposes of this subparagraph. If a policyholder is insured by
734 the corporation before ~~prior to~~ being determined to be
735 ineligible pursuant to this subparagraph and such policyholder
736 files a lawsuit challenging the determination, the policyholder
737 may remain insured by the corporation until the conclusion of
738 the litigation.

739 b. Effective January 1, 2015, a structure that has a
740 dwelling replacement cost of \$900,000 or more, or a single
741 condominium unit that has a combined dwelling and contents
742 replacement cost of \$900,000 or more, is not eligible for
743 coverage by the corporation. Such dwellings insured by the

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744 corporation on December 31, 2014, may continue to be covered by
745 the corporation only until the end of the policy term.

746 c. Effective January 1, 2016, a structure that has a
747 dwelling replacement cost of \$800,000 or more, or a single
748 condominium unit that has a combined dwelling and contents
749 replacement cost of \$800,000 or more, is not eligible for
750 coverage by the corporation. Such dwellings insured by the
751 corporation on December 31, 2015, may continue to be covered by
752 the corporation until the end of the policy term.

753 d. Effective January 1, 2017, a structure that has a
754 dwelling replacement cost of \$700,000 or more, or a single
755 condominium unit that has a combined dwelling and contents
756 replacement cost of \$700,000 or more, is not eligible for
757 coverage by the corporation. Such dwellings insured by the
758 corporation on December 31, 2016, may continue to be covered by
759 the corporation until the end of the policy term.

760 e. Effective January 1, 2018, a structure that has a
761 dwelling replacement cost of \$600,000 or more, or a single
762 condominium unit that has a combined dwelling and contents
763 replacement cost of \$600,000 or more, is not eligible for
764 coverage by the corporation. Such dwellings insured by the
765 corporation on December 31, 2017, may continue to be covered by
766 the corporation until the end of the policy term.

767 f. Effective January 1, 2019, a structure that has a
768 dwelling replacement cost of \$500,000 or more, or a single
769 condominium unit that has a combined dwelling and contents
770 replacement cost of \$500,000 or more, is not eligible for
771 coverage by the corporation. Such dwellings insured by the

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772 corporation on December 31, 2018, may continue to be covered by
773 the corporation until the end of the policy term.

774

775 The requirements of sub-subparagraphs b.-f. do not apply in
776 counties where the office determines there is not a reasonable
777 degree of competition. In such counties a personal lines
778 residential structure that has a dwelling replacement cost of
779 less than \$1 million, or a single condominium unit that has a
780 combined dwelling and contents replacement cost of less than \$1
781 million, is eligible for coverage by the corporation.

782 4. It is the intent of the Legislature that policyholders,
783 applicants, and agents of the corporation receive service and
784 treatment of the highest possible level but never less than that
785 generally provided in the voluntary market. It is also intended
786 that the corporation be held to service standards no less than
787 those applied to insurers in the voluntary market by the office
788 with respect to responsiveness, timeliness, customer courtesy,
789 and overall dealings with policyholders, applicants, or agents
790 of the corporation.

791 5.a. Effective January 1, 2009, a personal lines
792 residential structure that is located in the "wind-borne debris
793 region," as defined in s. 1609.2, International Building Code
794 (2006), and that has an insured value on the structure of
795 \$750,000 or more is not eligible for coverage by the corporation
796 unless the structure has opening protections as required under
797 the Florida Building Code for a newly constructed residential
798 structure in that area. A residential structure is ~~shall be~~
799 deemed to comply with this subparagraph if it has shutters or

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800 opening protections on all openings and if such opening
801 protections complied with the Florida Building Code at the time
802 they were installed.

803 b. Any major structure as defined in s. 161.54(6)(a) for
804 which a permit is applied on or after July 1, 2014, for new
805 construction or substantial improvement as defined in s.
806 161.54(12) is not eligible for coverage by the corporation if
807 the structure is seaward of the coastal construction control
808 line established pursuant to s. 161.053 or is within the Coastal
809 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
810 3510.

811 ~~6. For any claim filed under any policy of the~~
812 ~~corporation, a public adjuster may not charge, agree to, or~~
813 ~~accept any compensation, payment, commission, fee, or other~~
814 ~~thing of value greater than 10 percent of the additional amount~~
815 ~~actually paid over the amount that was originally offered by the~~
816 ~~corporation for any one claim.~~

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

818 1. Must provide for adoption of residential property and
819 casualty insurance policy forms and commercial residential and
820 nonresidential property insurance forms, which must be approved
821 by the office before use. The corporation shall adopt the
822 following policy forms:

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

827 b. Basic personal lines policy forms that are policies

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828 similar to an HO-8 policy or a dwelling fire policy that provide
829 coverage meeting the requirements of the secondary mortgage
830 market, but which is more limited than the coverage under a
831 standard policy.

832 c. Commercial lines residential and nonresidential policy
833 forms that are generally similar to the basic perils of full
834 coverage obtainable for commercial residential structures and
835 commercial nonresidential structures in the admitted voluntary
836 market.

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

842 e. Commercial lines nonresidential property insurance
843 forms that cover the peril of wind only. The forms are
844 applicable only to nonresidential properties located in areas
845 eligible for coverage under the coastal account referred to in
846 sub-subparagraph (b)2.a.

847 f. The corporation may adopt variations of the policy
848 forms listed in sub-subparagraphs a.-e. which contain more
849 restrictive coverage.

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

854 2. Must provide that the corporation adopt a program in
855 which the corporation and authorized insurers enter into quota

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856 share primary insurance agreements for hurricane coverage, as
857 defined in s. 627.4025(2) (a), for eligible risks, and adopt
858 property insurance forms for eligible risks which cover the
859 peril of wind only.

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

861 (I) "Quota share primary insurance" means an arrangement
862 in which the primary hurricane coverage of an eligible risk is
863 provided in specified percentages by the corporation and an
864 authorized insurer. The corporation and authorized insurer are
865 each solely responsible for a specified percentage of hurricane
866 coverage of an eligible risk as set forth in a quota share
867 primary insurance agreement between the corporation and an
868 authorized insurer and the insurance contract. The
869 responsibility of the corporation or authorized insurer to pay
870 its specified percentage of hurricane losses of an eligible
871 risk, as set forth in the agreement, may not be altered by the
872 inability of the other party to pay its specified percentage of
873 losses. Eligible risks that are provided hurricane coverage
874 through a quota share primary insurance arrangement must be
875 provided policy forms that set forth the obligations of the
876 corporation and authorized insurer under the arrangement,
877 clearly specify the percentages of quota share primary insurance
878 provided by the corporation and authorized insurer, and
879 conspicuously and clearly state that the authorized insurer and
880 the corporation may not be held responsible beyond their
881 specified percentage of coverage of hurricane losses.

882 (II) "Eligible risks" means personal lines residential and
883 commercial lines residential risks that meet the underwriting

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884 criteria of the corporation and are located in areas that were
885 eligible for coverage by the Florida Windstorm Underwriting
886 Association on January 1, 2002.

887 b. The corporation may enter into quota share primary
888 insurance agreements with authorized insurers at corporation
889 coverage levels of 90 percent and 50 percent.

890 c. If the corporation determines that additional coverage
891 levels are necessary to maximize participation in quota share
892 primary insurance agreements by authorized insurers, the
893 corporation may establish additional coverage levels. However,
894 the corporation's quota share primary insurance coverage level
895 may not exceed 90 percent.

896 d. Any quota share primary insurance agreement entered
897 into between an authorized insurer and the corporation must
898 provide for a uniform specified percentage of coverage of
899 hurricane losses, by county or territory as set forth by the
900 corporation board, for all eligible risks of the authorized
901 insurer covered under the agreement.

902 e. Any quota share primary insurance agreement entered
903 into between an authorized insurer and the corporation is
904 subject to review and approval by the office. However, such
905 agreement shall be authorized only as to insurance contracts
906 entered into between an authorized insurer and an insured who is
907 already insured by the corporation for wind coverage.

908 f. For all eligible risks covered under quota share
909 primary insurance agreements, the exposure and coverage levels
910 for both the corporation and authorized insurers shall be
911 reported by the corporation to the Florida Hurricane Catastrophe

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912 Fund. For all policies of eligible risks covered under such
913 agreements, the corporation and the authorized insurer must
914 maintain complete and accurate records for the purpose of
915 exposure and loss reimbursement audits as required by fund
916 rules. The corporation and the authorized insurer shall each
917 maintain duplicate copies of policy declaration pages and
918 supporting claims documents.

919 g. The corporation board shall establish in its plan of
920 operation standards for quota share agreements which ensure that
921 there is no discriminatory application among insurers as to the
922 terms of the agreements, pricing of the agreements, incentive
923 provisions if any, and consideration paid for servicing policies
924 or adjusting claims.

925 h. The quota share primary insurance agreement between the
926 corporation and an authorized insurer must set forth the
927 specific terms under which coverage is provided, including, but
928 not limited to, the sale and servicing of policies issued under
929 the agreement by the insurance agent of the authorized insurer
930 producing the business, the reporting of information concerning
931 eligible risks, the payment of premium to the corporation, and
932 arrangements for the adjustment and payment of hurricane claims
933 incurred on eligible risks by the claims adjuster and personnel
934 of the authorized insurer. Entering into a quota sharing
935 insurance agreement between the corporation and an authorized
936 insurer is voluntary and at the discretion of the authorized
937 insurer.

938 3.a. May provide that the corporation may employ or
939 otherwise contract with individuals or other entities to provide

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940 administrative or professional services that may be appropriate
941 to effectuate the plan. The corporation may borrow funds by
942 issuing bonds or by incurring other indebtedness, and shall have
943 other powers reasonably necessary to effectuate the requirements
944 of this subsection, including, without limitation, the power to
945 issue bonds and incur other indebtedness in order to refinance
946 outstanding bonds or other indebtedness. The corporation may
947 seek judicial validation of its bonds or other indebtedness
948 under chapter 75. The corporation may issue bonds or incur other
949 indebtedness, or have bonds issued on its behalf by a unit of
950 local government pursuant to subparagraph (q)2. in the absence
951 of a hurricane or other weather-related event, upon a
952 determination by the corporation, subject to approval by the
953 office, that such action would enable it to efficiently meet the
954 financial obligations of the corporation and that such
955 financings are reasonably necessary to effectuate the
956 requirements of this subsection. The corporation may take all
957 actions needed to facilitate tax-free status for such bonds or
958 indebtedness, including formation of trusts or other affiliated
959 entities. The corporation may pledge assessments, projected
960 recoveries from the Florida Hurricane Catastrophe Fund, other
961 reinsurance recoverables, policyholder surcharges and other
962 surcharges, and other funds available to the corporation as
963 security for bonds or other indebtedness. In recognition of s.
964 10, Art. I of the State Constitution, prohibiting the impairment
965 of obligations of contracts, it is the intent of the Legislature
966 that no action be taken whose purpose is to impair any bond
967 indenture or financing agreement or any revenue source committed

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968 by contract to such bond or other indebtedness.

969 b. To ensure that the corporation is operating in an
970 efficient and economic manner while providing quality service to
971 policyholders, applicants, and agents, the board shall
972 commission an independent third-party consultant having
973 expertise in insurance company management or insurance company
974 management consulting to prepare a report and make
975 recommendations on the relative costs and benefits of
976 outsourcing various policy issuance and service functions to
977 private servicing carriers or entities performing similar
978 functions in the private market for a fee, rather than
979 performing such functions in-house. In making such
980 recommendations, the consultant shall consider how other
981 residual markets, both in this state and around the country,
982 outsource appropriate functions or use servicing carriers to
983 better match expenses with revenues that fluctuate based on a
984 widely varying policy count. The report must be completed by
985 July 1, 2012. Upon receiving the report, the board shall develop
986 a plan to implement the report and submit the plan for review,
987 modification, and approval to the Financial Services Commission.
988 Upon the commission's approval of the plan, the board shall
989 begin implementing the plan by January 1, 2013.

990 4. Must require that the corporation operate subject to
991 the supervision and approval of a board of governors consisting
992 of nine ~~eight~~ individuals who are residents of this state and
993 who are, from different geographical areas of the ~~this~~ state,
994 one of whom is appointed by the Governor and serves solely to
995 advocate on behalf of the consumer. The appointment of a

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996 consumer representative by the Governor is in addition to the
997 appointments authorized under sub-subparagraph a.

998 a. The Governor, the Chief Financial Officer, the
999 President of the Senate, and the Speaker of the House of
1000 Representatives shall each appoint two members of the board. At
1001 least one of the two members appointed by each appointing
1002 officer must have demonstrated expertise in insurance and is
1003 deemed to be within the scope of the exemption provided in s.
1004 112.313(7)(b). The Chief Financial Officer shall designate one
1005 of the appointees as chair. All board members serve at the
1006 pleasure of the appointing officer. All members of the board are
1007 subject to removal at will by the officers who appointed them.
1008 All board members, including the chair, must be appointed to
1009 serve for 3-year terms beginning annually on a date designated
1010 by the plan. However, for the first term beginning on or after
1011 July 1, 2009, each appointing officer shall appoint one member
1012 of the board for a 2-year term and one member for a 3-year term.
1013 A board vacancy shall be filled for the unexpired term by the
1014 appointing officer. The Chief Financial Officer shall appoint a
1015 technical advisory group to provide information and advice to
1016 the board in connection with the board's duties under this
1017 subsection. The executive director and senior managers of the
1018 corporation shall be engaged by the board and serve at the
1019 pleasure of the board. Any executive director appointed on or
1020 after July 1, 2006, is subject to confirmation by the Senate.
1021 The executive director is responsible for employing other staff
1022 as the corporation may require, subject to review and
1023 concurrence by the board.

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1024 b. The board shall create a Market Accountability Advisory
1025 Committee to assist the corporation in developing awareness of
1026 its rates and its customer and agent service levels in
1027 relationship to the voluntary market insurers writing similar
1028 coverage.

1029 (I) The members of the advisory committee consist of the
1030 following 11 persons, one of whom must be elected chair by the
1031 members of the committee: four representatives, one appointed by
1032 the Florida Association of Insurance Agents, one by the Florida
1033 Association of Insurance and Financial Advisors, one by the
1034 Professional Insurance Agents of Florida, and one by the Latin
1035 American Association of Insurance Agencies; three
1036 representatives appointed by the insurers with the three highest
1037 voluntary market share of residential property insurance
1038 business in the state; one representative from the Office of
1039 Insurance Regulation; one consumer appointed by the board who is
1040 insured by the corporation at the time of appointment to the
1041 committee; one representative appointed by the Florida
1042 Association of Realtors; and one representative appointed by the
1043 Florida Bankers Association. All members shall be appointed to
1044 3-year terms and may serve for consecutive terms.

1045 (II) The committee shall report to the corporation at each
1046 board meeting on insurance market issues which may include rates
1047 and rate competition with the voluntary market; service,
1048 including policy issuance, claims processing, and general
1049 responsiveness to policyholders, applicants, and agents; and
1050 matters relating to depopulation.

1051 5. Must provide a procedure for determining the

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1052 eligibility of a risk for coverage, as follows:

1053 a. Subject to s. 627.3517, with respect to personal lines
1054 residential risks, if the risk is offered coverage from an
1055 authorized insurer at the insurer's approved rate under a
1056 standard policy including wind coverage or, if consistent with
1057 the insurer's underwriting rules as filed with the office, a
1058 basic policy including wind coverage, for a new application to
1059 the corporation for coverage, the risk is not eligible for any
1060 policy issued by the corporation unless the premium for coverage
1061 from the authorized insurer is more than 15 percent greater than
1062 the premium for comparable coverage from the corporation.

1063 Whenever an offer of coverage for a personal lines residential
1064 risk is received for a policyholder of the corporation at
1065 renewal from an authorized insurer, if the offer is equal to or
1066 less than the corporation's renewal premium for comparable
1067 coverage, the risk is not eligible for coverage with the
1068 corporation. If the risk is not able to obtain such offer, the
1069 risk is eligible for a standard policy including wind coverage
1070 or a basic policy including wind coverage issued by the
1071 corporation; however, if the risk could not be insured under a
1072 standard policy including wind coverage regardless of market
1073 conditions, the risk is eligible for a basic policy including
1074 wind coverage unless rejected under subparagraph 8. However, a
1075 ~~policyholder of the corporation or~~ a policyholder removed from
1076 the corporation through an assumption agreement remains eligible
1077 for coverage from the corporation until the end of the
1078 assumption period ~~remains eligible for coverage from the~~
1079 ~~corporation regardless of any offer of coverage from an~~

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1080 ~~authorized insurer or surplus lines insurer.~~ The corporation
1081 shall determine the type of policy to be provided on the basis
1082 of objective standards specified in the underwriting manual and
1083 based on generally accepted underwriting practices.

1084 (I) If the risk accepts an offer of coverage through the
1085 market assistance plan or through a mechanism established by the
1086 corporation other than a plan established by s. 627.3518, before
1087 a policy is issued to the risk by the corporation or during the
1088 first 30 days of coverage by the corporation, and the producing
1089 agent who submitted the application to the plan or to the
1090 corporation is not currently appointed by the insurer, the
1091 insurer shall:

1092 (A) Pay to the producing agent of record of the policy for
1093 the first year, an amount that is the greater of the insurer's
1094 usual and customary commission for the type of policy written or
1095 a fee equal to the usual and customary commission of the
1096 corporation; or

1097 (B) Offer to allow the producing agent of record of the
1098 policy to continue servicing the policy for at least 1 year and
1099 offer to pay the agent the greater of the insurer's or the
1100 corporation's usual and customary commission for the type of
1101 policy written.

1102
1103 If the producing agent is unwilling or unable to accept
1104 appointment, the new insurer shall pay the agent in accordance
1105 with sub-sub-sub-subparagraph (A).

1106 (II) If the corporation enters into a contractual
1107 agreement for a take-out plan, the producing agent of record of

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1108 the corporation policy is entitled to retain any unearned
1109 commission on the policy, and the insurer shall:

1110 (A) Pay to the producing agent of record, for the first
1111 year, an amount that is the greater of the insurer's usual and
1112 customary commission for the type of policy written or a fee
1113 equal to the usual and customary commission of the corporation;
1114 or

1115 (B) Offer to allow the producing agent of record to
1116 continue servicing the policy for at least 1 year and offer to
1117 pay the agent the greater of the insurer's or the corporation's
1118 usual and customary commission for the type of policy written.

1119

1120 If the producing agent is unwilling or unable to accept
1121 appointment, the new insurer shall pay the agent in accordance
1122 with sub-sub-sub-subparagraph (A).

1123 b. With respect to commercial lines residential risks, for
1124 a new application to the corporation for coverage, if the risk
1125 is offered coverage under a policy including wind coverage from
1126 an authorized insurer at its approved rate, the risk is not
1127 eligible for a policy issued by the corporation unless the
1128 premium for coverage from the authorized insurer is more than 15
1129 percent greater than the premium for comparable coverage from
1130 the corporation. Whenever an offer of coverage for a commercial
1131 lines residential risk is received for a policyholder of the
1132 corporation at renewal from an authorized insurer, if the offer
1133 is equal to or less than the corporation's renewal premium for
1134 comparable coverage, the risk is not eligible for coverage with
1135 the corporation. If the risk is not able to obtain any such

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1136 offer, the risk is eligible for a policy including wind coverage
1137 issued by the corporation. However, ~~a policyholder of the~~
1138 ~~corporation or~~ a policyholder removed from the corporation
1139 through an assumption agreement remains eligible for coverage
1140 from the corporation until the end of the assumption period
1141 ~~remains eligible for coverage from the corporation regardless of~~
1142 ~~an offer of coverage from an authorized insurer or surplus lines~~
1143 ~~insurer.~~

1144 (I) If the risk accepts an offer of coverage through the
1145 market assistance plan or through a mechanism established by the
1146 corporation other than a plan established by s. 627.3518, before
1147 a policy is issued to the risk by the corporation or during the
1148 first 30 days of coverage by the corporation, and the producing
1149 agent who submitted the application to the plan or the
1150 corporation is not currently appointed by the insurer, the
1151 insurer shall:

1152 (A) Pay to the producing agent of record of the policy,
1153 for the first year, an amount that is the greater of the
1154 insurer's usual and customary commission for the type of policy
1155 written or a fee equal to the usual and customary commission of
1156 the corporation; or

1157 (B) Offer to allow the producing agent of record of the
1158 policy to continue servicing the policy for at least 1 year and
1159 offer to pay the agent the greater of the insurer's or the
1160 corporation's usual and customary commission for the type of
1161 policy written.

1162

1163 If the producing agent is unwilling or unable to accept

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1164 appointment, the new insurer shall pay the agent in accordance
1165 with sub-sub-sub-subparagraph (A).

1166 (II) If the corporation enters into a contractual
1167 agreement for a take-out plan, the producing agent of record of
1168 the corporation policy is entitled to retain any unearned
1169 commission on the policy, and the insurer shall:

1170 (A) Pay to the producing agent of record, for the first
1171 year, an amount that is the greater of the insurer's usual and
1172 customary commission for the type of policy written or a fee
1173 equal to the usual and customary commission of the corporation;
1174 or

1175 (B) Offer to allow the producing agent of record to
1176 continue servicing the policy for at least 1 year and offer to
1177 pay the agent the greater of the insurer's or the corporation's
1178 usual and customary commission for the type of policy written.

1179

1180 If the producing agent is unwilling or unable to accept
1181 appointment, the new insurer shall pay the agent in accordance
1182 with sub-sub-sub-subparagraph (A).

1183 c. For purposes of determining comparable coverage under
1184 sub-subparagraphs a. and b., the comparison must be based on
1185 those forms and coverages that are reasonably comparable. The
1186 corporation may rely on a determination of comparable coverage
1187 and premium made by the producing agent who submits the
1188 application to the corporation, made in the agent's capacity as
1189 the corporation's agent. A comparison may be made solely of the
1190 premium with respect to the main building or structure only on
1191 the following basis: the same coverage A or other building

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1192 limits; the same percentage hurricane deductible that applies on
1193 an annual basis or that applies to each hurricane for commercial
1194 residential property; the same percentage of ordinance and law
1195 coverage, if the same limit is offered by both the corporation
1196 and the authorized insurer; the same mitigation credits, to the
1197 extent the same types of credits are offered both by the
1198 corporation and the authorized insurer; the same method for loss
1199 payment, such as replacement cost or actual cash value, if the
1200 same method is offered both by the corporation and the
1201 authorized insurer in accordance with underwriting rules; and
1202 any other form or coverage that is reasonably comparable as
1203 determined by the board. If an application is submitted to the
1204 corporation for wind-only coverage in the coastal account, the
1205 premium for the corporation's wind-only policy plus the premium
1206 for the ex-wind policy that is offered by an authorized insurer
1207 to the applicant must be compared to the premium for multiperil
1208 coverage offered by an authorized insurer, subject to the
1209 standards for comparison specified in this subparagraph. If the
1210 corporation or the applicant requests from the authorized
1211 insurer a breakdown of the premium of the offer by types of
1212 coverage so that a comparison may be made by the corporation or
1213 its agent and the authorized insurer refuses or is unable to
1214 provide such information, the corporation may treat the offer as
1215 not being an offer of coverage from an authorized insurer at the
1216 insurer's approved rate.

1217 6. Must include rules for classifications of risks and
1218 rates.

1219 7. Must provide that if premium and investment income for

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1220 an account attributable to a particular calendar year are in
1221 excess of projected losses and expenses for the account
1222 attributable to that year, such excess shall be held in surplus
1223 in the account. Such surplus must be available to defray
1224 deficits in that account as to future years and used for that
1225 purpose before assessing assessable insurers and assessable
1226 insureds as to any calendar year.

1227 8. Must provide objective criteria and procedures to be
1228 uniformly applied to all applicants in determining whether an
1229 individual risk is so hazardous as to be uninsurable. In making
1230 this determination and in establishing the criteria and
1231 procedures, the following must be considered:

1232 a. Whether the likelihood of a loss for the individual
1233 risk is substantially higher than for other risks of the same
1234 class; and

1235 b. Whether the uncertainty associated with the individual
1236 risk is such that an appropriate premium cannot be determined.

1237
1238 The acceptance or rejection of a risk by the corporation shall
1239 be construed as the private placement of insurance, and the
1240 provisions of chapter 120 do not apply.

1241 9. Must provide that the corporation make its best efforts
1242 to procure catastrophe reinsurance at reasonable rates, to cover
1243 its projected 100-year probable maximum loss as determined by
1244 the board of governors.

1245 10. The policies issued by the corporation must provide
1246 that if the corporation or the market assistance plan obtains an
1247 offer from an authorized insurer to cover the risk at its

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1248 approved rates, the risk is no longer eligible for renewal
1249 through the corporation, except as otherwise provided in this
1250 subsection.

1251 11. Corporation policies and applications must include a
1252 notice that the corporation policy could, under this section, be
1253 replaced with a policy issued by an authorized insurer which
1254 does not provide coverage identical to the coverage provided by
1255 the corporation. The notice must also specify that acceptance of
1256 corporation coverage creates a conclusive presumption that the
1257 applicant or policyholder is aware of this potential.

1258 12. May establish, subject to approval by the office,
1259 different eligibility requirements and operational procedures
1260 for any line or type of coverage for any specified county or
1261 area if the board determines that such changes are justified due
1262 to the voluntary market being sufficiently stable and
1263 competitive in such area or for such line or type of coverage
1264 and that consumers who, in good faith, are unable to obtain
1265 insurance through the voluntary market through ordinary methods
1266 continue to have access to coverage from the corporation. If
1267 coverage is sought in connection with a real property transfer,
1268 the requirements and procedures may not provide an effective
1269 date of coverage later than the date of the closing of the
1270 transfer as established by the transferor, the transferee, and,
1271 if applicable, the lender.

1272 13. Must provide that, with respect to the coastal
1273 account, any assessable insurer with a surplus as to
1274 policyholders of \$25 million or less writing 25 percent or more
1275 of its total countrywide property insurance premiums in this

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1276 state may petition the office, within the first 90 days of each
1277 calendar year, to qualify as a limited apportionment company. A
1278 regular assessment levied by the corporation on a limited
1279 apportionment company for a deficit incurred by the corporation
1280 for the coastal account may be paid to the corporation on a
1281 monthly basis as the assessments are collected by the limited
1282 apportionment company from its insureds, but a limited
1283 apportionment company must begin collecting the regular
1284 assessments not later than 90 days after the regular assessments
1285 are levied by the corporation, and the regular assessments must
1286 be paid in full within 15 months after being levied by the
1287 corporation. A limited apportionment company shall collect from
1288 its policyholders any emergency assessment imposed under sub-
1289 subparagraph (b)3.d. The plan must provide that, if the office
1290 determines that any regular assessment will result in an
1291 impairment of the surplus of a limited apportionment company,
1292 the office may direct that all or part of such assessment be
1293 deferred as provided in subparagraph (q)4. However, an emergency
1294 assessment to be collected from policyholders under sub-
1295 subparagraph (b)3.d. may not be limited or deferred.

1296 14. Must provide that the corporation appoint as its
1297 licensed agents only those agents who also hold an appointment
1298 as defined in s. 626.015(3) with an insurer who at the time of
1299 the agent's initial appointment by the corporation is authorized
1300 to write and is actually writing personal lines residential
1301 property coverage, commercial residential property coverage, or
1302 commercial nonresidential property coverage within the state.

1303 15. Must provide a premium payment plan option to its

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1304 policyholders which, at a minimum, allows for quarterly and
1305 semiannual payment of premiums. A monthly payment plan may, but
1306 is not required to, be offered.

1307 16. Must limit coverage on mobile homes or manufactured
1308 homes built before 1994 to actual cash value of the dwelling
1309 rather than replacement costs of the dwelling.

1310 17. May provide such limits of coverage as the board
1311 determines, consistent with the requirements of this subsection.

1312 18. May require commercial property to meet specified
1313 hurricane mitigation construction features as a condition of
1314 eligibility for coverage.

1315 19. Must provide that new or renewal policies issued by
1316 the corporation on or after January 1, 2012, which cover
1317 sinkhole loss do not include coverage for any loss to
1318 appurtenant structures, driveways, sidewalks, decks, or patios
1319 that are directly or indirectly caused by sinkhole activity. The
1320 corporation shall exclude such coverage using a notice of
1321 coverage change, which may be included with the policy renewal,
1322 and not by issuance of a notice of nonrenewal of the excluded
1323 coverage upon renewal of the current policy.

1324 20. As of January 1, 2012, must require that the agent
1325 obtain from an applicant for coverage from the corporation an
1326 acknowledgment signed by the applicant, which includes, at a
1327 minimum, the following statement:

1328 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

1329 AND ASSESSMENT LIABILITY:

1330 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1331 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A

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1332 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1333 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1334 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1335 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1336 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1337 LEGISLATURE.

1338 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1339 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1340 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
1341 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
1342 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1343 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1344 ARE REGULATED AND APPROVED BY THE STATE.

1345 ~~3.2.~~ I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
1346 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1347 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1348 FLORIDA LEGISLATURE.

1349 ~~4.3.~~ I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
1350 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1351 STATE OF FLORIDA.

1352 a. The corporation shall maintain, in electronic format or
1353 otherwise, a copy of the applicant's signed acknowledgment and
1354 provide a copy of the statement to the policyholder as part of
1355 the first renewal after the effective date of this subparagraph.

1356 b. The signed acknowledgment form creates a conclusive
1357 presumption that the policyholder understood and accepted his or
1358 her potential surcharge and assessment liability as a
1359 policyholder of the corporation.

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1360 (i)1. The Office of the Internal Auditor is established
1361 within the corporation to provide a central point for
1362 coordination of and responsibility for activities that promote
1363 accountability, integrity, and efficiency to the policyholders
1364 and to the taxpayers of this state. The internal auditor shall
1365 be appointed by the board of governors, shall report to and be
1366 under the general supervision of the board of governors, and is
1367 not subject to supervision by an ~~any~~ employee of the
1368 corporation. Administrative staff and support shall be provided
1369 by the corporation. The internal auditor shall be appointed
1370 without regard to political affiliation. It is the duty and
1371 responsibility of the internal auditor to:

1372 a. Provide direction for, supervise, conduct, and
1373 coordinate audits, investigations, and management reviews
1374 relating to the programs and operations of the corporation.

1375 b. Conduct, supervise, or coordinate other activities
1376 carried out or financed by the corporation for the purpose of
1377 promoting efficiency in the administration of, or preventing and
1378 detecting fraud, abuse, and mismanagement in, its programs and
1379 operations.

1380 c. Submit final audit reports, reviews, or investigative
1381 reports to the board of governors, the executive director, the
1382 members of the Financial Services Commission, and the President
1383 of the Senate and the Speaker of the House of Representatives.

1384 d. Keep the board of governors informed concerning fraud,
1385 abuses, and internal control deficiencies relating to programs
1386 and operations administered or financed by the corporation,
1387 recommend corrective action, and report on the progress made in

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1388 implementing corrective action.

1389 e. Cooperate and coordinate activities with the
1390 corporation's inspector general ~~Report expeditiously to the~~
1391 ~~Department of Law Enforcement or other law enforcement agencies,~~
1392 ~~as appropriate, whenever the internal auditor has reasonable~~
1393 ~~grounds to believe there has been a violation of criminal law.~~

1394 2. On or before February 15, the internal auditor shall
1395 prepare an annual report evaluating the effectiveness of the
1396 internal controls of the corporation and providing
1397 recommendations for corrective action, if necessary, and
1398 summarizing the audits, reviews, and investigations conducted by
1399 the office during the preceding fiscal year. The final report
1400 shall be furnished to the board of governors and the executive
1401 director, the President of the Senate, the Speaker of the House
1402 of Representatives, and the Financial Services Commission.

1403 (k)1. The corporation shall establish and maintain a unit
1404 or division to investigate possible fraudulent claims by
1405 insureds or by persons making claims for services or repairs
1406 against policies held by insureds; or it may contract with
1407 others to investigate possible fraudulent claims for services or
1408 repairs against policies held by the corporation pursuant to s.
1409 626.9891. The corporation must comply with reporting
1410 requirements of s. 626.9891. An employee of the corporation
1411 shall notify the corporation's Office of the Inspector General
1412 ~~Internal Auditor~~ and the Division of Insurance Fraud within 48
1413 hours after having information that would lead a reasonable
1414 person to suspect that fraud may have been committed by any
1415 employee of the corporation.

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1416 2. The corporation shall establish a unit or division
1417 responsible for receiving and responding to consumer complaints,
1418 which unit or division is the sole responsibility of a senior
1419 manager of the corporation.

1420 (q)1. The corporation shall certify to the office its
1421 needs for annual assessments as to a particular calendar year,
1422 and for any interim assessments that it deems to be necessary to
1423 sustain operations as to a particular year pending the receipt
1424 of annual assessments. Upon verification, the office shall
1425 approve such certification, and the corporation shall levy such
1426 annual or interim assessments. Such assessments shall be
1427 prorated as provided in paragraph (b). The corporation shall
1428 take all reasonable and prudent steps necessary to collect the
1429 amount of assessments due from each assessable insurer,
1430 including, if prudent, filing suit to collect the assessments,
1431 and the office may provide such assistance to the corporation it
1432 deems appropriate. If the corporation is unable to collect an
1433 assessment from any assessable insurer, the uncollected
1434 assessments shall be levied as an additional assessment against
1435 the assessable insurers and any assessable insurer required to
1436 pay an additional assessment as a result of such failure to pay
1437 shall have a cause of action against such nonpaying assessable
1438 insurer. Assessments shall be included as an appropriate factor
1439 in the making of rates. The failure of a surplus lines agent to
1440 collect and remit any regular or emergency assessment levied by
1441 the corporation is considered to be a violation of s. 626.936
1442 and subjects the surplus lines agent to the penalties provided
1443 in that section.

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1444 2. The governing body of any unit of local government, any
1445 residents of which are insured by the corporation, may issue
1446 bonds as defined in s. 125.013 or s. 166.101 from time to time
1447 to fund an assistance program, in conjunction with the
1448 corporation, for the purpose of defraying deficits of the
1449 corporation. In order to avoid needless and indiscriminate
1450 proliferation, duplication, and fragmentation of such assistance
1451 programs, any unit of local government, any residents of which
1452 are insured by the corporation, may provide for the payment of
1453 losses, regardless of whether or not the losses occurred within
1454 or outside of the territorial jurisdiction of the local
1455 government. Revenue bonds under this subparagraph may not be
1456 issued until validated pursuant to chapter 75, unless a state of
1457 emergency is declared by executive order or proclamation of the
1458 Governor pursuant to s. 252.36 making such findings as are
1459 necessary to determine that it is in the best interests of, and
1460 necessary for, the protection of the public health, safety, and
1461 general welfare of residents of this state and declaring it an
1462 essential public purpose to permit certain municipalities or
1463 counties to issue such bonds as will permit relief to claimants
1464 and policyholders of the corporation. Any such unit of local
1465 government may enter into such contracts with the corporation
1466 and with any other entity created pursuant to this subsection as
1467 are necessary to carry out this paragraph. Any bonds issued
1468 under this subparagraph shall be payable from and secured by
1469 moneys received by the corporation from emergency assessments
1470 under sub-subparagraph (b)3.d., and assigned and pledged to or
1471 on behalf of the unit of local government for the benefit of the

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1472 holders of such bonds. The funds, credit, property, and taxing
1473 power of the state or of the unit of local government shall not
1474 be pledged for the payment of such bonds.

1475 3.a. The corporation shall adopt one or more programs
1476 subject to approval by the office for the reduction of both new
1477 and renewal writings in the corporation. Beginning January 1,
1478 2008, any program the corporation adopts for the payment of
1479 bonuses to an insurer for each risk the insurer removes from the
1480 corporation shall comply with s. 627.3511(2) and may not exceed
1481 the amount referenced in s. 627.3511(2) for each risk removed.
1482 The corporation may consider any prudent and not unfairly
1483 discriminatory approach to reducing corporation writings, and
1484 may adopt a credit against assessment liability or other
1485 liability that provides an incentive for insurers to take risks
1486 out of the corporation and to keep risks out of the corporation
1487 by maintaining or increasing voluntary writings in counties or
1488 areas in which corporation risks are highly concentrated and a
1489 program to provide a formula under which an insurer voluntarily
1490 taking risks out of the corporation by maintaining or increasing
1491 voluntary writings will be relieved wholly or partially from
1492 assessments under sub-subparagraph (b)3.a. However, any "take-
1493 out bonus" or payment to an insurer must be conditioned on the
1494 property being insured for at least 5 years by the insurer,
1495 unless canceled or nonrenewed by the policyholder. If the policy
1496 is canceled or nonrenewed by the policyholder before the end of
1497 the 5-year period, the amount of the take-out bonus must be
1498 prorated for the time period the policy was insured. When the
1499 corporation enters into a contractual agreement for a take-out

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1500 plan, the producing agent of record of the corporation policy is
1501 entitled to retain any unearned commission on such policy, and
1502 the insurer shall either:

1503 (I) Pay to the producing agent of record of the policy,
1504 for the first year, an amount which is the greater of the
1505 insurer's usual and customary commission for the type of policy
1506 written or a policy fee equal to the usual and customary
1507 commission of the corporation; or

1508 (II) Offer to allow the producing agent of record of the
1509 policy to continue servicing the policy for a period of not less
1510 than 1 year and offer to pay the agent the insurer's usual and
1511 customary commission for the type of policy written. If the
1512 producing agent is unwilling or unable to accept appointment by
1513 the new insurer, the new insurer shall pay the agent in
1514 accordance with sub-sub-subparagraph (I).

1515 b. Any credit or exemption from regular assessments
1516 adopted under this subparagraph shall last no longer than the 3
1517 years following the cancellation or expiration of the policy by
1518 the corporation. With the approval of the office, the board may
1519 extend such credits for an additional year if the insurer
1520 guarantees an additional year of renewability for all policies
1521 removed from the corporation, or for 2 additional years if the
1522 insurer guarantees 2 additional years of renewability for all
1523 policies so removed.

1524 c. There shall be no credit, limitation, exemption, or
1525 deferment from emergency assessments to be collected from
1526 policyholders pursuant to sub-subparagraph (b)3.d.

1527 4. The plan shall provide for the deferment, in whole or

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1528 in part, of the assessment of an assessable insurer, other than
1529 an emergency assessment collected from policyholders pursuant to
1530 sub-subparagraph (b)3.d., if the office finds that payment of
1531 the assessment would endanger or impair the solvency of the
1532 insurer. In the event an assessment against an assessable
1533 insurer is deferred in whole or in part, the amount by which
1534 such assessment is deferred may be assessed against the other
1535 assessable insurers in a manner consistent with the basis for
1536 assessments set forth in paragraph (b).

1537 5. Effective July 1, 2007, in order to evaluate the costs
1538 and benefits of approved take-out plans, if the corporation pays
1539 a bonus or other payment to an insurer for an approved take-out
1540 plan, it shall maintain a record of the address or such other
1541 identifying information on the property or risk removed in order
1542 to track if and when the property or risk is later insured by
1543 the corporation.

1544 6. Any policy taken out, assumed, or removed from the
1545 corporation is, as of the effective date of the take-out,
1546 assumption, or removal, direct insurance issued by the insurer
1547 and not by the corporation, even if the corporation continues to
1548 service the policies. This subparagraph applies to policies of
1549 the corporation and not policies taken out, assumed, or removed
1550 from any other entity.

1551 7. For a policy taken out, assumed, or removed from the
1552 corporation, the insurer may, for a period of no more than 3
1553 years, continue to use any of the corporation's policy forms or
1554 endorsements that apply to the policy taken out, removed, or
1555 assumed without obtaining approval from the office for use of

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1556 such policy form or endorsement.

1557 (gg) The Office of Inspector General is established within
1558 the corporation to provide a central point for coordination of
1559 and responsibility for activities that promote accountability,
1560 integrity, and efficiency. The office shall be headed by an
1561 inspector general, which is a senior management position that
1562 involves planning, coordinating, and performing activities
1563 assigned to and assumed by the inspector general for the
1564 corporation.

1565 1. The inspector general shall be appointed by the
1566 Financial Services Commission and may only be removed from
1567 office by the commission. The inspector general shall be
1568 appointed without regard to political affiliation.

1569 a. At a minimum, the inspector general must possess a
1570 bachelor's degree from an accredited college or university and 8
1571 years of professional experience related to the duties of an
1572 inspector general as described in this paragraph, of which 5
1573 years must have been at a supervisory level.

1574 b. The inspector general shall report to, and be under the
1575 supervision of, the chair of the board of governors. The
1576 executive director or corporation staff may not prevent or
1577 prohibit the inspector general from initiating, carrying out, or
1578 completing any audit, review, evaluation, study, or
1579 investigation.

1580 2. The inspector general shall initiate, direct,
1581 coordinate, participate in, and perform audits, reviews,
1582 evaluations, studies, and investigations designed to assess
1583 management practices; compliance with laws, rules, and policies;

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1584 and program effectiveness and efficiency. This includes:

1585 a. Conducting internal examinations; investigating
1586 allegations of fraud, waste, abuse, malfeasance, mismanagement,
1587 employee misconduct, or violations of corporation policies; and
1588 conducting any other investigations as directed by the Financial
1589 Services Commission or as independently determined.

1590 b. Evaluating and recommending actions regarding security,
1591 the ethical behavior of personnel and vendors, and compliance
1592 with rules, laws, policies, and personnel matters; and rendering
1593 ethics opinions.

1594 c. Evaluating personnel and administrative policy
1595 compliance, management and operational matters, and human
1596 resources-related matters.

1597 d. Evaluating the application of a corporation code of
1598 ethics, providing reviews and recommendations on the design and
1599 content of ethics-related policy training courses, educating
1600 employees on the code and on appropriate conduct, and checking
1601 for compliance.

1602 e. Evaluating the activities of the senior management team
1603 and management's compliance with recommended solutions.

1604 f. Cooperating and coordinating activities with the chief
1605 of internal audit.

1606 g. Maintaining records of investigations and discipline in
1607 accordance with established policies, or as otherwise required.

1608 h. Supervising and directing the tasks and assignments of
1609 the staff assigned to assist with the inspector general's
1610 projects, including regular review and feedback regarding work
1611 in progress and providing recommendations regarding relevant

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1612 training and staff development activities.

1613 i. Directing, planning, preparing, and presenting interim
1614 and final reports and oral briefings which communicate the
1615 results of studies, reviews, and investigations.

1616 j. Providing the executive director with independent and
1617 objective assessments of programs and activities.

1618 k. Completing special projects, assignments, and other
1619 duties as requested by the Financial Services Commission.

1620 l. Reporting expeditiously to the Department of Law
1621 Enforcement or other law enforcement agencies, as appropriate,
1622 whenever the inspector general has reasonable grounds to believe
1623 there has been a violation of criminal law.

1624 (hh) The corporation must prepare a report for each
1625 calendar year outlining both the statewide average and county-
1626 specific details of the loss ratio attributable to losses that
1627 are not catastrophic losses for residential coverage provided by
1628 the corporation, which information must be presented to the
1629 office and available for public inspection on the Internet
1630 website of the corporation by January 15th of the following
1631 calendar year.

1632 Section 8. Effective October 1, 2013, paragraphs (e) and
1633 (t) of subsection (6) of section 627.351, Florida Statutes, are
1634 amended to read:

1635 627.351 Insurance risk apportionment plans.—

1636 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1637 (e) The corporation is subject to s. 287.057 for the
1638 purchase of commodities and contractual services except as
1639 otherwise provided in this paragraph. Services provided by

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1640 traderspersons or technical experts to assist a licensed adjuster
1641 in the evaluation of individual claims are not subject to the
1642 procurement requirements of this section. Additionally, the
1643 procurement of financial services providers and underwriters
1644 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~
1645 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~
1646 ~~receipt of written quotes, written record of telephone quotes,~~
1647 ~~or informal bids, whenever practical. The procurement of goods~~
1648 ~~or services valued at or over \$25,000 shall be subject to~~
1649 ~~competitive solicitation, except in situations where the goods~~
1650 ~~or services are provided by a sole source or are deemed an~~
1651 ~~emergency purchase; the services are exempted from competitive~~
1652 ~~solicitation requirements under s. 287.057(3)(f); or the~~
1653 ~~procurement of services is subject to s. 627.3513. Justification~~
1654 ~~for the sole sourcing or emergency procurement must be~~
1655 ~~documented.~~ Contracts for goods or services valued at or more
1656 than ~~over~~ \$100,000 are subject to approval by the board.

1657 1. The corporation is an agency for purposes of s.
1658 287.057, except that, for purposes of s. 287.057(22), the
1659 corporation is an eligible user.

1660 a. The authority of the Department of Management Services
1661 and the Chief Financial Officer under s. 287.057 extends to the
1662 corporation as if the corporation were an agency.

1663 b. The executive director of the corporation is the agency
1664 head under s. 287.057, except for resolution of bid protests for
1665 which the board would serve as the agency head.

1666 2. The corporation must provide notice of a decision or
1667 intended decision concerning a solicitation, contract award, or

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1668 exceptional purchase by electronic posting. Such notice must
1669 contain the following statement: "Failure to file a protest
1670 within the time prescribed in this section constitutes a waiver
1671 of proceedings."

1672 a. A person adversely affected by the corporation's
1673 decision or intended decision to award a contract pursuant to s.
1674 287.057(1) or s. 287.057(3)(c) who elects to challenge the
1675 decision must file a written notice of protest with the
1676 executive director of the corporation within 72 hours after the
1677 corporation posts a notice of its decision or intended decision.
1678 For a protest of the terms, conditions, and specifications
1679 contained in a solicitation, including any provisions governing
1680 the methods for ranking bids, proposals, replies, awarding
1681 contracts, reserving rights of further negotiation, or modifying
1682 or amending any contract, the notice of protest must be filed in
1683 writing within 72 hours after the posting of the solicitation.
1684 Saturdays, Sundays, and state holidays are excluded in the
1685 computation of the 72-hour time period.

1686 b. A formal written protest must be filed within 10 days
1687 after the date the notice of protest is filed. The formal
1688 written protest must state with particularity the facts and law
1689 upon which the protest is based. Upon receipt of a formal
1690 written protest that has been timely filed, the corporation must
1691 stop the solicitation or contract award process until the
1692 subject of the protest is resolved by final board action unless
1693 the executive director sets forth in writing particular facts
1694 and circumstances that require the continuance of the
1695 solicitation or contract award process without delay in order to

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1696 avoid an immediate and serious danger to the public health,
1697 safety, or welfare. The corporation must provide an opportunity
1698 to resolve the protest by mutual agreement between the parties
1699 within 7 business days after receipt of the formal written
1700 protest. If the subject of a protest is not resolved by mutual
1701 agreement within 7 business days, the corporation's board must
1702 place the protest on the agenda and resolve it at its next
1703 regularly scheduled meeting. The protest must be heard by the
1704 board at a publicly noticed meeting in accordance with
1705 procedures established by the board.

1706 c. In a protest of an invitation-to-bid or request-for-
1707 proposals procurement, submissions made after the bid or
1708 proposal opening which amend or supplement the bid or proposal
1709 may not be considered. In protesting an invitation-to-negotiate
1710 procurement, submissions made after the corporation announces
1711 its intent to award a contract, reject all replies, or withdraw
1712 the solicitation that amends or supplements the reply may not be
1713 considered. Unless otherwise provided by law, the burden of
1714 proof rests with the party protesting the corporation's action.
1715 In a competitive-procurement protest, other than a rejection of
1716 all bids, proposals, or replies, the corporation's board must
1717 conduct a de novo proceeding to determine whether the
1718 corporation's proposed action is contrary to the corporation's
1719 governing statutes, the corporation's rules or policies, or the
1720 solicitation specifications. The standard of proof for the
1721 proceeding is whether the corporation's action was clearly
1722 erroneous, contrary to competition, arbitrary, or capricious. In
1723 any bid-protest proceeding contesting an intended corporation

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1724 action to reject all bids, proposals, or replies, the standard
1725 of review by the board is whether the corporation's intended
1726 action is illegal, arbitrary, dishonest, or fraudulent.

1727 d. Failure to file a notice of protest or failure to file
1728 a formal written protest constitutes a waiver of proceedings.

1729 3. Contract actions and decisions by the board under this
1730 paragraph are final. Any further legal remedy must be made in
1731 the Circuit Court of Leon County.

1732 (t) For the purposes of s. 199.183(1), the corporation
1733 shall be considered a political subdivision of the state and
1734 shall be exempt from the corporate income tax. The premiums,
1735 assessments, investment income, and other revenue of the
1736 corporation are funds received for providing property insurance
1737 coverage as required by this subsection, paying claims for
1738 Florida citizens insured by the corporation, securing and
1739 repaying debt obligations issued by the corporation, and
1740 conducting all other activities of the corporation, and shall
1741 not be considered taxes, fees, licenses, or charges for services
1742 imposed by the Legislature on individuals, businesses, or
1743 agencies outside state government. Bonds and other debt
1744 obligations issued by or on behalf of the corporation are not to
1745 be considered "state bonds" within the meaning of s. 215.58(8).
1746 The corporation is ~~not~~ subject to the procurement provisions of
1747 chapter 287 as provided in paragraph (e), and policies and
1748 decisions of the corporation relating to incurring debt, levying
1749 of assessments and the sale, issuance, continuation, terms and
1750 claims under corporation policies, and all services relating
1751 thereto, are not subject to the provisions of chapter 120. The

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1752 corporation is not required to obtain or to hold a certificate
1753 of authority issued by the office, nor is it required to
1754 participate as a member insurer of the Florida Insurance
1755 Guaranty Association. However, the corporation is required to
1756 pay, in the same manner as an authorized insurer, assessments
1757 levied by the Florida Insurance Guaranty Association. It is the
1758 intent of the Legislature that the tax exemptions provided in
1759 this paragraph will augment the financial resources of the
1760 corporation to better enable the corporation to fulfill its
1761 public purposes. Any debt obligations issued by the corporation,
1762 their transfer, and the income therefrom, including any profit
1763 made on the sale thereof, shall at all times be free from
1764 taxation of every kind by the state and any political
1765 subdivision or local unit or other instrumentality thereof;
1766 however, this exemption does not apply to any tax imposed by
1767 chapter 220 on interest, income, or profits on debt obligations
1768 owned by corporations other than the corporation.

1769 Section 9. The purchase of commodities and contractual
1770 services by Citizens Property Insurance Corporation commenced
1771 before October 1, 2013, is governed by the law in effect on
1772 September 30, 2013.

1773 Section 10. Section 627.3518, Florida Statutes, is created
1774 to read:

1775 627.3518 Citizens Property Insurance Corporation
1776 policyholder eligibility clearinghouse program.—The purpose of
1777 this section is to provide a framework for the corporation to
1778 implement a clearinghouse program by January 1, 2014.

1779 (1) As used in this section, the term:

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1780 (a) "Corporation" means Citizens Property Insurance
1781 Corporation.

1782 (b) "Exclusive agent" means any licensed insurance agent
1783 that has, by contract, agreed to act exclusively for one company
1784 or group of affiliated insurance companies and is disallowed by
1785 the provisions of that contract to directly write for any other
1786 unaffiliated insurer absent express consent from the company or
1787 group of affiliated insurance companies.

1788 (c) "Independent agent" means any licensed insurance agent
1789 not described in paragraph (b).

1790 (d) "Program" means the clearinghouse created under this
1791 section.

1792 (2) In order to confirm eligibility with the corporation
1793 and to enhance access of new applicants for coverage and
1794 existing policyholders of the corporation to offers of coverage
1795 from authorized and surplus lines insurers, the corporation
1796 shall establish a program for personal residential risks in
1797 order to facilitate the diversion of ineligible applicants and
1798 existing policyholders from the corporation into the voluntary
1799 insurance market. The corporation shall also develop appropriate
1800 procedures for facilitating the diversion of ineligible
1801 applicants and existing policyholders for commercial residential
1802 coverage into the private insurance market and shall report such
1803 procedures to the President of the Senate and the Speaker of the
1804 House of Representatives by January 1, 2014.

1805 (3) The corporation board shall establish the
1806 clearinghouse program as an organizational unit within the
1807 corporation. The program shall have all the rights and

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1808 responsibilities in carrying out its duties as a licensed
1809 general lines agent, but may not be required to employ or engage
1810 a licensed general lines agent or to maintain an insurance
1811 agency license to carry out its activities in the solicitation
1812 and placement of insurance coverage. In establishing the
1813 program, the corporation may:

1814 (a) Require all new applications, and all policies due for
1815 renewal, to be submitted for coverage to the program in order to
1816 facilitate obtaining an offer of coverage from an authorized
1817 insurer before binding or renewing coverage by the corporation.

1818 (b) Employ or otherwise contract with individuals or other
1819 entities for appropriate administrative or professional services
1820 to effectuate the plan within the corporation in accordance with
1821 the applicable purchasing requirements under s. 627.351.

1822 (c) Enter into contracts with any authorized or surplus
1823 lines insurer to participate in the program and accept an
1824 appointment by such insurer.

1825 (d) Provide funds to operate the program. Insurers and
1826 agents participating in the program are not required to pay a
1827 fee to offset or partially offset the cost of the program or use
1828 the program for renewal of policies initially written through
1829 the clearinghouse.

1830 (e) Develop an enhanced application that includes
1831 information to assist private insurers in determining whether to
1832 make an offer of coverage through the program.

1833 (f) For personal lines residential risks, require, before
1834 approving all new applications for coverage by the corporation,
1835 that every application be subject to a period of 2 business days

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1836 when any insurer participating in the program may select the
1837 application for coverage. The insurer may issue a binder on any
1838 policy selected for coverage for a period of at least 30 days
1839 but not more than 60 days.

1840 (g) Allow surplus lines insurers to participate and make
1841 offers of coverage. An offer of coverage may be made by a
1842 surplus lines insurer only if an authorized insurer does not
1843 make an offer of coverage through the program. Surplus lines
1844 insurers may offer premiums and coverages that are more
1845 favorable than those offered in the corporation, and agents are
1846 not required to compile three declinations from authorized
1847 insurers before binding coverage with an surplus lines insurer.

1848 (4) Any authorized or surplus lines insurer may
1849 participate in the program; however, participation is not
1850 mandatory for any insurer. Insurers making offers of coverage to
1851 new applicants or renewal policyholders through the program:

1852 (a) May not be required to individually appoint any agent
1853 whose customer is underwritten and bound through the program.
1854 Notwithstanding s. 626.112, insurers are not required to appoint
1855 any agent on a policy underwritten through the program for as
1856 long as that policy remains with the insurer. Insurers may, at
1857 their election, appoint any agent whose customer is initially
1858 underwritten and bound through the program. In the event an
1859 insurer accepts a policy from an agent who is not appointed
1860 pursuant to this paragraph, and thereafter elects to accept a
1861 policy from such agent, the provisions of s. 626.112 requiring
1862 appointment apply to the agent.

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1863 (b) Must enter into a limited agency agreement with each
1864 agent that is not appointed in accordance with paragraph (a) and
1865 whose customer is underwritten and bound through the program.

1866 (c) Must enter into its standard agency agreement with
1867 each agent whose customer is underwritten and bound through the
1868 program when that agent has been appointed by the insurer
1869 pursuant to s. 626.112.

1870 (d) Must comply with s. 627.4133(2).

1871 (e) May participate through their single-designated
1872 managing general agent or broker; however, the provisions of
1873 paragraph (6) (a) regarding ownership, control, and use of the
1874 expirations continue to apply.

1875 (f) Must pay to the producing agent a commission equal to
1876 that paid by the corporation or the usual and customary
1877 commission paid by the insurer for that line of business,
1878 whichever is greater.

1879 (5) Notwithstanding s. 627.3517, any applicant for new
1880 coverage from the corporation is not eligible for coverage from
1881 the corporation, if provided an offer of coverage from an
1882 authorized insurer through the program at a premium that is at
1883 or below the eligibility threshold established in s.
1884 627.351(6) (c) 5.a. Whenever an offer of coverage for a personal
1885 lines risk is received for a policyholder of the corporation at
1886 renewal from an authorized insurer through the program, if the
1887 offer is equal to or less than the corporation's renewal premium
1888 for comparable coverage, the risk is not eligible for coverage
1889 with the corporation. In the event an offer of coverage for a
1890 new applicant is received from an authorized insurer through the

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1891 program, and the premium offered exceeds the eligibility
1892 threshold contained in s. 627.351(6)(c)5.a., the applicant or
1893 insured may elect to accept such coverage, or may elect to
1894 accept or continue coverage with the corporation. In the event
1895 an offer of coverage for a personal lines risk is received from
1896 an authorized insurer at renewal through the program, and the
1897 premium offered is more than the corporation's renewal premium
1898 for comparable coverage, the insured may elect to accept such
1899 coverage, or may elect to accept or continue coverage with the
1900 corporation. Any applicant for new coverage from the
1901 corporation, and policyholders of all policies for renewal, if
1902 provided an offer of coverage from a surplus lines insurer
1903 through the program, are not required to accept such offer, and
1904 may be accepted for coverage or renewed by the corporation at
1905 the applicant's or policyholder's option. Sub-sub-subparagraph
1906 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
1907 an authorized insurer obtained through the program.

1908 (6) Independent insurance agents submitting new
1909 applications for coverage or that are the agent of record on a
1910 renewal policy submitted to the program:

1911 (a) Are granted and must maintain ownership and the
1912 exclusive use of expirations, records, or other written or
1913 electronic information directly related to such applications or
1914 renewals written through the corporation or through an insurer
1915 participating in the program, notwithstanding s.
1916 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
1917 for as long as the insured remains with the agency or until sold
1918 or surrendered in writing by the agent. Contracts with the

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1919 corporation or required by the corporation must not amend,
1920 modify, interfere with, or limit such rights of ownership. Such
1921 expirations, records, or other written or electronic information
1922 may be used to review an application, issue a policy, or for any
1923 other purpose necessary for placing such business through the
1924 program.

1925 (b) May not be required to be appointed by any insurer
1926 participating in the program for policies written solely through
1927 the program, notwithstanding the provisions of s. 626.112.

1928 (c) May accept an appointment from any insurer
1929 participating in the program.

1930 (d) May enter into either a standard or limited agency
1931 agreement with the insurer, at the insurer's option.

1932
1933 Applicants ineligible for coverage in accordance with subsection
1934 (5) remain ineligible if their independent agent is unwilling or
1935 unable to enter into a standard or limited agency agreement with
1936 an insurer participating in the program.

1937 (7) Exclusive agents submitting new applications for
1938 coverage or that are the agent of record on a renewal policy
1939 submitted to the program:

1940 (a) Must maintain ownership and the exclusive use of
1941 expirations, records, or other written or electronic information
1942 directly related to such applications or renewals written
1943 through the corporation or through an insurer participating in
1944 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
1945 (II)(B). Contracts with the corporation or required by the
1946 corporation must not amend, modify, interfere with, or limit

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1947 such rights of ownership. Such expirations, records, or other
1948 written or electronic information may be used to review an
1949 application, issue a policy, or for any other purpose necessary
1950 for placing such business through the program.

1951 (b) May not be required to be appointed by any insurer
1952 participating in the program for policies written solely through
1953 the program, notwithstanding the provisions of s. 626.112.

1954 (c) Must only facilitate the placement of an offer of
1955 coverage from an insurer whose limited servicing agreement is
1956 approved by that exclusive agent's exclusive insurer.

1957 (d) May enter into a limited servicing agreement with the
1958 insurer making an offer of coverage, and only after the
1959 exclusive agent's insurer has approved the limited servicing
1960 agreement terms. The exclusive agent's insurer must approve a
1961 limited service agreement for the program for any insurer for
1962 which it has approved a service agreement for other purposes.

1963
1964 Applicants ineligible for coverage in accordance with subsection
1965 (5) remain ineligible if their exclusive agent is unwilling or
1966 unable to enter into a standard or limited agency agreement with
1967 an insurer making an offer of coverage to that applicant.

1968 (8) Submission of an application for coverage by the
1969 corporation to the program does not constitute the binding of
1970 coverage by the corporation, and failure of the program to
1971 obtain an offer of coverage by an insurer may not be considered
1972 acceptance of coverage of the risk by the corporation.

1973 (9) The 45-day notice of nonrenewal requirement set forth
1974 in s. 627.4133(2)(b)4.b. applies when a policy is nonrenewed by

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1975 the corporation because the risk has received an offer of
1976 coverage pursuant to this section which renders the risk
1977 ineligible for coverage by the corporation.

1978 (10) The program may not include commercial nonresidential
1979 policies.

1980 Section 11. Section 627.35191, Florida Statutes, is
1981 created to read:

1982 627.35191 Annual report of aggregate net probable maximum
1983 losses, financing options, and potential assessments.—No later
1984 than February 1 of each year, the Florida Hurricane Catastrophe
1985 Fund and Citizens Property Insurance Corporation shall each
1986 submit a report to the Legislature and the Financial Services
1987 Commission identifying their respective aggregate net probable
1988 maximum losses, financing options, and potential assessments.
1989 The report issued by the fund and the corporation must include
1990 their respective 50-year, 100-year, and 250-year probable
1991 maximum losses; analysis of all reasonable financing strategies
1992 for each such probable maximum loss, including the amount and
1993 term of debt instruments; specification of the percentage
1994 assessments that would be needed to support each of the
1995 financing strategies; and calculations of the aggregate
1996 assessment burden on Florida property and casualty policyholders
1997 for each of the probable maximum losses.

1998 Section 12. Except as otherwise expressly provided in this
1999 act, this act shall take effect July 1, 2013.

2000

2001

2002

T I T L E A M E N D M E N T

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2003 Remove everything before the enacting clause and insert:
2004 A bill to be entitled
2005 An act relating to property insurance; amending s.
2006 215.555, F.S., relating to the Florida Hurricane
2007 Catastrophe Fund; revising the definition of the term
2008 "corporation"; deleting an outdated coverage level;
2009 revising the exemption of medical malpractice
2010 insurance premiums from emergency assessments if
2011 certain revenues are determined to be insufficient to
2012 fund the obligations, costs, and expenses of the
2013 Florida Hurricane Catastrophe Fund and the Florida
2014 Hurricane Catastrophe Fund Finance Corporation;
2015 changing the name of the Florida Hurricane Catastrophe
2016 Fund Finance Corporation; deleting provisions relating
2017 to temporary emergency options for additional
2018 coverage; amending s. 626.752, F.S.; exempting
2019 Citizens Property Insurance Corporation from exchange
2020 of business limitations and restrictions when placing
2021 business with authorized insurers; amending s.
2022 626.854, F.S.; revising the restrictions on public
2023 adjuster compensation, payment, commission, fee, or
2024 any other thing of value; providing penalties;
2025 deleting a provision requiring the public adjuster to
2026 ensure prompt notice of property loss claims;
2027 requiring a public adjuster to ensure that prompt
2028 notice is given of a claim to the insurer; requiring a
2029 public adjuster to meet or communicate with the
2030 insurer for a specified purpose; prohibiting a public

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2031 adjuster from acquiring any interest in salvaged
2032 property; providing an exception; providing
2033 legislative intent; amending s. 627.0628, F.S.;;
2034 revising the membership of the Florida Commission on
2035 Hurricane Loss Projection Methodology; amending s.
2036 627.0629, F.S.;; conforming a cross-reference; amending
2037 s. 627.351, F.S.;; providing that certain residential
2038 structures are not eligible for coverage by the
2039 corporation after specified dates; providing an
2040 exception; prohibiting the corporation from covering
2041 any new construction of a major structure, or
2042 substantial improvements on any major structure,
2043 commencing on or after July 1, 2014, that is seaward
2044 of the coastal construction control line or is within
2045 the Coastal Barrier Resources System; deleting a
2046 provision that limits the amount that a public
2047 adjuster may charge, agree to, or accept as
2048 compensation with respect to a claim filed under a
2049 policy of the Citizens Property Insurance Corporation;
2050 revising the membership of the board of governors of
2051 the corporation; restricting the eligibility of a risk
2052 for a renewal policy issued by the corporation under
2053 certain circumstances; revising provisions allowing a
2054 policyholder removed from the corporation to remain
2055 eligible for coverage under certain circumstances;
2056 requiring disclosure of potential corporation
2057 surcharges and policyholder obligations to try to
2058 obtain private market coverage; revising the duties

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2059 and responsibilities of the internal auditor of the
2060 corporation; authorizing insurers taking out,
2061 assuming, or removing policies from the corporation to
2062 use the corporation's policy forms and endorsements
2063 for a specified time without approval by the Office of
2064 Insurance Regulation; establishing the Office of
2065 Inspector General within the corporation; providing
2066 for appointment, qualifications, duties, and
2067 responsibilities of the inspector general; requiring
2068 the corporation to prepare a report for each calendar
2069 year relating to the loss ratio attributable to losses
2070 that are not catastrophic losses for residential
2071 coverage provided by the corporation; revising
2072 provisions relating to purchases by the corporation;
2073 providing that the corporation is subject to state
2074 agency purchasing requirements; requiring the
2075 corporation to provide notice of purchasing decisions;
2076 providing procedures for protesting such decisions;
2077 providing applicability; creating s. 627.3518, F.S.;
2078 providing purpose; providing definitions; requiring
2079 the creation of a clearinghouse program within the
2080 corporation; specifying the purposes of the program;
2081 requiring the corporation to provide a report to the
2082 Legislature; specifying certain rights and
2083 responsibilities with respect to the program;
2084 authorizing the corporation to take specified actions
2085 in establishing the program; providing conditions and
2086 requirements relating to the participation of insurers

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2087 | in the program; providing conditions, requirements,
2088 | limitations, and procedures applicable to offers of
2089 | coverage with respect to applicants for coverage with
2090 | the corporation and existing policyholders of the
2091 | corporation; providing requirements for certain
2092 | independent insurance agents and exclusive agents with
2093 | respect to submitting applications for coverage or
2094 | policies for renewal to the program; providing for
2095 | applicability and construction; creating s. 627.35191,
2096 | F.S.; requiring the Florida Hurricane Catastrophe Fund
2097 | and Citizens Property Insurance Corporation to each
2098 | submit reports annually to the Legislature and the
2099 | Financial Services Commission relating to aggregate
2100 | net probable maximum losses, financing options, and
2101 | potential assessments; providing effective dates.