



1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 215.555, F.S., relating to the Florida Hurricane
4 Catastrophe Fund; revising the definition of the term
5 "corporation"; deleting an outdated coverage level;
6 revising the exemption of medical malpractice
7 insurance premiums from emergency assessments if
8 certain revenues are determined to be insufficient to
9 fund the obligations, costs, and expenses of the
10 Florida Hurricane Catastrophe Fund and the Florida
11 Hurricane Catastrophe Fund Finance Corporation;
12 changing the name of the Florida Hurricane Catastrophe
13 Fund Finance Corporation; deleting provisions relating
14 to temporary emergency options for additional
15 coverage; amending s. 626.752, F.S.; exempting
16 Citizens Property Insurance Corporation from exchange
17 of business limitations and restrictions when placing
18 business with authorized insurers; amending s.
19 626.854, F.S.; revising the restrictions on public
20 adjuster compensation, payment, commission, fee, or
21 any other thing of value; providing penalties;
22 deleting a provision requiring the public adjuster to
23 ensure prompt notice of property loss claims;
24 requiring a public adjuster to ensure that prompt
25 notice is given of a claim to the insurer; requiring a
26 public adjuster to meet or communicate with the
27 insurer for a specified purpose; prohibiting a public
28 adjuster from acquiring any interest in salvaged



29 | property; providing an exception; providing
30 | legislative intent; amending s. 627.0628, F.S.;
31 | revising the membership of the Florida Commission on
32 | Hurricane Loss Projection Methodology; amending s.
33 | 627.0629, F.S.; conforming a cross-reference; amending
34 | s. 627.351, F.S.; providing that certain residential
35 | structures are not eligible for coverage by the
36 | corporation after specified dates; providing an
37 | exception; prohibiting the corporation from covering
38 | any new construction of a major structure, or
39 | substantial improvements on any major structure,
40 | commencing on or after July 1, 2014, that is seaward
41 | of the coastal construction control line or is within
42 | the Coastal Barrier Resources System; deleting a
43 | provision that limits the amount that a public
44 | adjuster may charge, agree to, or accept as
45 | compensation with respect to a claim filed under a
46 | policy of the Citizens Property Insurance Corporation;
47 | revising the membership of the board of governors of
48 | the corporation; restricting the eligibility of a risk
49 | for a renewal policy issued by the corporation under
50 | certain circumstances; revising provisions allowing a
51 | policyholder removed from the corporation to remain
52 | eligible for coverage under certain circumstances;
53 | requiring disclosure of potential corporation
54 | surcharges and policyholder obligations to try to
55 | obtain private market coverage; revising the duties
56 | and responsibilities of the internal auditor of the



57 | corporation; authorizing insurers taking out,
58 | assuming, or removing policies from the corporation to
59 | use the corporation's policy forms and endorsements
60 | for a specified time without approval by the Office of
61 | Insurance Regulation; establishing the Office of
62 | Inspector General within the corporation; providing
63 | for appointment, qualifications, duties, and
64 | responsibilities of the inspector general; requiring
65 | the corporation to prepare a report for each calendar
66 | year relating to the loss ratio attributable to losses
67 | that are not catastrophic losses for residential
68 | coverage provided by the corporation; revising
69 | provisions relating to purchases by the corporation;
70 | providing that the corporation is subject to state
71 | agency purchasing requirements; requiring the
72 | corporation to provide notice of purchasing decisions;
73 | providing procedures for protesting such decisions;
74 | providing applicability; creating s. 627.3518, F.S.;
75 | providing purpose; providing definitions; requiring
76 | the creation of a clearinghouse program within the
77 | corporation; specifying the purposes of the program;
78 | requiring the corporation to provide a report to the
79 | Legislature; specifying certain rights and
80 | responsibilities with respect to the program;
81 | authorizing the corporation to take specified actions
82 | in establishing the program; providing conditions and
83 | requirements relating to the participation of insurers
84 | in the program; providing conditions, requirements,



85 | limitations, and procedures applicable to offers of
86 | coverage with respect to applicants for coverage with
87 | the corporation and existing policyholders of the
88 | corporation; providing requirements for certain
89 | independent insurance agents and exclusive agents with
90 | respect to submitting applications for coverage or
91 | policies for renewal to the program; providing for
92 | applicability and construction; creating s. 627.35191,
93 | F.S.; requiring the Florida Hurricane Catastrophe Fund
94 | and Citizens Property Insurance Corporation to each
95 | submit reports annually to the Legislature and the
96 | Financial Services Commission relating to aggregate
97 | net probable maximum losses, financing options, and
98 | potential assessments; providing effective dates.

99 |
100 | Be It Enacted by the Legislature of the State of Florida:

101 |
102 | Section 1. Effective June 1, 2013, paragraph (n) of
103 | subsection (2), paragraph (b) of subsection (4), paragraphs (b)
104 | and (d) of subsection (6), and present subsection (16) of
105 | section 215.555, Florida Statutes, are amended, and subsections
106 | (17) and (18) of that section are renumbered as subsections (16)
107 | and (17), respectively, to read:

108 | 215.555 Florida Hurricane Catastrophe Fund.—

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

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



113 (4) REIMBURSEMENT CONTRACTS.—

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

119 2. The insurer must elect one of the percentage coverage
 120 levels specified in this paragraph and may, upon renewal of a
 121 reimbursement contract, elect a lower percentage coverage level
 122 if no revenue bonds issued under subsection (6) after a covered
 123 event are outstanding, or elect a higher percentage coverage
 124 level, regardless of whether or not revenue bonds are
 125 outstanding. All members of an insurer group must elect the same
 126 percentage coverage level. Any joint underwriting association,
 127 risk apportionment plan, or other entity created under s.
 128 627.351 must elect the 90-percent coverage level.

129 3. The contract shall provide that reimbursement amounts
 130 shall not be reduced by reinsurance paid or payable to the
 131 insurer from other sources.

132 ~~4. Notwithstanding any other provision contained in this~~
 133 ~~section, the board shall make available to insurers that~~
 134 ~~purchased coverage provided by this subparagraph in 2008,~~
 135 ~~insurers qualifying as limited apportionment companies under s.~~
 136 ~~627.351(6)(c), and insurers that have been approved to~~
 137 ~~participate in the Insurance Capital Build-Up Incentive Program~~
 138 ~~pursuant to s. 215.5595 a contract or contract addendum that~~
 139 ~~provides an additional amount of reimbursement coverage of up to~~
 140 ~~\$10 million. The premium to be charged for this additional~~



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141 ~~reimbursement coverage shall be 50 percent of the additional~~
142 ~~reimbursement coverage provided, which shall include one prepaid~~
143 ~~reinstatement. The minimum retention level that an eligible~~
144 ~~participating insurer must retain associated with this~~
145 ~~additional coverage layer is 30 percent of the insurer's surplus~~
146 ~~as of December 31, 2008, for the 2009-2010 contract year; as of~~
147 ~~December 31, 2009, for the 2010-2011 contract year; and as of~~
148 ~~December 31, 2010, for the 2011-2012 contract year. This~~
149 ~~coverage shall be in addition to all other coverage that may be~~
150 ~~provided under this section. The coverage provided by the fund~~
151 ~~under this subparagraph shall be in addition to the claims-~~
152 ~~paying capacity as defined in subparagraph (c)1., but only with~~
153 ~~respect to those insurers that select the additional coverage~~
154 ~~option and meet the requirements of this subparagraph. The~~
155 ~~claims-paying capacity with respect to all other participating~~
156 ~~insurers and limited apportionment companies that do not select~~
157 ~~the additional coverage option shall be limited to their~~
158 ~~reimbursement premium's proportionate share of the actual~~
159 ~~claims-paying capacity otherwise defined in subparagraph (c)1.~~
160 ~~and as provided for under the terms of the reimbursement~~
161 ~~contract. The optional coverage retention as specified shall be~~
162 ~~accessed before the mandatory coverage under the reimbursement~~
163 ~~contract, but once the limit of coverage selected under this~~
164 ~~option is exhausted, the insurer's retention under the mandatory~~
165 ~~coverage will apply. This coverage will apply and be paid~~
166 ~~concurrently with mandatory coverage. This subparagraph expires~~
167 ~~on May 31, 2012.~~

168 (6) REVENUE BONDS.—



169 (b) Emergency assessments—

170 1. If the board determines that the amount of revenue

171 produced under subsection (5) is insufficient to fund the

172 obligations, costs, and expenses of the fund and the

173 corporation, including repayment of revenue bonds and that

174 portion of the debt service coverage not met by reimbursement

175 premiums, the board shall direct the Office of Insurance

176 Regulation to levy, by order, an emergency assessment on direct

177 premiums for all property and casualty lines of business in this

178 state, including property and casualty business of surplus lines

179 insurers regulated under part VIII of chapter 626, but not

180 including any workers' compensation premiums or medical

181 malpractice premiums. As used in this subsection, the term

182 "property and casualty business" includes all lines of business

183 identified on Form 2, Exhibit of Premiums and Losses, in the

184 annual statement required of authorized insurers by s. 624.424

185 and any rule adopted under this section, except for those lines

186 identified as accident and health insurance and except for

187 policies written under the National Flood Insurance Program. The

188 assessment shall be specified as a percentage of direct written

189 premium and is subject to annual adjustments by the board in

190 order to meet debt obligations. The same percentage shall apply

191 to all policies in lines of business subject to the assessment

192 issued or renewed during the 12-month period beginning on the

193 effective date of the assessment.

194 2. A premium is not subject to an annual assessment under

195 this paragraph in excess of 6 percent of premium with respect to

196 obligations arising out of losses attributable to any one



197 contract year, and a premium is not subject to an aggregate
198 annual assessment under this paragraph in excess of 10 percent
199 of premium. An annual assessment under this paragraph shall
200 continue as long as the revenue bonds issued with respect to
201 which the assessment was imposed are outstanding, including any
202 bonds the proceeds of which were used to refund the revenue
203 bonds, unless adequate provision has been made for the payment
204 of the bonds under the documents authorizing issuance of the
205 bonds.

206 3. Emergency assessments shall be collected from
207 policyholders. Emergency assessments shall be remitted by
208 insurers as a percentage of direct written premium for the
209 preceding calendar quarter as specified in the order from the
210 Office of Insurance Regulation. The office shall verify the
211 accurate and timely collection and remittance of emergency
212 assessments and shall report the information to the board in a
213 form and at a time specified by the board. Each insurer
214 collecting assessments shall provide the information with
215 respect to premiums and collections as may be required by the
216 office to enable the office to monitor and verify compliance
217 with this paragraph.

218 4. With respect to assessments of surplus lines premiums,
219 each surplus lines agent shall collect the assessment at the
220 same time as the agent collects the surplus lines tax required
221 by s. 626.932, and the surplus lines agent shall remit the
222 assessment to the Florida Surplus Lines Service Office created
223 by s. 626.921 at the same time as the agent remits the surplus
224 lines tax to the Florida Surplus Lines Service Office. The



225 emergency assessment on each insured procuring coverage and
226 filing under s. 626.938 shall be remitted by the insured to the
227 Florida Surplus Lines Service Office at the time the insured
228 pays the surplus lines tax to the Florida Surplus Lines Service
229 Office. The Florida Surplus Lines Service Office shall remit the
230 collected assessments to the fund or corporation as provided in
231 the order levied by the Office of Insurance Regulation. The
232 Florida Surplus Lines Service Office shall verify the proper
233 application of such emergency assessments and shall assist the
234 board in ensuring the accurate and timely collection and
235 remittance of assessments as required by the board. The Florida
236 Surplus Lines Service Office shall annually calculate the
237 aggregate written premium on property and casualty business,
238 other than workers' compensation and medical malpractice,
239 procured through surplus lines agents and insureds procuring
240 coverage and filing under s. 626.938 and shall report the
241 information to the board in a form and at a time specified by
242 the board.

243 5. Any assessment authority not used for a particular
244 contract year may be used for a subsequent contract year. If,
245 for a subsequent contract year, the board determines that the
246 amount of revenue produced under subsection (5) is insufficient
247 to fund the obligations, costs, and expenses of the fund and the
248 corporation, including repayment of revenue bonds and that
249 portion of the debt service coverage not met by reimbursement
250 premiums, the board shall direct the Office of Insurance
251 Regulation to levy an emergency assessment up to an amount not
252 exceeding the amount of unused assessment authority from a



253 previous contract year or years, plus an additional 4 percent
254 provided that the assessments in the aggregate do not exceed the
255 limits specified in subparagraph 2.

256 6. The assessments otherwise payable to the corporation
257 under this paragraph shall be paid to the fund unless and until
258 the Office of Insurance Regulation and the Florida Surplus Lines
259 Service Office have received from the corporation and the fund a
260 notice, which shall be conclusive and upon which they may rely
261 without further inquiry, that the corporation has issued bonds
262 and the fund has no agreements in effect with local governments
263 under paragraph (c). On or after the date of the notice and
264 until the date the corporation has no bonds outstanding, the
265 fund shall have no right, title, or interest in or to the
266 assessments, except as provided in the fund's agreement with the
267 corporation.

268 7. Emergency assessments are not premium and are not
269 subject to the premium tax, to the surplus lines tax, to any
270 fees, or to any commissions. An insurer is liable for all
271 assessments that it collects and must treat the failure of an
272 insured to pay an assessment as a failure to pay the premium. An
273 insurer is not liable for uncollectible assessments.

274 8. When an insurer is required to return an unearned
275 premium, it shall also return any collected assessment
276 attributable to the unearned premium. A credit adjustment to the
277 collected assessment may be made by the insurer with regard to
278 future remittances that are payable to the fund or corporation,
279 but the insurer is not entitled to a refund.

280 9. When a surplus lines insured or an insured who has



281 procured coverage and filed under s. 626.938 is entitled to the
282 return of an unearned premium, the Florida Surplus Lines Service
283 Office shall provide a credit or refund to the agent or such
284 insured for the collected assessment attributable to the
285 unearned premium prior to remitting the emergency assessment
286 collected to the fund or corporation.

287 10. The exemption of medical malpractice insurance
288 premiums from emergency assessments under this paragraph is
289 repealed May 31, 2016 ~~2013~~, and medical malpractice insurance
290 premiums shall be subject to emergency assessments attributable
291 to loss events occurring in the contract years commencing on
292 June 1, 2016 ~~2013~~.

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

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

297 a. The public benefits corporation created under this
298 paragraph will provide a mechanism necessary for the cost-
299 effective and efficient issuance of bonds. This mechanism will
300 eliminate unnecessary costs in the bond issuance process,
301 thereby increasing the amounts available to pay reimbursement
302 for losses to property sustained as a result of hurricane
303 damage.

304 b. The purpose of such bonds is to fund reimbursements
305 through the Florida Hurricane Catastrophe Fund to pay for the
306 costs of construction, reconstruction, repair, restoration, and
307 other costs associated with damage to properties of
308 policyholders of covered policies due to the occurrence of a



309 hurricane.

310 c. The efficacy of the financing mechanism will be
311 enhanced by the corporation's ownership of the assessments, by
312 the insulation of the assessments from possible bankruptcy
313 proceedings, and by covenants of the state with the
314 corporation's bondholders.

315 2.a. There is created a public benefits corporation, which
316 is an instrumentality of the state, to be known as the State
317 Board of Administration ~~Florida Hurricane Catastrophe Fund~~
318 Finance Corporation.

319 b. The corporation shall operate under a five-member board
320 of directors consisting of the Governor or a designee, the Chief
321 Financial Officer or a designee, the Attorney General or a
322 designee, the director of the Division of Bond Finance of the
323 State Board of Administration, and the Chief Operating Officer
324 ~~senior employee of the State Board of Administration responsible~~
325 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

326 c. The corporation has all of the powers of corporations
327 under chapter 607 and under chapter 617, subject only to the
328 provisions of this subsection.

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

332 e. The corporation may invest in any of the investments
333 authorized under s. 215.47.

334 f. There shall be no liability on the part of, and no
335 cause of action shall arise against, any board members or
336 employees of the corporation for any actions taken by them in



337 the performance of their duties under this paragraph.

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

343 b. The state hereby covenants with holders of bonds of the
344 corporation that the state will not repeal or abrogate the power
345 of the board to direct the Office of Insurance Regulation to
346 levy the assessments and to collect the proceeds of the revenues
347 pledged to the payment of such bonds as long as any such bonds
348 remain outstanding unless adequate provision has been made for
349 the payment of such bonds pursuant to the documents authorizing
350 the issuance of such bonds.

351 4. The bonds of the corporation are not a debt of the
352 state or of any political subdivision, and neither the state nor
353 any political subdivision is liable on such bonds. The
354 corporation does not have the power to pledge the credit, the
355 revenues, or the taxing power of the state or of any political
356 subdivision. The credit, revenues, or taxing power of the state
357 or of any political subdivision shall not be deemed to be
358 pledged to the payment of any bonds of the corporation.

359 5.a. The property, revenues, and other assets of the
360 corporation; the transactions and operations of the corporation
361 and the income from such transactions and operations; and all
362 bonds issued under this paragraph and interest on such bonds are
363 exempt from taxation by the state and any political subdivision,
364 including the intangibles tax under chapter 199 and the income



365 tax under chapter 220. This exemption does not apply to any tax
 366 imposed by chapter 220 on interest, income, or profits on debt
 367 obligations owned by corporations other than the State Board of
 368 Administration ~~Florida Hurricane Catastrophe Fund~~ Finance
 369 Corporation.

370 b. All bonds of the corporation shall be and constitute
 371 legal investments without limitation for all public bodies of
 372 this state; for all banks, trust companies, savings banks,
 373 savings associations, savings and loan associations, and
 374 investment companies; for all administrators, executors,
 375 trustees, and other fiduciaries; for all insurance companies and
 376 associations and other persons carrying on an insurance
 377 business; and for all other persons who are now or may hereafter
 378 be authorized to invest in bonds or other obligations of the
 379 state and shall be and constitute eligible securities to be
 380 deposited as collateral for the security of any state, county,
 381 municipal, or other public funds. This sub-subparagraph shall be
 382 considered as additional and supplemental authority and shall
 383 not be limited without specific reference to this sub-
 384 subparagraph.

385 6. The corporation and its corporate existence shall
 386 continue until terminated by law; however, no such law shall
 387 take effect as long as the corporation has bonds outstanding
 388 unless adequate provision has been made for the payment of such
 389 bonds pursuant to the documents authorizing the issuance of such
 390 bonds. Upon termination of the existence of the corporation, all
 391 of its rights and properties in excess of its obligations shall
 392 pass to and be vested in the state.



393 7. The State Board of Administration Finance Corporation
394 is for all purposes the successor to the Florida Hurricane
395 Catastrophe Fund Finance Corporation.

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

397 ~~(a) Findings and intent.—~~

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

399 ~~a. Because of temporary disruptions in the market for~~
400 ~~catastrophic reinsurance, many property insurers were unable to~~
401 ~~procure reinsurance for the 2006 hurricane season with an~~
402 ~~attachment point below the insurers' respective Florida~~
403 ~~Hurricane Catastrophe Fund attachment points, were unable to~~
404 ~~procure sufficient amounts of such reinsurance, or were able to~~
405 ~~procure such reinsurance only by incurring substantially higher~~
406 ~~costs than in prior years.~~

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

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

413 ~~2. It is the intent of the Legislature to create a~~
414 ~~temporary emergency program, applicable to the 2007, 2008, and~~
415 ~~2009 hurricane seasons, to address these market disruptions and~~
416 ~~enable insurers, at their option, to procure additional coverage~~
417 ~~from the Florida Hurricane Catastrophe Fund.~~

418 ~~(b) Applicability of other provisions of this section. All~~
419 ~~provisions of this section and the rules adopted under this~~
420 ~~section apply to the program created by this subsection unless~~



421 ~~specifically superseded by this subsection.~~

422 ~~(c) Optional coverage. For the contract year commencing~~
423 ~~June 1, 2007, and ending May 31, 2008, the contract year~~
424 ~~commencing June 1, 2008, and ending May 31, 2009, and the~~
425 ~~contract year commencing June 1, 2009, and ending May 31, 2010,~~
426 ~~the board shall offer for each of such years the optional~~
427 ~~coverage as provided in this subsection.~~

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

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

432 ~~2. "TEACO insurer" means an insurer that has opted to~~
433 ~~obtain coverage under the TEACO options in addition to the~~
434 ~~coverage provided to the insurer under its reimbursement~~
435 ~~contract.~~

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

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

442 ~~a. The board shall calculate and report to each TEACO~~
443 ~~insurer the TEACO retention multiples. There shall be three~~
444 ~~TEACO retention multiples for defining coverage. Each multiple~~
445 ~~shall be calculated by dividing \$3 billion, \$4 billion, or \$5~~
446 ~~billion by the total estimated mandatory FHCF reimbursement~~
447 ~~premium assuming all insurers selected the 90 percent coverage~~
448 ~~level.~~



449 ~~b. The TEACO retention multiples as determined under sub-~~
450 ~~subparagraph a. shall be adjusted to reflect the coverage level~~
451 ~~electd by the insurer. For insurers electing the 90-percent~~
452 ~~coverage level, the adjusted retention multiple is 100 percent~~
453 ~~of the amount determined under sub-subparagraph a. For insurers~~
454 ~~electing the 75-percent coverage level, the retention multiple~~
455 ~~is 120 percent of the amount determined under sub-subparagraph~~
456 ~~a. For insurers electing the 45-percent coverage level, the~~
457 ~~adjusted retention multiple is 200 percent of the amount~~
458 ~~determined under sub-subparagraph a.~~

459 ~~e. An insurer shall determine its provisional TEACO~~
460 ~~retention by multiplying its estimated mandatory FHCF~~
461 ~~reimbursement premium by the applicable adjusted TEACO retention~~
462 ~~multiple and shall determine its actual TEACO retention by~~
463 ~~multiplying its actual mandatory FHCF reimbursement premium by~~
464 ~~the applicable adjusted TEACO retention multiple.~~

465 ~~d. For TEACO insurers who experience multiple covered~~
466 ~~events causing loss during the contract year, the insurer's full~~
467 ~~TEACO retention shall be applied to each of the covered events~~
468 ~~causing the two largest losses for that insurer. For other~~
469 ~~covered events resulting in losses, the TEACO option does not~~
470 ~~apply and the insurer's retention shall be one-third of the full~~
471 ~~retention as calculated under paragraph (2) (e).~~

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

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

476 ~~(c) TEACO addendum.—~~



477 1. ~~The TEACO addendum shall provide for reimbursement of~~
478 ~~TEACO insurers for covered events occurring during the contract~~
479 ~~year, in exchange for the TEACO reimbursement premium paid into~~
480 ~~the fund under paragraph (f). Any insurer writing covered~~
481 ~~policies has the option of choosing to accept the TEACO addendum~~
482 ~~for any of the 3 contract years that the coverage is offered.~~

483 2. ~~The TEACO addendum shall contain a promise by the board~~
484 ~~to reimburse the TEACO insurer for 45 percent, 75 percent, or 90~~
485 ~~percent of its losses from each covered event in excess of the~~
486 ~~insurer's TEACO retention, plus 5 percent of the reimbursed~~
487 ~~losses to cover loss adjustment expenses. The percentage shall~~
488 ~~be the same as the coverage level selected by the insurer under~~
489 ~~paragraph (4) (b).~~

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

493 4. ~~The TEACO addendum shall also provide that the~~
494 ~~obligation of the board with respect to all TEACO addenda shall~~
495 ~~not exceed an amount equal to two times the difference between~~
496 ~~the industry retention level calculated under paragraph (2) (c)~~
497 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~
498 ~~retention level options actually selected, but in no event may~~
499 ~~the board's obligation exceed the actual claims-paying capacity~~
500 ~~of the fund plus the additional capacity created in paragraph~~
501 ~~(g). If the actual claims-paying capacity and the additional~~
502 ~~capacity created under paragraph (g) fall short of the board's~~
503 ~~obligations under the reimbursement contract, each insurer's~~
504 ~~share of the fund's capacity shall be prorated based on the~~



505 ~~premium an insurer pays for its mandatory reimbursement coverage~~
506 ~~and the premium paid for its optional TEACO coverage as each~~
507 ~~such premium bears to the total premiums paid to the fund times~~
508 ~~the available capacity.~~

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

512 ~~6. A TEACO insurer's maximum reimbursement for a single~~
513 ~~event shall be equal to the product of multiplying its mandatory~~
514 ~~FHCF premium by the difference between its FHCF retention~~
515 ~~multiple and its TEACO retention multiple under the TEACO option~~
516 ~~selected and by the coverage selected under paragraph (4) (b),~~
517 ~~plus an additional 5 percent for loss adjustment expenses. A~~
518 ~~TEACO insurer's maximum reimbursement under the TEACO option~~
519 ~~selected for a TEACO insurer's two largest events shall be twice~~
520 ~~its maximum reimbursement for a single event.~~

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

522 ~~1. Each TEACO insurer shall pay to the fund, in the manner~~
523 ~~and at the time provided in the reimbursement contract for~~
524 ~~payment of reimbursement premiums, a TEACO reimbursement premium~~
525 ~~calculated as specified in this paragraph.~~

526 ~~2. The insurer's TEACO reimbursement premium associated~~
527 ~~with the \$3 billion retention option shall be equal to 85~~
528 ~~percent of a TEACO insurer's maximum reimbursement for a single~~
529 ~~event as calculated under subparagraph (c)6. The TEACO~~
530 ~~reimbursement premium associated with the \$4 billion retention~~
531 ~~option shall be equal to 80 percent of a TEACO insurer's maximum~~
532 ~~reimbursement for a single event as calculated under~~



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

537 ~~(g) Effect on claims-paying capacity of the fund. For the~~
538 ~~contract term commencing June 1, 2007, the contract year~~
539 ~~commencing June 1, 2008, and the contract term beginning June 1,~~
540 ~~2009, the program created by this subsection shall increase the~~
541 ~~claims-paying capacity of the fund as provided in subparagraph~~
542 ~~(4)(c)1. by an amount equal to two times the difference between~~
543 ~~the industry retention level calculated under paragraph (2)(c)~~
544 ~~and the \$3 billion industry TEACO retention level specified in~~
545 ~~sub-subparagraph (d)4.a. The additional capacity shall apply~~
546 ~~only to the additional coverage provided by the TEACO option and~~
547 ~~shall not otherwise affect any insurer's reimbursement from the~~
548 ~~fund.~~

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

551 626.752 Exchange of business.—

552 (4) The foregoing limitations and restrictions shall not
553 be construed and shall not apply to the placing of surplus lines
554 business under the provisions of part VIII or to the activities
555 of Citizens Property Insurance Corporation in placing new and
556 renewal business with authorized insurers in accordance with s.
557 627.3518.

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



561 626.854 "Public adjuster" defined; prohibitions.—The
562 Legislature finds that it is necessary for the protection of the
563 public to regulate public insurance adjusters and to prevent the
564 unauthorized practice of law.

565 (11) (a) If a public adjuster enters into a contract with
566 an insured or claimant to reopen a claim or file a supplemental
567 claim that seeks additional payments for a claim that has been
568 previously paid in part or in full or settled by the insurer,
569 the public adjuster may not charge, agree to, or accept from any
570 source ~~any~~ compensation, payment, commission, fee, or any other
571 thing of value based on a previous settlement or previous claim
572 payments by the insurer for the same cause of loss. The charge,
573 compensation, payment, commission, fee, or any other thing of
574 value must be based only on the claim payments or settlement
575 obtained through the work of the public adjuster after entering
576 into the contract with the insured or claimant. Compensation for
577 the reopened or supplemental claim may not exceed 20 percent of
578 the reopened or supplemental claim payment. In no event shall
579 the contracts described in this paragraph exceed ~~are not subject~~
580 ~~to~~ the limitations in paragraph (b).

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

584 1. Ten percent of the amount of insurance claim payments
585 made by the insurer for claims based on events that are the
586 subject of a declaration of a state of emergency by the
587 Governor. This provision applies to claims made during the year
588 after the declaration of emergency. After that year, the



589 limitations in subparagraph 2. apply.

590 2. Twenty percent of the amount of insurance claim
591 payments made by the insurer for claims that are not based on
592 events that are the subject of a declaration of a state of
593 emergency by the Governor.

594 (c) Any maneuver, shift, or device through which the
595 limits on compensation set forth in this subsection are exceeded
596 is a violation of this chapter punishable as provided under s.
597 626.8698.

598 ~~(15) A public adjuster must ensure prompt notice of~~
599 ~~property loss claims submitted to an insurer by or through a~~
600 ~~public adjuster or on which a public adjuster represents the~~
601 ~~insured at the time the claim or notice of loss is submitted to~~
602 ~~the insurer.~~ The public adjuster must ensure that prompt notice
603 is given of the claim to the insurer, the public adjuster's
604 contract is provided to the insurer, the property is available
605 for inspection of the loss or damage by the insurer, and the
606 insurer is given an opportunity to interview the insured
607 directly about the loss and claim. The insurer must be allowed
608 to obtain necessary information to investigate and respond to
609 the claim.

610 (a) The insurer may not exclude the public adjuster from
611 its in-person meetings with the insured. The insurer shall meet
612 or communicate with the public adjuster in an effort to reach
613 agreement as to the scope of the covered loss under the
614 insurance policy. The public adjuster shall meet or communicate
615 with the insurer in an effort to reach agreement as to the scope
616 of the covered loss under the insurance policy. This section



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

619 (b) A public adjuster may not restrict or prevent an
 620 insurer, company employee adjuster, independent adjuster,
 621 attorney, investigator, or other person acting on behalf of the
 622 insurer from having reasonable access at reasonable times to any
 623 ~~an~~ insured or claimant or to the insured property that is the
 624 subject of a claim.

625 (c) A public adjuster may not act or fail to reasonably
 626 act in any manner that obstructs or prevents an insurer or
 627 insurer's adjuster from timely conducting an inspection of any
 628 part of the insured property for which there is a claim for loss
 629 or damage. The public adjuster representing the insureds ~~insured~~
 630 may be present for the insurer's inspection, but if the
 631 unavailability of the public adjuster otherwise delays the
 632 insurer's timely inspection of the property, the public adjuster
 633 or the insureds ~~insured~~ must allow the insurer to have access to
 634 the property without the participation or presence of the public
 635 adjuster or insureds ~~insured~~ in order to facilitate the
 636 insurer's prompt inspection of the loss or damage.

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

640 (18) ~~(17)~~ The provisions of subsections (5)-(17) ~~(5)-(16)~~
 641 apply only to residential property insurance policies and
 642 condominium unit owner policies as defined in s. 718.111(11).

643 Section 4. The Legislature intends to enhance the
 644 expertise immediately available to the commission by increasing



645 | the membership of the Florida Commission on Hurricane Loss
 646 | Projection Methodology to provide for the appointment of an
 647 | additional member with special qualifications or attributes.

648 | Section 5. Subsection (2) of section 627.0628, Florida
 649 | Statutes, is amended to read:

650 | 627.0628 Florida Commission on Hurricane Loss Projection
 651 | Methodology; public records exemption; public meetings
 652 | exemption.—

653 | (2) COMMISSION CREATED.—

654 | (a) There is created the Florida Commission on Hurricane
 655 | Loss Projection Methodology, which is assigned to the State
 656 | Board of Administration. For the purposes of this section, the
 657 | term "commission" means the Florida Commission on Hurricane Loss
 658 | Projection Methodology. The commission shall be administratively
 659 | housed within the State Board of Administration, but it shall
 660 | independently exercise the powers and duties specified in this
 661 | section.

662 | (b) The commission shall consist of the following 12 ~~11~~
 663 | members:

- 664 | 1. The insurance consumer advocate.
- 665 | 2. The senior employee of the State Board of
 666 | Administration responsible for operations of the Florida
 667 | Hurricane Catastrophe Fund.
- 668 | 3. The Executive Director of the Citizens Property
 669 | Insurance Corporation.
- 670 | 4. The Director of the Division of Emergency Management.
- 671 | 5. The actuary member of the Florida Hurricane Catastrophe
 672 | Fund Advisory Council.



673 | 6. An employee of the office who is an actuary responsible
674 | for property insurance rate filings and who is appointed by the
675 | director of the office.

676 | 7. Five members appointed by the Chief Financial Officer,
677 | as follows:

678 | a. An actuary who is employed full time by a property and
679 | casualty insurer that was responsible for at least 1 percent of
680 | the aggregate statewide direct written premium for homeowner's
681 | insurance in the calendar year preceding the member's
682 | appointment to the commission.

683 | b. An expert in insurance finance who is a full-time
684 | member of the faculty of the State University System and who has
685 | a background in actuarial science.

686 | c. An expert in statistics who is a full-time member of
687 | the faculty of the State University System and who has a
688 | background in insurance.

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

691 | e. An expert in meteorology who is a full-time member of
692 | the faculty of the State University System and who specializes
693 | in hurricanes.

694 | 8. A licensed professional structural engineer who is a
695 | full-time faculty member in the State University System and who
696 | has expertise in wind mitigation techniques. This appointment
697 | shall be made by the Governor.

698 | (c) Members designated under subparagraphs (b)1.-5. shall
699 | serve on the commission as long as they maintain the respective
700 | offices designated in subparagraphs (b)1.-5. The member



701 appointed by the director of the office under subparagraph (b)6.
702 shall serve on the commission until the end of the term of
703 office of the director who appointed him or her, unless removed
704 earlier by the director for cause. Members appointed by the
705 Chief Financial Officer under subparagraph (b)7. shall serve on
706 the commission until the end of the term of office of the Chief
707 Financial Officer who appointed them, unless earlier removed by
708 the Chief Financial Officer for cause. Vacancies on the
709 commission shall be filled in the same manner as the original
710 appointment.

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

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

716 (f) The State Board of Administration shall, as a cost of
717 administration of the Florida Hurricane Catastrophe Fund,
718 provide for travel, expenses, and staff support for the
719 commission.

720 (g) There shall be no liability on the part of, and no
721 cause of action of any nature shall arise against, any member of
722 the commission, any member of the State Board of Administration,
723 or any employee of the State Board of Administration for any
724 action taken in the performance of their duties under this
725 section. In addition, the commission may, in writing, waive any
726 potential cause of action for negligence of a consultant,
727 contractor, or contract employee engaged to assist the
728 commission.



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

731 627.0629 Residential property insurance; rate filings.—

732 (5) In order to provide an appropriate transition period,
 733 an insurer may implement an approved rate filing for residential
 734 property insurance over a period of years. Such insurer must
 735 provide an informational notice to the office setting out its
 736 schedule for implementation of the phased-in rate filing. The
 737 insurer may include in its rate the actual cost of private
 738 market reinsurance that corresponds to available coverage of the
 739 Temporary Increase in Coverage Limits, TICL, from the Florida
 740 Hurricane Catastrophe Fund. The insurer may also include the
 741 cost of reinsurance to replace the TICL reduction implemented
 742 pursuant to s. 215.555(16)(d)9. ~~215.555(17)(d)9.~~ However, this
 743 cost for reinsurance may not include any expense or profit load
 744 or result in a total annual base rate increase in excess of 10
 745 percent.

746 Section 7. Paragraphs (a), (c), (i), (k), and (q) of
 747 subsection (6) of section 627.351, Florida Statutes, are
 748 amended, and paragraphs (gg) and (hh) are added to that
 749 subsection, to read:

750 627.351 Insurance risk apportionment plans.—

751 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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



757 coverage in this state to the extent sought and needed. The
758 absence of affordable property insurance threatens the public
759 health, safety, and welfare and likewise threatens the economic
760 health of the state. The state therefore has a compelling public
761 interest and a public purpose to assist in assuring that
762 property in the state is insured and that it is insured at
763 affordable rates so as to facilitate the remediation,
764 reconstruction, and replacement of damaged or destroyed property
765 in order to reduce or avoid the negative effects otherwise
766 resulting to the public health, safety, and welfare, to the
767 economy of the state, and to the revenues of the state and local
768 governments which are needed to provide for the public welfare.
769 It is necessary, therefore, to provide affordable property
770 insurance to applicants who are in good faith entitled to
771 procure insurance through the voluntary market but are unable to
772 do so. The Legislature intends, therefore, that affordable
773 property insurance be provided and that it continue to be
774 provided, as long as necessary, through Citizens Property
775 Insurance Corporation, a government entity that is an integral
776 part of the state, and that is not a private insurance company.
777 To that end, the corporation shall strive to increase the
778 availability of affordable property insurance in this state,
779 while achieving efficiencies and economies, and while providing
780 service to policyholders, applicants, and agents which is no
781 less than the quality generally provided in the voluntary
782 market, for the achievement of the foregoing public purposes.
783 Because it is essential for this government entity to have the
784 maximum financial resources to pay claims following a



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785 catastrophic hurricane, it is the intent of the Legislature that
786 the corporation continue to be an integral part of the state and
787 that the income of the corporation be exempt from federal income
788 taxation and that interest on the debt obligations issued by the
789 corporation be exempt from federal income taxation.

790 2. The Residential Property and Casualty Joint
791 Underwriting Association originally created by this statute
792 shall be known as the Citizens Property Insurance Corporation.
793 The corporation shall provide insurance for residential and
794 commercial property, for applicants who are entitled, but, in
795 good faith, are unable to procure insurance through the
796 voluntary market. The corporation shall operate pursuant to a
797 plan of operation approved by order of the Financial Services
798 Commission. The plan is subject to continuous review by the
799 commission. The commission may, by order, withdraw approval of
800 all or part of a plan if the commission determines that
801 conditions have changed since approval was granted and that the
802 purposes of the plan require changes in the plan. For the
803 purposes of this subsection, residential coverage includes both
804 personal lines residential coverage, which consists of the type
805 of coverage provided by homeowner's, mobile home owner's,
806 dwelling, tenant's, condominium unit owner's, and similar
807 policies; and commercial lines residential coverage, which
808 consists of the type of coverage provided by condominium
809 association, apartment building, and similar policies.

810 3. With respect to coverage for personal lines residential
811 structures:

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



813 ~~residential~~ structure that has a dwelling replacement cost of \$1
814 ~~\$2 million or more, or a single condominium unit that has a~~
815 ~~combined dwelling and contents replacement cost of \$1 ~~\$2 million~~~~
816 ~~or more is not eligible for coverage by the corporation. Such~~
817 ~~dwellings insured by the corporation on December 31, 2013 ~~2008~~,~~
818 ~~may continue to be covered by the corporation until the end of~~
819 ~~the policy term. However, such dwellings may reapply and obtain~~
820 ~~coverage if the property owner provides the corporation with a~~
821 ~~sworn affidavit from one or more insurance agents, on a form~~
822 ~~provided by the corporation, stating that the agents have made~~
823 ~~their best efforts to obtain coverage and that the property has~~
824 ~~been rejected for coverage by at least one authorized insurer~~
825 ~~and at least three surplus lines insurers. If such conditions~~
826 ~~are met, the dwelling may be insured by the corporation for up~~
827 ~~to 3 years, after which time the dwelling is ineligible for~~
828 ~~coverage.~~ The office shall approve the method used by the
829 corporation for valuing the dwelling replacement cost for the
830 purposes of this subparagraph. If a policyholder is insured by
831 the corporation before ~~prior to~~ being determined to be
832 ineligible pursuant to this subparagraph and such policyholder
833 files a lawsuit challenging the determination, the policyholder
834 may remain insured by the corporation until the conclusion of
835 the litigation.

836 b. Effective January 1, 2015, a structure that has a
837 dwelling replacement cost of \$900,000 or more, or a single
838 condominium unit that has a combined dwelling and contents
839 replacement cost of \$900,000 or more, is not eligible for
840 coverage by the corporation. Such dwellings insured by the



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

843 c. Effective January 1, 2016, a structure that has a
844 dwelling replacement cost of \$800,000 or more, or a single
845 condominium unit that has a combined dwelling and contents
846 replacement cost of \$800,000 or more, is not eligible for
847 coverage by the corporation. Such dwellings insured by the
848 corporation on December 31, 2015, may continue to be covered by
849 the corporation until the end of the policy term.

850 d. Effective January 1, 2017, a structure that has a
851 dwelling replacement cost of \$700,000 or more, or a single
852 condominium unit that has a combined dwelling and contents
853 replacement cost of \$700,000 or more, is not eligible for
854 coverage by the corporation. Such dwellings insured by the
855 corporation on December 31, 2016, may continue to be covered by
856 the corporation until the end of the policy term.

857
858 The requirements of sub-subparagraphs b.-f. do not apply in
859 counties where the office determines there is not a reasonable
860 degree of competition. In such counties a personal lines
861 residential structure that has a dwelling replacement cost of
862 less than \$1 million, or a single condominium unit that has a
863 combined dwelling and contents replacement cost of less than \$1
864 million, is eligible for coverage by the corporation.

865 4. It is the intent of the Legislature that policyholders,
866 applicants, and agents of the corporation receive service and
867 treatment of the highest possible level but never less than that
868 generally provided in the voluntary market. It is also intended



869 that the corporation be held to service standards no less than
870 those applied to insurers in the voluntary market by the office
871 with respect to responsiveness, timeliness, customer courtesy,
872 and overall dealings with policyholders, applicants, or agents
873 of the corporation.

874 5.a. Effective January 1, 2009, a personal lines
875 residential structure that is located in the "wind-borne debris
876 region," as defined in s. 1609.2, International Building Code
877 (2006), and that has an insured value on the structure of
878 \$750,000 or more is not eligible for coverage by the corporation
879 unless the structure has opening protections as required under
880 the Florida Building Code for a newly constructed residential
881 structure in that area. A residential structure is ~~shall be~~
882 deemed to comply with this subparagraph if it has shutters or
883 opening protections on all openings and if such opening
884 protections complied with the Florida Building Code at the time
885 they were installed.

886 b. Any major structure as defined in s. 161.54(6)(a) for
887 which a permit is applied on or after July 1, 2014, for new
888 construction or substantial improvement as defined in s.
889 161.54(12) is not eligible for coverage by the corporation if
890 the structure is seaward of the coastal construction control
891 line established pursuant to s. 161.053 or is within the Coastal
892 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
893 3510.

894 ~~6. For any claim filed under any policy of the~~
895 ~~corporation, a public adjuster may not charge, agree to, or~~
896 ~~accept any compensation, payment, commission, fee, or other~~



897 ~~thing of value greater than 10 percent of the additional amount~~
898 ~~actually paid over the amount that was originally offered by the~~
899 ~~corporation for any one claim.~~

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

901 1. Must provide for adoption of residential property and
902 casualty insurance policy forms and commercial residential and
903 nonresidential property insurance forms, which must be approved
904 by the office before use. The corporation shall adopt the
905 following policy forms:

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

910 b. Basic personal lines policy forms that are policies
911 similar to an HO-8 policy or a dwelling fire policy that provide
912 coverage meeting the requirements of the secondary mortgage
913 market, but which is more limited than the coverage under a
914 standard policy.

915 c. Commercial lines residential and nonresidential policy
916 forms that are generally similar to the basic perils of full
917 coverage obtainable for commercial residential structures and
918 commercial nonresidential structures in the admitted voluntary
919 market.

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



925 e. Commercial lines nonresidential property insurance
926 forms that cover the peril of wind only. The forms are
927 applicable only to nonresidential properties located in areas
928 eligible for coverage under the coastal account referred to in
929 sub-subparagraph (b)2.a.

930 f. The corporation may adopt variations of the policy
931 forms listed in sub-subparagraphs a.-e. which contain more
932 restrictive coverage.

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

937 2. Must provide that the corporation adopt a program in
938 which the corporation and authorized insurers enter into quota
939 share primary insurance agreements for hurricane coverage, as
940 defined in s. 627.4025(2)(a), for eligible risks, and adopt
941 property insurance forms for eligible risks which cover the
942 peril of wind only.

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

944 (I) "Quota share primary insurance" means an arrangement
945 in which the primary hurricane coverage of an eligible risk is
946 provided in specified percentages by the corporation and an
947 authorized insurer. The corporation and authorized insurer are
948 each solely responsible for a specified percentage of hurricane
949 coverage of an eligible risk as set forth in a quota share
950 primary insurance agreement between the corporation and an
951 authorized insurer and the insurance contract. The
952 responsibility of the corporation or authorized insurer to pay



953 | its specified percentage of hurricane losses of an eligible
954 | risk, as set forth in the agreement, may not be altered by the
955 | inability of the other party to pay its specified percentage of
956 | losses. Eligible risks that are provided hurricane coverage
957 | through a quota share primary insurance arrangement must be
958 | provided policy forms that set forth the obligations of the
959 | corporation and authorized insurer under the arrangement,
960 | clearly specify the percentages of quota share primary insurance
961 | provided by the corporation and authorized insurer, and
962 | conspicuously and clearly state that the authorized insurer and
963 | the corporation may not be held responsible beyond their
964 | specified percentage of coverage of hurricane losses.

965 | (II) "Eligible risks" means personal lines residential and
966 | commercial lines residential risks that meet the underwriting
967 | criteria of the corporation and are located in areas that were
968 | eligible for coverage by the Florida Windstorm Underwriting
969 | Association on January 1, 2002.

970 | b. The corporation may enter into quota share primary
971 | insurance agreements with authorized insurers at corporation
972 | coverage levels of 90 percent and 50 percent.

973 | c. If the corporation determines that additional coverage
974 | levels are necessary to maximize participation in quota share
975 | primary insurance agreements by authorized insurers, the
976 | corporation may establish additional coverage levels. However,
977 | the corporation's quota share primary insurance coverage level
978 | may not exceed 90 percent.

979 | d. Any quota share primary insurance agreement entered
980 | into between an authorized insurer and the corporation must



981 provide for a uniform specified percentage of coverage of
982 hurricane losses, by county or territory as set forth by the
983 corporation board, for all eligible risks of the authorized
984 insurer covered under the agreement.

985 e. Any quota share primary insurance agreement entered
986 into between an authorized insurer and the corporation is
987 subject to review and approval by the office. However, such
988 agreement shall be authorized only as to insurance contracts
989 entered into between an authorized insurer and an insured who is
990 already insured by the corporation for wind coverage.

991 f. For all eligible risks covered under quota share
992 primary insurance agreements, the exposure and coverage levels
993 for both the corporation and authorized insurers shall be
994 reported by the corporation to the Florida Hurricane Catastrophe
995 Fund. For all policies of eligible risks covered under such
996 agreements, the corporation and the authorized insurer must
997 maintain complete and accurate records for the purpose of
998 exposure and loss reimbursement audits as required by fund
999 rules. The corporation and the authorized insurer shall each
1000 maintain duplicate copies of policy declaration pages and
1001 supporting claims documents.

1002 g. The corporation board shall establish in its plan of
1003 operation standards for quota share agreements which ensure that
1004 there is no discriminatory application among insurers as to the
1005 terms of the agreements, pricing of the agreements, incentive
1006 provisions if any, and consideration paid for servicing policies
1007 or adjusting claims.

1008 h. The quota share primary insurance agreement between the



1009 corporation and an authorized insurer must set forth the
1010 specific terms under which coverage is provided, including, but
1011 not limited to, the sale and servicing of policies issued under
1012 the agreement by the insurance agent of the authorized insurer
1013 producing the business, the reporting of information concerning
1014 eligible risks, the payment of premium to the corporation, and
1015 arrangements for the adjustment and payment of hurricane claims
1016 incurred on eligible risks by the claims adjuster and personnel
1017 of the authorized insurer. Entering into a quota sharing
1018 insurance agreement between the corporation and an authorized
1019 insurer is voluntary and at the discretion of the authorized
1020 insurer.

1021 3.a. May provide that the corporation may employ or
1022 otherwise contract with individuals or other entities to provide
1023 administrative or professional services that may be appropriate
1024 to effectuate the plan. The corporation may borrow funds by
1025 issuing bonds or by incurring other indebtedness, and shall have
1026 other powers reasonably necessary to effectuate the requirements
1027 of this subsection, including, without limitation, the power to
1028 issue bonds and incur other indebtedness in order to refinance
1029 outstanding bonds or other indebtedness. The corporation may
1030 seek judicial validation of its bonds or other indebtedness
1031 under chapter 75. The corporation may issue bonds or incur other
1032 indebtedness, or have bonds issued on its behalf by a unit of
1033 local government pursuant to subparagraph (q)2. in the absence
1034 of a hurricane or other weather-related event, upon a
1035 determination by the corporation, subject to approval by the
1036 office, that such action would enable it to efficiently meet the



1037 financial obligations of the corporation and that such
1038 financings are reasonably necessary to effectuate the
1039 requirements of this subsection. The corporation may take all
1040 actions needed to facilitate tax-free status for such bonds or
1041 indebtedness, including formation of trusts or other affiliated
1042 entities. The corporation may pledge assessments, projected
1043 recoveries from the Florida Hurricane Catastrophe Fund, other
1044 reinsurance recoverables, policyholder surcharges and other
1045 surcharges, and other funds available to the corporation as
1046 security for bonds or other indebtedness. In recognition of s.
1047 10, Art. I of the State Constitution, prohibiting the impairment
1048 of obligations of contracts, it is the intent of the Legislature
1049 that no action be taken whose purpose is to impair any bond
1050 indenture or financing agreement or any revenue source committed
1051 by contract to such bond or other indebtedness.

1052 b. To ensure that the corporation is operating in an
1053 efficient and economic manner while providing quality service to
1054 policyholders, applicants, and agents, the board shall
1055 commission an independent third-party consultant having
1056 expertise in insurance company management or insurance company
1057 management consulting to prepare a report and make
1058 recommendations on the relative costs and benefits of
1059 outsourcing various policy issuance and service functions to
1060 private servicing carriers or entities performing similar
1061 functions in the private market for a fee, rather than
1062 performing such functions in-house. In making such
1063 recommendations, the consultant shall consider how other
1064 residual markets, both in this state and around the country,



1065 | outsource appropriate functions or use servicing carriers to
1066 | better match expenses with revenues that fluctuate based on a
1067 | widely varying policy count. The report must be completed by
1068 | July 1, 2012. Upon receiving the report, the board shall develop
1069 | a plan to implement the report and submit the plan for review,
1070 | modification, and approval to the Financial Services Commission.
1071 | Upon the commission's approval of the plan, the board shall
1072 | begin implementing the plan by January 1, 2013.

1073 | 4. Must require that the corporation operate subject to
1074 | the supervision and approval of a board of governors consisting
1075 | of nine ~~eight~~ individuals who are residents of this state and
1076 | who are, from different geographical areas of the ~~this~~ state,
1077 | one of whom is appointed by the Governor and serves solely to
1078 | advocate on behalf of the consumer. The appointment of a
1079 | consumer representative by the Governor is in addition to the
1080 | appointments authorized under sub-subparagraph a.

1081 | a. The Governor, the Chief Financial Officer, the
1082 | President of the Senate, and the Speaker of the House of
1083 | Representatives shall each appoint two members of the board. At
1084 | least one of the two members appointed by each appointing
1085 | officer must have demonstrated expertise in insurance and is
1086 | deemed to be within the scope of the exemption provided in s.
1087 | 112.313(7) (b). The Chief Financial Officer shall designate one
1088 | of the appointees as chair. All board members serve at the
1089 | pleasure of the appointing officer. All members of the board are
1090 | subject to removal at will by the officers who appointed them.
1091 | All board members, including the chair, must be appointed to
1092 | serve for 3-year terms beginning annually on a date designated



1093 | by the plan. However, for the first term beginning on or after
1094 | July 1, 2009, each appointing officer shall appoint one member
1095 | of the board for a 2-year term and one member for a 3-year term.
1096 | A board vacancy shall be filled for the unexpired term by the
1097 | appointing officer. The Chief Financial Officer shall appoint a
1098 | technical advisory group to provide information and advice to
1099 | the board in connection with the board's duties under this
1100 | subsection. The executive director and senior managers of the
1101 | corporation shall be engaged by the board and serve at the
1102 | pleasure of the board. Any executive director appointed on or
1103 | after July 1, 2006, is subject to confirmation by the Senate.
1104 | The executive director is responsible for employing other staff
1105 | as the corporation may require, subject to review and
1106 | concurrence by the board.

1107 | b. The board shall create a Market Accountability Advisory
1108 | Committee to assist the corporation in developing awareness of
1109 | its rates and its customer and agent service levels in
1110 | relationship to the voluntary market insurers writing similar
1111 | coverage.

1112 | (I) The members of the advisory committee consist of the
1113 | following 11 persons, one of whom must be elected chair by the
1114 | members of the committee: four representatives, one appointed by
1115 | the Florida Association of Insurance Agents, one by the Florida
1116 | Association of Insurance and Financial Advisors, one by the
1117 | Professional Insurance Agents of Florida, and one by the Latin
1118 | American Association of Insurance Agencies; three
1119 | representatives appointed by the insurers with the three highest
1120 | voluntary market share of residential property insurance



1121 business in the state; one representative from the Office of
 1122 Insurance Regulation; one consumer appointed by the board who is
 1123 insured by the corporation at the time of appointment to the
 1124 committee; one representative appointed by the Florida
 1125 Association of Realtors; and one representative appointed by the
 1126 Florida Bankers Association. All members shall be appointed to
 1127 3-year terms and may serve for consecutive terms.

1128 (II) The committee shall report to the corporation at each
 1129 board meeting on insurance market issues which may include rates
 1130 and rate competition with the voluntary market; service,
 1131 including policy issuance, claims processing, and general
 1132 responsiveness to policyholders, applicants, and agents; and
 1133 matters relating to depopulation.

1134 5. Must provide a procedure for determining the
 1135 eligibility of a risk for coverage, as follows:

1136 a. Subject to s. 627.3517, with respect to personal lines
 1137 residential risks, if the risk is offered coverage from an
 1138 authorized insurer at the insurer's approved rate under a
 1139 standard policy including wind coverage or, if consistent with
 1140 the insurer's underwriting rules as filed with the office, a
 1141 basic policy including wind coverage, for a new application to
 1142 the corporation for coverage, the risk is not eligible for any
 1143 policy issued by the corporation unless the premium for coverage
 1144 from the authorized insurer is more than 15 percent greater than
 1145 the premium for comparable coverage from the corporation.

1146 Whenever an offer of coverage for a personal lines residential
 1147 risk is received for a policyholder of the corporation at
 1148 renewal from an authorized insurer, if the offer is equal to or



1149 | less than the corporation's renewal premium for comparable
1150 | coverage, the risk is not eligible for coverage with the
1151 | corporation. If the risk is not able to obtain such offer, the
1152 | risk is eligible for a standard policy including wind coverage
1153 | or a basic policy including wind coverage issued by the
1154 | corporation; however, if the risk could not be insured under a
1155 | standard policy including wind coverage regardless of market
1156 | conditions, the risk is eligible for a basic policy including
1157 | wind coverage unless rejected under subparagraph 8. However, ~~a~~
1158 | ~~policyholder of the corporation or~~ a policyholder removed from
1159 | the corporation through an assumption agreement remains eligible
1160 | for coverage from the corporation until the end of the
1161 | assumption period ~~remains eligible for coverage from the~~
1162 | ~~corporation regardless of any offer of coverage from an~~
1163 | ~~authorized insurer or surplus lines insurer.~~ The corporation
1164 | shall determine the type of policy to be provided on the basis
1165 | of objective standards specified in the underwriting manual and
1166 | based on generally accepted underwriting practices.

1167 | (I) If the risk accepts an offer of coverage through the
1168 | market assistance plan or through a mechanism established by the
1169 | corporation other than a plan established by s. 627.3518, before
1170 | a policy is issued to the risk by the corporation or during the
1171 | first 30 days of coverage by the corporation, and the producing
1172 | agent who submitted the application to the plan or to the
1173 | corporation is not currently appointed by the insurer, the
1174 | insurer shall:

1175 | (A) Pay to the producing agent of record of the policy for
1176 | the first year, an amount that is the greater of the insurer's



1177 usual and customary commission for the type of policy written or
 1178 a fee equal to the usual and customary commission of the
 1179 corporation; or

1180 (B) Offer to allow the producing agent of record of the
 1181 policy to continue servicing the policy for at least 1 year and
 1182 offer to pay the agent the greater of the insurer's or the
 1183 corporation's usual and customary commission for the type of
 1184 policy written.

1185
 1186 If the producing agent is unwilling or unable to accept
 1187 appointment, the new insurer shall pay the agent in accordance
 1188 with sub-sub-sub-subparagraph (A).

1189 (II) If the corporation enters into a contractual
 1190 agreement for a take-out plan, the producing agent of record of
 1191 the corporation policy is entitled to retain any unearned
 1192 commission on the policy, and the insurer shall:

1193 (A) Pay to the producing agent of record, for the first
 1194 year, an amount that is the greater of the insurer's usual and
 1195 customary commission for the type of policy written or a fee
 1196 equal to the usual and customary commission of the corporation;
 1197 or

1198 (B) Offer to allow the producing agent of record to
 1199 continue servicing the policy for at least 1 year and offer to
 1200 pay the agent the greater of the insurer's or the corporation's
 1201 usual and customary commission for the type of policy written.

1202
 1203 If the producing agent is unwilling or unable to accept
 1204 appointment, the new insurer shall pay the agent in accordance



1205 with sub-sub-sub-subparagraph (A).

1206 b. With respect to commercial lines residential risks, for
1207 a new application to the corporation for coverage, if the risk
1208 is offered coverage under a policy including wind coverage from
1209 an authorized insurer at its approved rate, the risk is not
1210 eligible for a policy issued by the corporation unless the
1211 premium for coverage from the authorized insurer is more than 15
1212 percent greater than the premium for comparable coverage from
1213 the corporation. Whenever an offer of coverage for a commercial
1214 lines residential risk is received for a policyholder of the
1215 corporation at renewal from an authorized insurer, if the offer
1216 is equal to or less than the corporation's renewal premium for
1217 comparable coverage, the risk is not eligible for coverage with
1218 the corporation. If the risk is not able to obtain any such
1219 offer, the risk is eligible for a policy including wind coverage
1220 issued by the corporation. However, ~~a policyholder of the~~
1221 ~~corporation or~~ a policyholder removed from the corporation
1222 through an assumption agreement remains eligible for coverage
1223 from the corporation until the end of the assumption period
1224 ~~remains eligible for coverage from the corporation regardless of~~
1225 ~~an offer of coverage from an authorized insurer or surplus lines~~
1226 ~~insurer.~~

1227 (I) If the risk accepts an offer of coverage through the
1228 market assistance plan or through a mechanism established by the
1229 corporation other than a plan established by s. 627.3518, before
1230 a policy is issued to the risk by the corporation or during the
1231 first 30 days of coverage by the corporation, and the producing
1232 agent who submitted the application to the plan or the



1233 corporation is not currently appointed by the insurer, the
 1234 insurer shall:

1235 (A) Pay to the producing agent of record of the policy,
 1236 for the first year, an amount that is the greater of the
 1237 insurer's usual and customary commission for the type of policy
 1238 written or a fee equal to the usual and customary commission of
 1239 the corporation; or

1240 (B) Offer to allow the producing agent of record of the
 1241 policy to continue servicing the policy for at least 1 year and
 1242 offer to pay the agent the greater of the insurer's or the
 1243 corporation's usual and customary commission for the type of
 1244 policy written.

1245
 1246 If the producing agent is unwilling or unable to accept
 1247 appointment, the new insurer shall pay the agent in accordance
 1248 with sub-sub-sub-subparagraph (A).

1249 (II) If the corporation enters into a contractual
 1250 agreement for a take-out plan, the producing agent of record of
 1251 the corporation policy is entitled to retain any unearned
 1252 commission on the policy, and the insurer shall:

1253 (A) Pay to the producing agent of record, for the first
 1254 year, an amount that is the greater of the insurer's usual and
 1255 customary commission for the type of policy written or a fee
 1256 equal to the usual and customary commission of the corporation;
 1257 or

1258 (B) Offer to allow the producing agent of record to
 1259 continue servicing the policy for at least 1 year and offer to
 1260 pay the agent the greater of the insurer's or the corporation's



1261 usual and customary commission for the type of policy written.

1262

1263 If the producing agent is unwilling or unable to accept
 1264 appointment, the new insurer shall pay the agent in accordance
 1265 with sub-sub-sub-subparagraph (A).

1266 c. For purposes of determining comparable coverage under
 1267 sub-subparagraphs a. and b., the comparison must be based on
 1268 those forms and coverages that are reasonably comparable. The
 1269 corporation may rely on a determination of comparable coverage
 1270 and premium made by the producing agent who submits the
 1271 application to the corporation, made in the agent's capacity as
 1272 the corporation's agent. A comparison may be made solely of the
 1273 premium with respect to the main building or structure only on
 1274 the following basis: the same coverage A or other building
 1275 limits; the same percentage hurricane deductible that applies on
 1276 an annual basis or that applies to each hurricane for commercial
 1277 residential property; the same percentage of ordinance and law
 1278 coverage, if the same limit is offered by both the corporation
 1279 and the authorized insurer; the same mitigation credits, to the
 1280 extent the same types of credits are offered both by the
 1281 corporation and the authorized insurer; the same method for loss
 1282 payment, such as replacement cost or actual cash value, if the
 1283 same method is offered both by the corporation and the
 1284 authorized insurer in accordance with underwriting rules; and
 1285 any other form or coverage that is reasonably comparable as
 1286 determined by the board. If an application is submitted to the
 1287 corporation for wind-only coverage in the coastal account, the
 1288 premium for the corporation's wind-only policy plus the premium



1289 for the ex-wind policy that is offered by an authorized insurer
1290 to the applicant must be compared to the premium for multiperil
1291 coverage offered by an authorized insurer, subject to the
1292 standards for comparison specified in this subparagraph. If the
1293 corporation or the applicant requests from the authorized
1294 insurer a breakdown of the premium of the offer by types of
1295 coverage so that a comparison may be made by the corporation or
1296 its agent and the authorized insurer refuses or is unable to
1297 provide such information, the corporation may treat the offer as
1298 not being an offer of coverage from an authorized insurer at the
1299 insurer's approved rate.

1300 6. Must include rules for classifications of risks and
1301 rates.

1302 7. Must provide that if premium and investment income for
1303 an account attributable to a particular calendar year are in
1304 excess of projected losses and expenses for the account
1305 attributable to that year, such excess shall be held in surplus
1306 in the account. Such surplus must be available to defray
1307 deficits in that account as to future years and used for that
1308 purpose before assessing assessable insurers and assessable
1309 insureds as to any calendar year.

1310 8. Must provide objective criteria and procedures to be
1311 uniformly applied to all applicants in determining whether an
1312 individual risk is so hazardous as to be uninsurable. In making
1313 this determination and in establishing the criteria and
1314 procedures, the following must be considered:

1315 a. Whether the likelihood of a loss for the individual
1316 risk is substantially higher than for other risks of the same



1317 class; and

1318 b. Whether the uncertainty associated with the individual
1319 risk is such that an appropriate premium cannot be determined.

1320
1321 The acceptance or rejection of a risk by the corporation shall
1322 be construed as the private placement of insurance, and the
1323 provisions of chapter 120 do not apply.

1324 9. Must provide that the corporation make its best efforts
1325 to procure catastrophe reinsurance at reasonable rates, to cover
1326 its projected 100-year probable maximum loss as determined by
1327 the board of governors.

1328 10. The policies issued by the corporation must provide
1329 that if the corporation or the market assistance plan obtains an
1330 offer from an authorized insurer to cover the risk at its
1331 approved rates, the risk is no longer eligible for renewal
1332 through the corporation, except as otherwise provided in this
1333 subsection.

1334 11. Corporation policies and applications must include a
1335 notice that the corporation policy could, under this section, be
1336 replaced with a policy issued by an authorized insurer which
1337 does not provide coverage identical to the coverage provided by
1338 the corporation. The notice must also specify that acceptance of
1339 corporation coverage creates a conclusive presumption that the
1340 applicant or policyholder is aware of this potential.

1341 12. May establish, subject to approval by the office,
1342 different eligibility requirements and operational procedures
1343 for any line or type of coverage for any specified county or
1344 area if the board determines that such changes are justified due



1345 to the voluntary market being sufficiently stable and
1346 competitive in such area or for such line or type of coverage
1347 and that consumers who, in good faith, are unable to obtain
1348 insurance through the voluntary market through ordinary methods
1349 continue to have access to coverage from the corporation. If
1350 coverage is sought in connection with a real property transfer,
1351 the requirements and procedures may not provide an effective
1352 date of coverage later than the date of the closing of the
1353 transfer as established by the transferor, the transferee, and,
1354 if applicable, the lender.

1355 13. Must provide that, with respect to the coastal
1356 account, any assessable insurer with a surplus as to
1357 policyholders of \$25 million or less writing 25 percent or more
1358 of its total countrywide property insurance premiums in this
1359 state may petition the office, within the first 90 days of each
1360 calendar year, to qualify as a limited apportionment company. A
1361 regular assessment levied by the corporation on a limited
1362 apportionment company for a deficit incurred by the corporation
1363 for the coastal account may be paid to the corporation on a
1364 monthly basis as the assessments are collected by the limited
1365 apportionment company from its insureds, but a limited
1366 apportionment company must begin collecting the regular
1367 assessments not later than 90 days after the regular assessments
1368 are levied by the corporation, and the regular assessments must
1369 be paid in full within 15 months after being levied by the
1370 corporation. A limited apportionment company shall collect from
1371 its policyholders any emergency assessment imposed under sub-
1372 subparagraph (b)3.d. The plan must provide that, if the office



1373 determines that any regular assessment will result in an
1374 impairment of the surplus of a limited apportionment company,
1375 the office may direct that all or part of such assessment be
1376 deferred as provided in subparagraph (q)4. However, an emergency
1377 assessment to be collected from policyholders under sub-
1378 subparagraph (b)3.d. may not be limited or deferred.

1379 14. Must provide that the corporation appoint as its
1380 licensed agents only those agents who also hold an appointment
1381 as defined in s. 626.015(3) with an insurer who at the time of
1382 the agent's initial appointment by the corporation is authorized
1383 to write and is actually writing personal lines residential
1384 property coverage, commercial residential property coverage, or
1385 commercial nonresidential property coverage within the state.

1386 15. Must provide a premium payment plan option to its
1387 policyholders which, at a minimum, allows for quarterly and
1388 semiannual payment of premiums. A monthly payment plan may, but
1389 is not required to, be offered.

1390 16. Must limit coverage on mobile homes or manufactured
1391 homes built before 1994 to actual cash value of the dwelling
1392 rather than replacement costs of the dwelling.

1393 17. May provide such limits of coverage as the board
1394 determines, consistent with the requirements of this subsection.

1395 18. May require commercial property to meet specified
1396 hurricane mitigation construction features as a condition of
1397 eligibility for coverage.

1398 19. Must provide that new or renewal policies issued by
1399 the corporation on or after January 1, 2012, which cover
1400 sinkhole loss do not include coverage for any loss to



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1401 appurtenant structures, driveways, sidewalks, decks, or patios
1402 that are directly or indirectly caused by sinkhole activity. The
1403 corporation shall exclude such coverage using a notice of
1404 coverage change, which may be included with the policy renewal,
1405 and not by issuance of a notice of nonrenewal of the excluded
1406 coverage upon renewal of the current policy.

1407 20. As of January 1, 2012, must require that the agent
1408 obtain from an applicant for coverage from the corporation an
1409 acknowledgment signed by the applicant, which includes, at a
1410 minimum, the following statement:

1411 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

1412 AND ASSESSMENT LIABILITY:

1413 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
1414 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
1415 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
1416 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
1417 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
1418 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
1419 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
1420 LEGISLATURE.

1421 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
1422 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
1423 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
1424 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
1425 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
1426 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
1427 ARE REGULATED AND APPROVED BY THE STATE.

1428 3.2. I ~~ALSO~~ UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY



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1429 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
1430 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
1431 FLORIDA LEGISLATURE.

1432 ~~4.3.~~ I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
1433 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
1434 STATE OF FLORIDA.

1435 a. The corporation shall maintain, in electronic format or
1436 otherwise, a copy of the applicant's signed acknowledgment and
1437 provide a copy of the statement to the policyholder as part of
1438 the first renewal after the effective date of this subparagraph.

1439 b. The signed acknowledgment form creates a conclusive
1440 presumption that the policyholder understood and accepted his or
1441 her potential surcharge and assessment liability as a
1442 policyholder of the corporation.

1443 (i)1. The Office of the Internal Auditor is established
1444 within the corporation to provide a central point for
1445 coordination of and responsibility for activities that promote
1446 accountability, integrity, and efficiency to the policyholders
1447 and to the taxpayers of this state. The internal auditor shall
1448 be appointed by the board of governors, shall report to and be
1449 under the general supervision of the board of governors, and is
1450 not subject to supervision by an ~~any~~ employee of the
1451 corporation. Administrative staff and support shall be provided
1452 by the corporation. The internal auditor shall be appointed
1453 without regard to political affiliation. It is the duty and
1454 responsibility of the internal auditor to:

1455 a. Provide direction for, supervise, conduct, and
1456 coordinate audits, investigations, and management reviews



1457 relating to the programs and operations of the corporation.

1458 b. Conduct, supervise, or coordinate other activities
 1459 carried out or financed by the corporation for the purpose of
 1460 promoting efficiency in the administration of, or preventing and
 1461 detecting fraud, abuse, and mismanagement in, its programs and
 1462 operations.

1463 c. Submit final audit reports, reviews, or investigative
 1464 reports to the board of governors, the executive director, the
 1465 members of the Financial Services Commission, and the President
 1466 of the Senate and the Speaker of the House of Representatives.

1467 d. Keep the board of governors informed concerning fraud,
 1468 abuses, and internal control deficiencies relating to programs
 1469 and operations administered or financed by the corporation,
 1470 recommend corrective action, and report on the progress made in
 1471 implementing corrective action.

1472 e. Cooperate and coordinate activities with the
 1473 corporation's inspector general ~~Report expeditiously to the~~
 1474 ~~Department of Law Enforcement or other law enforcement agencies,~~
 1475 ~~as appropriate, whenever the internal auditor has reasonable~~
 1476 ~~grounds to believe there has been a violation of criminal law.~~

1477 2. On or before February 15, the internal auditor shall
 1478 prepare an annual report evaluating the effectiveness of the
 1479 internal controls of the corporation and providing
 1480 recommendations for corrective action, if necessary, and
 1481 summarizing the audits, reviews, and investigations conducted by
 1482 the office during the preceding fiscal year. The final report
 1483 shall be furnished to the board of governors and the executive
 1484 director, the President of the Senate, the Speaker of the House



1485 of Representatives, and the Financial Services Commission.

1486 (k)1. The corporation shall establish and maintain a unit
1487 or division to investigate possible fraudulent claims by
1488 insureds or by persons making claims for services or repairs
1489 against policies held by insureds; or it may contract with
1490 others to investigate possible fraudulent claims for services or
1491 repairs against policies held by the corporation pursuant to s.
1492 626.9891. The corporation must comply with reporting
1493 requirements of s. 626.9891. An employee of the corporation
1494 shall notify the corporation's Office of the Inspector General
1495 ~~Internal Auditor~~ and the Division of Insurance Fraud within 48
1496 hours after having information that would lead a reasonable
1497 person to suspect that fraud may have been committed by any
1498 employee of the corporation.

1499 2. The corporation shall establish a unit or division
1500 responsible for receiving and responding to consumer complaints,
1501 which unit or division is the sole responsibility of a senior
1502 manager of the corporation.

1503 (q)1. The corporation shall certify to the office its
1504 needs for annual assessments as to a particular calendar year,
1505 and for any interim assessments that it deems to be necessary to
1506 sustain operations as to a particular year pending the receipt
1507 of annual assessments. Upon verification, the office shall
1508 approve such certification, and the corporation shall levy such
1509 annual or interim assessments. Such assessments shall be
1510 prorated as provided in paragraph (b). The corporation shall
1511 take all reasonable and prudent steps necessary to collect the
1512 amount of assessments due from each assessable insurer,



1513 including, if prudent, filing suit to collect the assessments,
1514 and the office may provide such assistance to the corporation it
1515 deems appropriate. If the corporation is unable to collect an
1516 assessment from any assessable insurer, the uncollected
1517 assessments shall be levied as an additional assessment against
1518 the assessable insurers and any assessable insurer required to
1519 pay an additional assessment as a result of such failure to pay
1520 shall have a cause of action against such nonpaying assessable
1521 insurer. Assessments shall be included as an appropriate factor
1522 in the making of rates. The failure of a surplus lines agent to
1523 collect and remit any regular or emergency assessment levied by
1524 the corporation is considered to be a violation of s. 626.936
1525 and subjects the surplus lines agent to the penalties provided
1526 in that section.

1527 2. The governing body of any unit of local government, any
1528 residents of which are insured by the corporation, may issue
1529 bonds as defined in s. 125.013 or s. 166.101 from time to time
1530 to fund an assistance program, in conjunction with the
1531 corporation, for the purpose of defraying deficits of the
1532 corporation. In order to avoid needless and indiscriminate
1533 proliferation, duplication, and fragmentation of such assistance
1534 programs, any unit of local government, any residents of which
1535 are insured by the corporation, may provide for the payment of
1536 losses, regardless of whether or not the losses occurred within
1537 or outside of the territorial jurisdiction of the local
1538 government. Revenue bonds under this subparagraph may not be
1539 issued until validated pursuant to chapter 75, unless a state of
1540 emergency is declared by executive order or proclamation of the



1541 Governor pursuant to s. 252.36 making such findings as are
1542 necessary to determine that it is in the best interests of, and
1543 necessary for, the protection of the public health, safety, and
1544 general welfare of residents of this state and declaring it an
1545 essential public purpose to permit certain municipalities or
1546 counties to issue such bonds as will permit relief to claimants
1547 and policyholders of the corporation. Any such unit of local
1548 government may enter into such contracts with the corporation
1549 and with any other entity created pursuant to this subsection as
1550 are necessary to carry out this paragraph. Any bonds issued
1551 under this subparagraph shall be payable from and secured by
1552 moneys received by the corporation from emergency assessments
1553 under sub-subparagraph (b)3.d., and assigned and pledged to or
1554 on behalf of the unit of local government for the benefit of the
1555 holders of such bonds. The funds, credit, property, and taxing
1556 power of the state or of the unit of local government shall not
1557 be pledged for the payment of such bonds.

1558 3.a. The corporation shall adopt one or more programs
1559 subject to approval by the office for the reduction of both new
1560 and renewal writings in the corporation. Beginning January 1,
1561 2008, any program the corporation adopts for the payment of
1562 bonuses to an insurer for each risk the insurer removes from the
1563 corporation shall comply with s. 627.3511(2) and may not exceed
1564 the amount referenced in s. 627.3511(2) for each risk removed.
1565 The corporation may consider any prudent and not unfairly
1566 discriminatory approach to reducing corporation writings, and
1567 may adopt a credit against assessment liability or other
1568 liability that provides an incentive for insurers to take risks



1569 out of the corporation and to keep risks out of the corporation
1570 by maintaining or increasing voluntary writings in counties or
1571 areas in which corporation risks are highly concentrated and a
1572 program to provide a formula under which an insurer voluntarily
1573 taking risks out of the corporation by maintaining or increasing
1574 voluntary writings will be relieved wholly or partially from
1575 assessments under sub-subparagraph (b)3.a. However, any "take-
1576 out bonus" or payment to an insurer must be conditioned on the
1577 property being insured for at least 5 years by the insurer,
1578 unless canceled or nonrenewed by the policyholder. If the policy
1579 is canceled or nonrenewed by the policyholder before the end of
1580 the 5-year period, the amount of the take-out bonus must be
1581 prorated for the time period the policy was insured. When the
1582 corporation enters into a contractual agreement for a take-out
1583 plan, the producing agent of record of the corporation policy is
1584 entitled to retain any unearned commission on such policy, and
1585 the insurer shall either:

1586 (I) Pay to the producing agent of record of the policy,
1587 for the first year, an amount which is the greater of the
1588 insurer's usual and customary commission for the type of policy
1589 written or a policy fee equal to the usual and customary
1590 commission of the corporation; or

1591 (II) Offer to allow the producing agent of record of the
1592 policy to continue servicing the policy for a period of not less
1593 than 1 year and offer to pay the agent the insurer's usual and
1594 customary commission for the type of policy written. If the
1595 producing agent is unwilling or unable to accept appointment by
1596 the new insurer, the new insurer shall pay the agent in



1597 accordance with sub-sub-subparagraph (I).

1598 b. Any credit or exemption from regular assessments
1599 adopted under this subparagraph shall last no longer than the 3
1600 years following the cancellation or expiration of the policy by
1601 the corporation. With the approval of the office, the board may
1602 extend such credits for an additional year if the insurer
1603 guarantees an additional year of renewability for all policies
1604 removed from the corporation, or for 2 additional years if the
1605 insurer guarantees 2 additional years of renewability for all
1606 policies so removed.

1607 c. There shall be no credit, limitation, exemption, or
1608 deferment from emergency assessments to be collected from
1609 policyholders pursuant to sub-subparagraph (b)3.d.

1610 4. The plan shall provide for the deferment, in whole or
1611 in part, of the assessment of an assessable insurer, other than
1612 an emergency assessment collected from policyholders pursuant to
1613 sub-subparagraph (b)3.d., if the office finds that payment of
1614 the assessment would endanger or impair the solvency of the
1615 insurer. In the event an assessment against an assessable
1616 insurer is deferred in whole or in part, the amount by which
1617 such assessment is deferred may be assessed against the other
1618 assessable insurers in a manner consistent with the basis for
1619 assessments set forth in paragraph (b).

1620 5. Effective July 1, 2007, in order to evaluate the costs
1621 and benefits of approved take-out plans, if the corporation pays
1622 a bonus or other payment to an insurer for an approved take-out
1623 plan, it shall maintain a record of the address or such other
1624 identifying information on the property or risk removed in order



1625 to track if and when the property or risk is later insured by
1626 the corporation.

1627 6. Any policy taken out, assumed, or removed from the
1628 corporation is, as of the effective date of the take-out,
1629 assumption, or removal, direct insurance issued by the insurer
1630 and not by the corporation, even if the corporation continues to
1631 service the policies. This subparagraph applies to policies of
1632 the corporation and not policies taken out, assumed, or removed
1633 from any other entity.

1634 7. For a policy taken out, assumed, or removed from the
1635 corporation, the insurer may, for a period of no more than 3
1636 years, continue to use any of the corporation's policy forms or
1637 endorsements that apply to the policy taken out, removed, or
1638 assumed without obtaining approval from the office for use of
1639 such policy form or endorsement.

1640 (gg) The Office of Inspector General is established within
1641 the corporation to provide a central point for coordination of
1642 and responsibility for activities that promote accountability,
1643 integrity, and efficiency. The office shall be headed by an
1644 inspector general, which is a senior management position that
1645 involves planning, coordinating, and performing activities
1646 assigned to and assumed by the inspector general for the
1647 corporation.

1648 1. The inspector general shall be appointed by the
1649 Financial Services Commission and may only be removed from
1650 office by the commission. The inspector general shall be
1651 appointed without regard to political affiliation.

1652 a. At a minimum, the inspector general must possess a



1653 bachelor's degree from an accredited college or university and 8
1654 years of professional experience related to the duties of an
1655 inspector general as described in this paragraph, of which 5
1656 years must have been at a supervisory level.

1657 b. The inspector general shall report to, and be under the
1658 supervision of, the chair of the board of governors. The
1659 executive director or corporation staff may not prevent or
1660 prohibit the inspector general from initiating, carrying out, or
1661 completing any audit, review, evaluation, study, or
1662 investigation.

1663 2. The inspector general shall initiate, direct,
1664 coordinate, participate in, and perform audits, reviews,
1665 evaluations, studies, and investigations designed to assess
1666 management practices; compliance with laws, rules, and policies;
1667 and program effectiveness and efficiency. This includes:

1668 a. Conducting internal examinations; investigating
1669 allegations of fraud, waste, abuse, malfeasance, mismanagement,
1670 employee misconduct, or violations of corporation policies; and
1671 conducting any other investigations as directed by the Financial
1672 Services Commission or as independently determined.

1673 b. Evaluating and recommending actions regarding security,
1674 the ethical behavior of personnel and vendors, and compliance
1675 with rules, laws, policies, and personnel matters; and rendering
1676 ethics opinions.

1677 c. Evaluating personnel and administrative policy
1678 compliance, management and operational matters, and human
1679 resources-related matters.

1680 d. Evaluating the application of a corporation code of



1681 ethics, providing reviews and recommendations on the design and
1682 content of ethics-related policy training courses, educating
1683 employees on the code and on appropriate conduct, and checking
1684 for compliance.

1685 e. Evaluating the activities of the senior management team
1686 and management's compliance with recommended solutions.

1687 f. Cooperating and coordinating activities with the chief
1688 of internal audit.

1689 g. Maintaining records of investigations and discipline in
1690 accordance with established policies, or as otherwise required.

1691 h. Supervising and directing the tasks and assignments of
1692 the staff assigned to assist with the inspector general's
1693 projects, including regular review and feedback regarding work
1694 in progress and providing recommendations regarding relevant
1695 training and staff development activities.

1696 i. Directing, planning, preparing, and presenting interim
1697 and final reports and oral briefings which communicate the
1698 results of studies, reviews, and investigations.

1699 j. Providing the executive director with independent and
1700 objective assessments of programs and activities.

1701 k. Completing special projects, assignments, and other
1702 duties as requested by the Financial Services Commission.

1703 l. Reporting expeditiously to the Department of Law
1704 Enforcement or other law enforcement agencies, as appropriate,
1705 whenever the inspector general has reasonable grounds to believe
1706 there has been a violation of criminal law.

1707 (hh) The corporation must prepare a report for each
1708 calendar year outlining both the statewide average and county-



1709 specific details of the loss ratio attributable to losses that
 1710 are not catastrophic losses for residential coverage provided by
 1711 the corporation, which information must be presented to the
 1712 office and available for public inspection on the Internet
 1713 website of the corporation by January 15th of the following
 1714 calendar year.

1715 Section 8. Effective October 1, 2013, paragraphs (e) and
 1716 (t) of subsection (6) of section 627.351, Florida Statutes, are
 1717 amended to read:

1718 627.351 Insurance risk apportionment plans.—

1719 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1720 (e) The corporation is subject to s. 287.057 for the
 1721 purchase of commodities and contractual services except as
 1722 otherwise provided in this paragraph. Services provided by
 1723 traders or technical experts to assist a licensed adjuster
 1724 in the evaluation of individual claims are not subject to the
 1725 procurement requirements of this section. Additionally, the
 1726 procurement of financial services providers and underwriters
 1727 must be made pursuant to s. 627.3513 ~~Purchases that equal or~~
 1728 ~~exceed \$2,500, but are less than \$25,000, shall be made by~~
 1729 ~~receipt of written quotes, written record of telephone quotes,~~
 1730 ~~or informal bids, whenever practical. The procurement of goods~~
 1731 ~~or services valued at or over \$25,000 shall be subject to~~
 1732 ~~competitive solicitation, except in situations where the goods~~
 1733 ~~or services are provided by a sole source or are deemed an~~
 1734 ~~emergency purchase; the services are exempted from competitive~~
 1735 ~~solicitation requirements under s. 287.057(3)(f); or the~~
 1736 ~~procurement of services is subject to s. 627.3513. Justification~~



1737 ~~for the sole sourcing or emergency procurement must be~~
1738 ~~documented.~~ Contracts for goods or services valued at or more
1739 than ~~over~~ \$100,000 are subject to approval by the board.

1740 1. The corporation is an agency for purposes of s.
1741 287.057, except that, for purposes of s. 287.057(22), the
1742 corporation is an eligible user.

1743 a. The authority of the Department of Management Services
1744 and the Chief Financial Officer under s. 287.057 extends to the
1745 corporation as if the corporation were an agency.

1746 b. The executive director of the corporation is the agency
1747 head under s. 287.057, except for resolution of bid protests for
1748 which the board would serve as the agency head.

1749 2. The corporation must provide notice of a decision or
1750 intended decision concerning a solicitation, contract award, or
1751 exceptional purchase by electronic posting. Such notice must
1752 contain the following statement: "Failure to file a protest
1753 within the time prescribed in this section constitutes a waiver
1754 of proceedings."

1755 a. A person adversely affected by the corporation's
1756 decision or intended decision to award a contract pursuant to s.
1757 287.057(1) or s. 287.057(3)(c) who elects to challenge the
1758 decision must file a written notice of protest with the
1759 executive director of the corporation within 72 hours after the
1760 corporation posts a notice of its decision or intended decision.
1761 For a protest of the terms, conditions, and specifications
1762 contained in a solicitation, including any provisions governing
1763 the methods for ranking bids, proposals, replies, awarding
1764 contracts, reserving rights of further negotiation, or modifying



1765 or amending any contract, the notice of protest must be filed in
1766 writing within 72 hours after the posting of the solicitation.
1767 Saturdays, Sundays, and state holidays are excluded in the
1768 computation of the 72-hour time period.

1769 b. A formal written protest must be filed within 10 days
1770 after the date the notice of protest is filed. The formal
1771 written protest must state with particularity the facts and law
1772 upon which the protest is based. Upon receipt of a formal
1773 written protest that has been timely filed, the corporation must
1774 stop the solicitation or contract award process until the
1775 subject of the protest is resolved by final board action unless
1776 the executive director sets forth in writing particular facts
1777 and circumstances that require the continuance of the
1778 solicitation or contract award process without delay in order to
1779 avoid an immediate and serious danger to the public health,
1780 safety, or welfare. The corporation must provide an opportunity
1781 to resolve the protest by mutual agreement between the parties
1782 within 7 business days after receipt of the formal written
1783 protest. If the subject of a protest is not resolved by mutual
1784 agreement within 7 business days, the corporation's board must
1785 place the protest on the agenda and resolve it at its next
1786 regularly scheduled meeting. The protest must be heard by the
1787 board at a publicly noticed meeting in accordance with
1788 procedures established by the board.

1789 c. In a protest of an invitation-to-bid or request-for-
1790 proposals procurement, submissions made after the bid or
1791 proposal opening which amend or supplement the bid or proposal
1792 may not be considered. In protesting an invitation-to-negotiate



1793 procurement, submissions made after the corporation announces
1794 its intent to award a contract, reject all replies, or withdraw
1795 the solicitation that amends or supplements the reply may not be
1796 considered. Unless otherwise provided by law, the burden of
1797 proof rests with the party protesting the corporation's action.
1798 In a competitive-procurement protest, other than a rejection of
1799 all bids, proposals, or replies, the corporation's board must
1800 conduct a de novo proceeding to determine whether the
1801 corporation's proposed action is contrary to the corporation's
1802 governing statutes, the corporation's rules or policies, or the
1803 solicitation specifications. The standard of proof for the
1804 proceeding is whether the corporation's action was clearly
1805 erroneous, contrary to competition, arbitrary, or capricious. In
1806 any bid-protest proceeding contesting an intended corporation
1807 action to reject all bids, proposals, or replies, the standard
1808 of review by the board is whether the corporation's intended
1809 action is illegal, arbitrary, dishonest, or fraudulent.

1810 d. Failure to file a notice of protest or failure to file
1811 a formal written protest constitutes a waiver of proceedings.

1812 3. Contract actions and decisions by the board under this
1813 paragraph are final. Any further legal remedy must be made in
1814 the Circuit Court of Leon County.

1815 (t) For the purposes of s. 199.183(1), the corporation
1816 shall be considered a political subdivision of the state and
1817 shall be exempt from the corporate income tax. The premiums,
1818 assessments, investment income, and other revenue of the
1819 corporation are funds received for providing property insurance
1820 coverage as required by this subsection, paying claims for



1821 Florida citizens insured by the corporation, securing and
1822 repaying debt obligations issued by the corporation, and
1823 conducting all other activities of the corporation, and shall
1824 not be considered taxes, fees, licenses, or charges for services
1825 imposed by the Legislature on individuals, businesses, or
1826 agencies outside state government. Bonds and other debt
1827 obligations issued by or on behalf of the corporation are not to
1828 be considered "state bonds" within the meaning of s. 215.58(8).
1829 The corporation is ~~not~~ subject to the procurement provisions of
1830 chapter 287 as provided in paragraph (e), and policies and
1831 decisions of the corporation relating to incurring debt, levying
1832 of assessments and the sale, issuance, continuation, terms and
1833 claims under corporation policies, and all services relating
1834 thereto, are not subject to the provisions of chapter 120. The
1835 corporation is not required to obtain or to hold a certificate
1836 of authority issued by the office, nor is it required to
1837 participate as a member insurer of the Florida Insurance
1838 Guaranty Association. However, the corporation is required to
1839 pay, in the same manner as an authorized insurer, assessments
1840 levied by the Florida Insurance Guaranty Association. It is the
1841 intent of the Legislature that the tax exemptions provided in
1842 this paragraph will augment the financial resources of the
1843 corporation to better enable the corporation to fulfill its
1844 public purposes. Any debt obligations issued by the corporation,
1845 their transfer, and the income therefrom, including any profit
1846 made on the sale thereof, shall at all times be free from
1847 taxation of every kind by the state and any political
1848 subdivision or local unit or other instrumentality thereof;



1849 however, this exemption does not apply to any tax imposed by
1850 chapter 220 on interest, income, or profits on debt obligations
1851 owned by corporations other than the corporation.

1852 Section 9. The purchase of commodities and contractual
1853 services by Citizens Property Insurance Corporation commenced
1854 before October 1, 2013, is governed by the law in effect on
1855 September 30, 2013.

1856 Section 10. Section 627.3518, Florida Statutes, is created
1857 to read:

1858 627.3518 Citizens Property Insurance Corporation
1859 policyholder eligibility clearinghouse program.—The purpose of
1860 this section is to provide a framework for the corporation to
1861 implement a clearinghouse program by January 1, 2014.

1862 (1) As used in this section, the term:

1863 (a) "Corporation" means Citizens Property Insurance
1864 Corporation.

1865 (b) "Exclusive agent" means any licensed insurance agent
1866 that has, by contract, agreed to act exclusively for one company
1867 or group of affiliated insurance companies and is disallowed by
1868 the provisions of that contract to directly write for any other
1869 unaffiliated insurer absent express consent from the company or
1870 group of affiliated insurance companies.

1871 (c) "Independent agent" means any licensed insurance agent
1872 not described in paragraph (b).

1873 (d) "Program" means the clearinghouse created under this
1874 section.

1875 (2) In order to confirm eligibility with the corporation
1876 and to enhance access of new applicants for coverage and



1877 existing policyholders of the corporation to offers of coverage
1878 from authorized and surplus lines insurers, the corporation
1879 shall establish a program for personal residential risks in
1880 order to facilitate the diversion of ineligible applicants and
1881 existing policyholders from the corporation into the voluntary
1882 insurance market. The corporation shall also develop appropriate
1883 procedures for facilitating the diversion of ineligible
1884 applicants and existing policyholders for commercial residential
1885 coverage into the private insurance market and shall report such
1886 procedures to the President of the Senate and the Speaker of the
1887 House of Representatives by January 1, 2014.

1888 (3) The corporation board shall establish the
1889 clearinghouse program as an organizational unit within the
1890 corporation. The program shall have all the rights and
1891 responsibilities in carrying out its duties as a licensed
1892 general lines agent, but may not be required to employ or engage
1893 a licensed general lines agent or to maintain an insurance
1894 agency license to carry out its activities in the solicitation
1895 and placement of insurance coverage. In establishing the
1896 program, the corporation may:

1897 (a) Require all new applications, and all policies due for
1898 renewal, to be submitted for coverage to the program in order to
1899 facilitate obtaining an offer of coverage from an authorized
1900 insurer before binding or renewing coverage by the corporation.

1901 (b) Employ or otherwise contract with individuals or other
1902 entities for appropriate administrative or professional services
1903 to effectuate the plan within the corporation in accordance with
1904 the applicable purchasing requirements under s. 627.351.



1905 (c) Enter into contracts with any authorized insurer to
1906 participate in the program and accept an appointment by such
1907 insurer.

1908 (d) Provide funds to operate the program. Insurers and
1909 agents participating in the program are not required to pay a
1910 fee to offset or partially offset the cost of the program or use
1911 the program for renewal of policies initially written through
1912 the clearinghouse.

1913 (e) Develop an enhanced application that includes
1914 information to assist private insurers in determining whether to
1915 make an offer of coverage through the program.

1916 (f) For personal lines residential risks, require, before
1917 approving all new applications for coverage by the corporation,
1918 that every application be subject to a period of 2 business days
1919 when any insurer participating in the program may select the
1920 application for coverage. The insurer may issue a binder on any
1921 policy selected for coverage for a period of at least 30 days
1922 but not more than 60 days.

1923 (4) Any authorized insurer may participate in the program;
1924 however, participation is not mandatory for any insurer.
1925 Insurers making offers of coverage to new applicants or renewal
1926 policyholders through the program:

1927 (a) May not be required to individually appoint any agent
1928 whose customer is underwritten and bound through the program.
1929 Notwithstanding s. 626.112, insurers are not required to appoint
1930 any agent on a policy underwritten through the program for as
1931 long as that policy remains with the insurer. Insurers may, at
1932 their election, appoint any agent whose customer is initially



1933 underwritten and bound through the program. In the event an
 1934 insurer accepts a policy from an agent who is not appointed
 1935 pursuant to this paragraph, and thereafter elects to accept a
 1936 policy from such agent, the provisions of s. 626.112 requiring
 1937 appointment apply to the agent.

1938 (b) Must enter into a limited agency agreement with each
 1939 agent that is not appointed in accordance with paragraph (a) and
 1940 whose customer is underwritten and bound through the program.

1941 (c) Must enter into its standard agency agreement with
 1942 each agent whose customer is underwritten and bound through the
 1943 program when that agent has been appointed by the insurer
 1944 pursuant to s. 626.112.

1945 (d) Must comply with s. 627.4133(2).

1946 (e) May participate through their single-designated
 1947 managing general agent or broker; however, the provisions of
 1948 paragraph (6) (a) regarding ownership, control, and use of the
 1949 expirations continue to apply.

1950 (f) Must pay to the producing agent a commission equal to
 1951 that paid by the corporation or the usual and customary
 1952 commission paid by the insurer for that line of business,
 1953 whichever is greater.

1954 (5) Notwithstanding s. 627.3517, any applicant for new
 1955 coverage from the corporation is not eligible for coverage from
 1956 the corporation, if provided an offer of coverage from an
 1957 authorized insurer through the program at a premium that is at
 1958 or below the eligibility threshold established in s.

1959 627.351(6)(c)5.a. Whenever an offer of coverage for a personal
 1960 lines risk is received for a policyholder of the corporation at



1961 renewal from an authorized insurer through the program, if the
1962 offer is equal to or less than the corporation's renewal premium
1963 for comparable coverage, the risk is not eligible for coverage
1964 with the corporation. In the event an offer of coverage for a
1965 new applicant is received from an authorized insurer through the
1966 program, and the premium offered exceeds the eligibility
1967 threshold contained in s. 627.351(6)(c)5.a., the applicant or
1968 insured may elect to accept such coverage, or may elect to
1969 accept or continue coverage with the corporation. In the event
1970 an offer of coverage for a personal lines risk is received from
1971 an authorized insurer at renewal through the program, and the
1972 premium offered is more than the corporation's renewal premium
1973 for comparable coverage, the insured may elect to accept such
1974 coverage, or may elect to accept or continue coverage with the
1975 corporation. Any applicant for new coverage from the
1976 corporation, and policyholders of all policies for renewal, if
1977 provided an offer of coverage from a surplus lines insurer
1978 through the program, are not required to accept such offer, and
1979 may be accepted for coverage or renewed by the corporation at
1980 the applicant's or policyholder's option. Sub-sub-subparagraph
1981 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
1982 an authorized insurer obtained through the program. An applicant
1983 for coverage from the corporation who was declared ineligible
1984 for coverage by the corporation in the previous 36 months due to
1985 provisions of this section or s. 627.351(6)(c)5.a. or 5.b. shall
1986 be considered a renewal under this section if the corporation
1987 determines that the authorized insurer increased the rate on the
1988 policy in excess of the increase allowed under s. 627.351(6)(n).



1989 (6) Independent insurance agents submitting new
 1990 applications for coverage or that are the agent of record on a
 1991 renewal policy submitted to the program:

1992 (a) Are granted and must maintain ownership and the
 1993 exclusive use of expirations, records, or other written or
 1994 electronic information directly related to such applications or
 1995 renewals written through the corporation or through an insurer
 1996 participating in the program, notwithstanding s.
 1997 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
 1998 for as long as the insured remains with the agency or until sold
 1999 or surrendered in writing by the agent. Contracts with the
 2000 corporation or required by the corporation must not amend,
 2001 modify, interfere with, or limit such rights of ownership. Such
 2002 expirations, records, or other written or electronic information
 2003 may be used to review an application, issue a policy, or for any
 2004 other purpose necessary for placing such business through the
 2005 program.

2006 (b) May not be required to be appointed by any insurer
 2007 participating in the program for policies written solely through
 2008 the program, notwithstanding the provisions of s. 626.112.

2009 (c) May accept an appointment from any insurer
 2010 participating in the program.

2011 (d) May enter into either a standard or limited agency
 2012 agreement with the insurer, at the insurer's option.

2013
 2014 Applicants ineligible for coverage in accordance with subsection
 2015 (5) remain ineligible if their independent agent is unwilling or
 2016 unable to enter into a standard or limited agency agreement with



2017 an insurer participating in the program.

2018 (7) Exclusive agents submitting new applications for

2019 coverage or that are the agent of record on a renewal policy

2020 submitted to the program:

2021 (a) Must maintain ownership and the exclusive use of

2022 expirations, records, or other written or electronic information

2023 directly related to such applications or renewals written

2024 through the corporation or through an insurer participating in

2025 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and

2026 (II)(B). Contracts with the corporation or required by the

2027 corporation must not amend, modify, interfere with, or limit

2028 such rights of ownership. Such expirations, records, or other

2029 written or electronic information may be used to review an

2030 application, issue a policy, or for any other purpose necessary

2031 for placing such business through the program.

2032 (b) May not be required to be appointed by any insurer

2033 participating in the program for policies written solely through

2034 the program, notwithstanding the provisions of s. 626.112.

2035 (c) Must only facilitate the placement of an offer of

2036 coverage from an insurer whose limited servicing agreement is

2037 approved by that exclusive agent's exclusive insurer.

2038 (d) May enter into a limited servicing agreement with the

2039 insurer making an offer of coverage, and only after the

2040 exclusive agent's insurer has approved the limited servicing

2041 agreement terms. The exclusive agent's insurer must approve a

2042 limited service agreement for the program for any insurer for

2043 which it has approved a service agreement for other purposes.

2044



2045 Applicants ineligible for coverage in accordance with subsection
2046 (5) remain ineligible if their exclusive agent is unwilling or
2047 unable to enter into a standard or limited agency agreement with
2048 an insurer making an offer of coverage to that applicant.

2049 (8) Submission of an application for coverage by the
2050 corporation to the program does not constitute the binding of
2051 coverage by the corporation, and failure of the program to
2052 obtain an offer of coverage by an insurer may not be considered
2053 acceptance of coverage of the risk by the corporation.

2054 (9) The 45-day notice of nonrenewal requirement set forth
2055 in s. 627.4133(2)(b)4.b. applies when a policy is nonrenewed by
2056 the corporation because the risk has received an offer of
2057 coverage pursuant to this section which renders the risk
2058 ineligible for coverage by the corporation.

2059 (10) The program may not include commercial nonresidential
2060 policies.

2061 Section 11. Section 627.35191, Florida Statutes, is
2062 created to read:

2063 627.35191 Annual report of aggregate net probable maximum
2064 losses, financing options, and potential assessments.—No later
2065 than February 1 of each year, the Florida Hurricane Catastrophe
2066 Fund and Citizens Property Insurance Corporation shall each
2067 submit a report to the Legislature and the Financial Services
2068 Commission identifying their respective aggregate net probable
2069 maximum losses, financing options, and potential assessments.
2070 The report issued by the fund and the corporation must include
2071 their respective 50-year, 100-year, and 250-year probable
2072 maximum losses; analysis of all reasonable financing strategies



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2073 for each such probable maximum loss, including the amount and
2074 term of debt instruments; specification of the percentage
2075 assessments that would be needed to support each of the
2076 financing strategies; and calculations of the aggregate
2077 assessment burden on Florida property and casualty policyholders
2078 for each of the probable maximum losses.

2079 Section 12. Except as otherwise expressly provided in this
2080 act, this act shall take effect July 1, 2013.