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576-04120-14

Proposed Committee Substitute by the Committee on Appropriations
(Appropriations Subcommittee on General Government)

A bill to be entitled

An act relating to insurance; amending s. 624.4625, F.S.; revising requirements for corporations not for profit to qualify to form a self-insurance fund; amending s. 624.501, F.S.; revising original appointment and renewal fees related to certain insurance representatives; amending s. 626.015, F.S.; defining the term "unaffiliated insurance agent"; amending s. 626.0428, F.S.; requiring a branch place of business to have an agent in charge; authorizing an agent to be in charge of more than one branch office under certain circumstances; providing requirements relating to the designation of an agent in charge; prohibiting an insurance agency from conducting insurance business at a location without a designated agent in charge; providing that the agent in charge is accountable for misconduct and violations committed by the licensee and any person under his or her supervision; amending s. 626.112, F.S.; prohibiting limited customer representative licenses from being issued after a specified date; providing licensure exemptions that allow specified individuals or entities to conduct insurance business at specified locations under certain circumstances; revising licensure requirements and penalties with respect to registered insurance agencies; providing that the registration of an approved registered insurance



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28 agency automatically converts to an insurance agency
29 license on a specified date; amending s. 626.172,
30 F.S.; revising requirements relating to applications
31 for insurance agency licenses; conforming provisions
32 to changes made by the act; amending s. 626.311, F.S.;
33 limiting the types of business that may be transacted
34 by certain agents; amending s. 626.321, F.S.;
35 providing that a limited license to offer motor
36 vehicle rental insurance issued to a business that
37 rents or leases motor vehicles encompasses the
38 employees of such business; amending s. 626.382, F.S.;
39 providing that an insurance agency license continues
40 in force until canceled, suspended, revoked,
41 terminated, or expired; amending s. 626.601, F.S.;
42 revising terminology relating to investigations
43 conducted by the Department of Financial Services and
44 the Office of Insurance Regulation with respect to
45 individuals and entities involved in the insurance
46 industry; revising a confidentiality provision;
47 amending s. 626.621, F.S.; providing an additional
48 ground for disciplinary action against the license or
49 appointment of certain insurance-related personnel for
50 accepting compensation for referring the owner of a
51 property to an inspector or inspection company;
52 repealing s. 626.747, F.S., relating to branch
53 agencies, agents in charge, and the payment of
54 additional county tax under certain circumstances;
55 amending s. 626.8411, F.S.; conforming a cross-
56 reference; amending s. 626.854, F.S.; deleting the



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57 requirement that a 48 hours' notice be provided before
58 scheduling an onsite inspection of insured property;
59 conforming a cross-reference; amending s. 626.8805,
60 F.S.; revising insurance administrator application
61 requirements; amending s. 626.8817, F.S.; authorizing
62 an insurer's designee to provide certain coverage
63 information to an insurance administrator; authorizing
64 an insurer to subcontract the review of an insurance
65 administrator; amending s. 626.882, F.S.; prohibiting
66 a person from acting as an insurance administrator
67 without a specific written agreement; amending s.
68 626.883, F.S.; requiring an insurance administrator to
69 furnish fiduciary account records to an insurer;
70 requiring administrator withdrawals from a fiduciary
71 account to be made according to a specific written
72 agreement; providing that an insurer's designee may
73 authorize payment of claims; amending s. 626.884,
74 F.S.; revising an insurer's right of access to certain
75 administrator records; amending s. 626.89, F.S.;
76 revising the deadline for filing certain financial
77 statements; deleting provisions allowing an extension
78 for administrator to submit certain financial
79 statements; amending s. 626.931, F.S.; deleting
80 provisions requiring a surplus lines agent to file a
81 quarterly affidavit with the Florida Surplus Lines
82 Service Office; amending s. 626.932, F.S.; revising
83 the due date of surplus lines tax; amending ss.
84 626.935 and 626.936, F.S.; conforming provisions to
85 changes made by the act; amending s. 626.9541, F.S.;



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86 revising provisions for unfair methods of competition
87 and unfair or deceptive acts relating to conducting
88 certain insurance transactions through credit card
89 facilities; amending s. 627.062, F.S.; authorizing the
90 Office of Insurance Regulation to use a straight
91 average of model results or output ranges to estimate
92 hurricane losses when determining whether the rates in
93 a rate filing are excessive, inadequate, or unfairly
94 discriminatory; amending s. 627.0628, F.S.; increasing
95 the length of time during which an insurer must adhere
96 to certain findings made by the Commission on
97 Hurricane Loss Projection Methodology with respect to
98 certain methods, principles, standards, models, or
99 output ranges used in a rate filing; providing that
100 the requirement to adhere to such findings does not
101 limit an insurer from using straight averages of model
102 results or output ranges under specified
103 circumstances; amending s. 627.0651, F.S.; revising
104 provisions for making and use of rates for motor
105 vehicle insurance; amending s. 627.0653, F.S.;
106 authorizing the office to approve motor vehicle
107 premium discounts for vehicles equipped with
108 electronic crash avoidance technology; amending s.
109 627.072, F.S.; authorizing retrospective rating plans
110 relating to workers' compensation and employer's
111 liability insurance to allow negotiations between
112 certain employers and insurers with respect to rating
113 factors used to calculate premiums; requiring the
114 office to prepare and submit a report to the



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115 Legislature by a specified date that analyzes the use
116 of negotiated workers compensation premium provisions
117 within retrospective rating plans; amending s.
118 627.281, F.S.; conforming a cross-reference; amending
119 s. 627.311, F.S.; providing that certain dividends may
120 be retained by the joint underwriting plan for future
121 use; amending s. 627.3518, F.S.; conforming a cross-
122 reference; repealing s. 627.3519, F.S., relating to an
123 annual report on the aggregate report of maximum
124 losses of the Florida Hurricane Catastrophe Fund and
125 Citizens Property Insurance Corporation; amending s.
126 627.409, F.S.; providing that a claim for residential
127 property insurance may not be denied based on certain
128 credit information; amending s. 627.4133, F.S.;
129 extending the period for prior notice required with
130 respect to the nonrenewal, cancellation, or
131 termination of certain insurance policies; deleting
132 certain provisions that require extended periods of
133 prior notice with respect to the nonrenewal,
134 cancellation, or termination of certain insurance
135 policies; prohibiting the cancellation of certain
136 policies that have been in effect for a specified
137 amount of time, except under certain circumstances;
138 prohibiting the cancellation of a policy or contract
139 that has been in effect for a specified amount of time
140 based on certain credit information; amending s.
141 627.4137, F.S.; adding licensed company adjusters to
142 the list of persons who may respond to a claimant's
143 written request for information relating to liability



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144 insurance coverage; amending s. 627.421, F.S.;

145 authorizing a policyholder of personal lines insurance

146 to affirmatively elect delivery of policy documents by

147 electronic means; amending s. 627.43141, F.S.;

148 authorizing a notice of change in policy terms to be

149 sent in a separate mailing to an insured under certain

150 circumstances; requiring an insurer to provide such

151 notice to the insured's insurance agent; creating s.

152 627.4553, F.S.; providing requirements for the

153 recommendation to surrender an annuity or life

154 insurance policy; amending s. 627.7015, F.S.; revising

155 the rulemaking authority of the department with

156 respect to qualifications and specified types of

157 penalties covered under the property insurance

158 mediation program; creating s. 627.70151, F.S.;

159 providing criteria for an insurer or policyholder to

160 challenge the impartiality of a loss appraisal umpire

161 for purposes of disqualifying such umpire; amending s.

162 627.706, F.S.; revising the definition of the term

163 "neutral evaluator"; amending s. 627.7074, F.S.;

164 revising notification requirements for participation

165 in the neutral evaluation program; providing grounds

166 for the department to deny an application, or suspend

167 or revoke certification, of a neutral evaluator;

168 requiring the department to adopt rules relating to

169 certification of neutral evaluators; amending s.

170 627.711, F.S.; revising verification requirements for

171 uniform mitigation verification forms; amending s.

172 627.7283, F.S.; providing for the electronic transfer



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173 of unearned premiums returned when a policy is
174 canceled; amending s. 627.736, F.S.; revising the time
175 period for applicability of certain Medicare fee
176 schedules or payment limitations; amending s. 627.744,
177 F.S.; revising preinsurance inspection requirements
178 for private passenger motor vehicles; amending s.
179 627.745, F.S.; revising qualifications for approval as
180 a mediator by the department; providing grounds for
181 the department to deny an application, or suspend or
182 revoke approval of a mediator or certification of a
183 neutral evaluator; authorizing the department to adopt
184 rules; amending s. 627.782, F.S.; revising the date by
185 which title insurance agencies and certain insurers
186 must annually submit specified information to the
187 Office of Insurance Regulation; amending s. 628.461,
188 F.S.; revising filing requirements relating to the
189 acquisition of controlling stock; revising the amount
190 of outstanding voting securities of a domestic stock
191 insurer or a controlling company that a person is
192 prohibited from acquiring unless certain requirements
193 have been met; prohibiting persons acquiring a certain
194 percentage of voting securities from acquiring certain
195 securities; providing that a presumption of control
196 may be rebutted by filing a disclaimer of control;
197 deleting a definition; amending ss. 631.717 and
198 631.734, F.S.; transferring a provision relating to
199 the obligations of the Florida Life and Health
200 Insurance Guaranty Association; amending s. 634.406,
201 F.S.; revising criteria authorizing premiums of



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202 certain service warranty associations to exceed their
203 specified net assets limitations; revising
204 requirements relating to contractual liability
205 policies that insure warranty associations; providing
206 effective dates.

207

208 Be It Enacted by the Legislature of the State of Florida:

209

210 Section 1. Paragraph (b) of subsection (1) of section
211 624.4625, Florida Statutes, is amended to read:

212 624.4625 Corporation not for profit self-insurance funds.—

213 (1) Notwithstanding any other provision of law, any two or
214 more corporations not for profit located in and organized under
215 the laws of this state may form a self-insurance fund for the
216 purpose of pooling and spreading liabilities of its group
217 members in any one or combination of property or casualty risk,
218 provided the corporation not for profit self-insurance fund that
219 is created:

220 (b) Requires for qualification that each participating
221 member receive at least 75 percent of its revenues from local,
222 state, or federal governmental sources or a combination of such
223 sources, or qualify as a publicly supported organization that
224 normally receives a substantial part of its support from a
225 governmental unit or from the general public as evidenced on the
226 organization's most recently filed Internal Revenue Service Form
227 990 or 990-EZ, Schedule A.

228 Section 2. Paragraphs (a) and (c) of subsection (6) and
229 subsections (7) and (8) of section 624.501, Florida Statutes,
230 are amended to read:



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231 624.501 Filing, license, appointment, and miscellaneous
232 fees.—The department, commission, or office, as appropriate,
233 shall collect in advance, and persons so served shall pay to it
234 in advance, fees, licenses, and miscellaneous charges as
235 follows:

236 (6) Insurance representatives, property, marine, casualty,
237 and surety insurance.

238 (a) Agent's original appointment and biennial renewal or
239 continuation thereof, each insurer or unaffiliated agent making
240 an appointment:

241	Appointment fee.....	\$42.00
242	State tax.....	12.00
243	County tax.....	6.00
244	Total.....	\$60.00

245 (c) Nonresident agent's original appointment and biennial
246 renewal or continuation thereof, appointment fee, each insurer
247 or unaffiliated agent making an appointment.....\$60.00

248 (7) Life insurance agents.

249 (a) Agent's original appointment and biennial renewal or
250 continuation thereof, each insurer or unaffiliated agent making
251 an appointment:

252	Appointment fee.....	\$42.00
253	State tax.....	12.00
254	County tax.....	6.00
255	Total.....	\$60.00

256 (b) Nonresident agent's original appointment and biennial
257 renewal or continuation thereof, appointment fee, each insurer
258 or unaffiliated agent making an appointment.....\$60.00

259 (8) Health insurance agents.



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260 (a) Agent's original appointment and biennial renewal or
261 continuation thereof, each insurer or unaffiliated agent making
262 an appointment:

263 Appointment fee.....\$42.00
264 State tax.....12.00
265 County tax.....6.00
266 Total.....\$60.00

267 (b) Nonresident agent's original appointment and biennial
268 renewal or continuation thereof, appointment fee, each insurer
269 or unaffiliated agent making an appointment.....\$60.00

270 Section 3. Present subsection (18) of section 626.015,
271 Florida Statutes, is renumbered as subsection (19), and a new
272 subsection (18) is added to that section, to read:

273 626.015 Definitions.—As used in this part:

274 (18) "Unaffiliated insurance agent" means a licensed
275 insurance agent, except a limited lines agent, who is self-
276 appointed and who practices as an independent consultant in the
277 business of analyzing or abstracting insurance policies,
278 providing insurance advice or counseling, or making specific
279 recommendations or comparisons of insurance products for a fee
280 established in advance by written contract signed by the
281 parties. An unaffiliated insurance agent may not be affiliated
282 with an insurer, insurer-appointed insurance agent, or insurance
283 agency contracted with or employing insurer-appointed insurance
284 agents.

285 Section 4. Effective January 1, 2015, section 626.0428,
286 Florida Statutes, is amended to read:

287 626.0428 Agency personnel powers, duties, and limitations.—

288 (1) An individual employed by an agent or agency on salary



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289 who devotes full time to clerical work, with incidental taking
290 of insurance applications or quoting or receiving premiums on
291 incoming inquiries in the office of the agent or agency, is not
292 deemed to be an agent or customer representative if his or her
293 compensation does not include in whole or in part any
294 commissions on such business and is not related to the
295 production of applications, insurance, or premiums.

296 (2) An employee or authorized representative located at a
297 designated branch of an agent or agency may not bind insurance
298 coverage unless licensed and appointed as an agent or customer
299 representative.

300 (3) An employee or authorized representative of an agent or
301 agency may not initiate contact with any person for the purpose
302 of soliciting insurance unless licensed and appointed as an
303 agent or customer representative. As to title insurance, an
304 employee of an agent or agency may not initiate contact with any
305 individual proposed insured for the purpose of soliciting title
306 insurance unless licensed as a title insurance agent or exempt
307 from such licensure pursuant to s. 626.8417(4).

308 (4) (a) Each place of business established by an agent or
309 agency, firm, corporation, or association must be in the active
310 full-time charge of a licensed and appointed agent holding the
311 required agent licenses to transact the lines of insurance being
312 handled at the location.

313 (b) Notwithstanding paragraph (a), the licensed agent in
314 charge of an insurance agency may also be the agent in charge of
315 additional branch office locations of the agency if insurance
316 activities requiring licensure as an insurance agent do not
317 occur at any location when an agent is not physically present



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318 and unlicensed employees at the location do not engage in
319 insurance activities requiring licensure as an insurance agent
320 or customer representative.

321 (c) An insurance agency and each branch place of business
322 of an insurance agency shall designate an agent in charge and
323 file the name and license number of the agent in charge and the
324 physical address of the insurance agency location with the
325 department and the department's website. The designation of the
326 agent in charge may be changed at the option of the agency. A
327 change of the designated agent in charge is effective upon
328 notice to the department. Notice to the department must be
329 provided within 30 days after such change.

330 (d) An insurance agency location may not conduct the
331 business of insurance unless an agent in charge is designated by
332 and providing services to the agency at all times. If the agent
333 in charge designated with the department ends his or her
334 affiliation with the agency for any reason and the agency fails
335 to designate another agent in charge within 30 days as provided
336 in paragraph (c) and such failure continues for 90 days, the
337 agency license automatically expires on the 91st day after the
338 date the designated agent in charge ended his or her affiliation
339 with the agency.

340 (e) For purposes of this subsection, an "agent in charge"
341 is the licensed and appointed agent responsible for the
342 supervision of all individuals within an insurance agency
343 location, regardless of whether the agent in charge handles a
344 specific transaction or deals with the general public in the
345 solicitation or negotiation of insurance contracts or the
346 collection or accounting of money.



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347 (f) An agent in charge of an insurance agency is
348 accountable for the wrongful acts, misconduct, or violations of
349 this code committed by the licensee or by any person under his
350 or her supervision while acting on behalf of the agency.
351 However, an agent in charge is not criminally liable for any act
352 unless the agent in charge personally committed the act or knew
353 or should have known of the act and of the facts constituting a
354 violation of this code.

355 Section 5. Paragraph (b) of subsection (1) and subsection
356 (7) of section 626.112, Florida Statutes, is amended to read:

357 626.112 License and appointment required; agents, customer
358 representatives, adjusters, insurance agencies, service
359 representatives, managing general agents.-

360 (1)

361 (b) Except as provided in subsection (6) or in applicable
362 department rules, and in addition to other conduct described in
363 this chapter with respect to particular types of agents, a
364 license as an insurance agent, service representative, customer
365 representative, or limited customer representative is required
366 in order to engage in the solicitation of insurance. Effective
367 October 1, 2014, limited customer representative licenses may
368 not be issued. For purposes of this requirement, as applicable
369 to ~~any of~~ the license types described in this section, the
370 solicitation of insurance is the attempt to persuade any person
371 to purchase an insurance product by:

372 1. Describing the benefits or terms of insurance coverage,
373 including premiums or rates of return;

374 2. Distributing an invitation to contract to prospective
375 purchasers;



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- 376 3. Making general or specific recommendations as to
377 insurance products;
- 378 4. Completing orders or applications for insurance
379 products;
- 380 5. Comparing insurance products, advising as to insurance
381 matters, or interpreting policies or coverages; or
- 382 6. Offering or attempting to negotiate on behalf of another
383 person a viatical settlement contract as defined in s. 626.9911.
384

385 However, an employee leasing company licensed under ~~pursuant to~~
386 chapter 468 which is seeking to enter into a contract with an
387 employer that identifies products and services offered to
388 employees may deliver proposals for the purchase of employee
389 leasing services to prospective clients of the employee leasing
390 company setting forth the terms and conditions of doing
391 business; classify employees as permitted by s. 468.529; collect
392 information from prospective clients and other sources as
393 necessary to perform due diligence on the prospective client and
394 to prepare a proposal for services; provide and receive
395 enrollment forms, plans, and other documents; and discuss or
396 explain in general terms the conditions, limitations, options,
397 or exclusions of insurance benefit plans available to the client
398 or employees of the employee leasing company were the client to
399 contract with the employee leasing company. Any advertising
400 materials or other documents describing specific insurance
401 coverages must identify and be from a licensed insurer or its
402 licensed agent or a licensed and appointed agent employed by the
403 employee leasing company. The employee leasing company may not
404 advise or inform the prospective business client or individual



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405 employees of specific coverage provisions, exclusions, or
406 limitations of particular plans. As to clients for which the
407 employee leasing company is providing services pursuant to s.
408 468.525(4), the employee leasing company may engage in
409 activities permitted by ss. 626.7315, 626.7845, and 626.8305,
410 subject to the restrictions specified in those sections. If a
411 prospective client requests more specific information concerning
412 the insurance provided by the employee leasing company, the
413 employee leasing company must refer the prospective business
414 client to the insurer or its licensed agent or to a licensed and
415 appointed agent employed by the employee leasing company.

416 Section 6. Effective January 1, 2015, subsection (7) of
417 section 626.112, Florida Statutes, is amended to read:

418 626.112 License and appointment required; agents, customer
419 representatives, adjusters, insurance agencies, service
420 representatives, managing general agents.—

421 (7) (a) An Effective October 1, 2006, no individual, firm,
422 partnership, corporation, association, or any other entity may
423 not shall act in its own name or under a trade name, directly or
424 indirectly, as an insurance agency, unless it possesses ~~complies~~
425 ~~with s. 626.172 with respect to possessing~~ an insurance agency
426 license issued pursuant to s. 626.172 for each place of business
427 at which it engages in any activity that which may be performed
428 only by a licensed insurance agent. However, an insurance agency
429 that is owned and operated by a single licensed agent conducting
430 business in his or her individual name and not employing or
431 otherwise using the services of or appointing other licensees is
432 exempt from the agency licensing requirements of this
433 subsection.



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434 (b) A branch place of business which is established by a
435 licensed agency is considered a branch agency and is not
436 required to be licensed if it transacts business under the same
437 name and federal tax identification number as the licensed
438 agency, has designated a licensed agent in charge of the
439 location as required by s. 626.0428, and has submitted the
440 address and telephone number of the location to the department
441 for inclusion in the licensing record of the licensed agency
442 within 30 days after insurance transactions begin at the
443 location ~~Each agency engaged in business in this state before~~
444 ~~January 1, 2003, which is wholly owned by insurance agents~~
445 ~~currently licensed and appointed under this chapter, each~~
446 ~~incorporated agency whose voting shares are traded on a~~
447 ~~securities exchange, each agency designated and subject to~~
448 ~~supervision and inspection as a branch office under the rules of~~
449 ~~the National Association of Securities Dealers, and each agency~~
450 ~~whose primary function is offering insurance as a service or~~
451 ~~member benefit to members of a nonprofit corporation may file an~~
452 ~~application for registration in lieu of licensure in accordance~~
453 ~~with s. 626.172(3). Each agency engaged in business before~~
454 ~~October 1, 2006, shall file an application for licensure or~~
455 ~~registration on or before October 1, 2006.~~

456 (c)1. If an agency is required to be licensed but fails to
457 file an application for licensure in accordance with this
458 section, the department shall impose on the agency an
459 administrative penalty ~~in an amount~~ of up to \$10,000.

460 ~~2. If an agency is eligible for registration but fails to~~
461 ~~file an application for registration or an application for~~
462 ~~licensure in accordance with this section, the department shall~~



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463 ~~impose on the agency an administrative penalty in an amount of~~
464 ~~up to \$5,000.~~

465 (d) (b) Effective October 1, 2015, the department must
466 automatically convert the registration of an approved a
467 registered insurance agency to shall, as a condition precedent
468 to continuing business, obtain an insurance agency license if
469 the department finds that, with respect to any majority owner,
470 partner, manager, director, officer, or other person who manages
471 or controls the agency, any person has:

472 1. ~~Been found guilty of, or has pleaded guilty or nolo~~
473 ~~contendere to, a felony in this state or any other state~~
474 ~~relating to the business of insurance or to an insurance agency,~~
475 ~~without regard to whether a judgment of conviction has been~~
476 ~~entered by the court having jurisdiction of the cases.~~

477 2. ~~Employed any individual in a managerial capacity or in a~~
478 ~~capacity dealing with the public who is under an order of~~
479 ~~revocation or suspension issued by the department. An insurance~~
480 ~~agency may request, on forms prescribed by the department,~~
481 ~~verification of any person's license status. If a request is~~
482 ~~mailed within 5 working days after an employee is hired, and the~~
483 ~~employee's license is currently suspended or revoked, the agency~~
484 ~~shall not be required to obtain a license, if the unlicensed~~
485 ~~person's employment is immediately terminated.~~

486 3. ~~Operated the agency or permitted the agency to be~~
487 ~~operated in violation of s. 626.747.~~

488 4. ~~With such frequency as to have made the operation of the~~
489 ~~agency hazardous to the insurance-buying public or other~~
490 ~~persons:~~

491 a. ~~Solicited or handled controlled business. This~~



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492 ~~subparagraph shall not prohibit the licensing of any lending or~~
493 ~~financing institution or creditor, with respect to insurance~~
494 ~~only, under credit life or disability insurance policies of~~
495 ~~borrowers from the institutions, which policies are subject to~~
496 ~~part IX of chapter 627.~~

497 ~~b. Misappropriated, converted, or unlawfully withheld~~
498 ~~moneys belonging to insurers, insureds, beneficiaries, or others~~
499 ~~and received in the conduct of business under the license.~~

500 ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~
501 ~~unlawfully divided or offered to divide commissions with~~
502 ~~another.~~

503 ~~d. Misrepresented any insurance policy or annuity contract,~~
504 ~~or used deception with regard to any policy or contract, done~~
505 ~~either in person or by any form of dissemination of information~~
506 ~~or advertising.~~

507 ~~e. Violated any provision of this code or any other law~~
508 ~~applicable to the business of insurance in the course of dealing~~
509 ~~under the license.~~

510 ~~f. Violated any lawful order or rule of the department.~~

511 ~~g. Failed or refused, upon demand, to pay over to any~~
512 ~~insurer he or she represents or has represented any money coming~~
513 ~~into his or her hands belonging to the insurer.~~

514 ~~h. Violated the provision against twisting as defined in s.~~
515 ~~626.9541(1)(1).~~

516 ~~i. In the conduct of business, engaged in unfair methods of~~
517 ~~competition or in unfair or deceptive acts or practices, as~~
518 ~~prohibited under part IX of this chapter.~~

519 ~~j. Willfully overinsured any property insurance risk.~~

520 ~~k. Engaged in fraudulent or dishonest practices in the~~



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521 ~~conduct of business arising out of activities related to~~
522 ~~insurance or the insurance agency.~~

523 ~~1. Demonstrated lack of fitness or trustworthiness to~~
524 ~~engage in the business of insurance arising out of activities~~
525 ~~related to insurance or the insurance agency.~~

526 ~~m. Authorized or knowingly allowed individuals to transact~~
527 ~~insurance who were not then licensed as required by this code.~~

528 ~~5. Knowingly employed any person who within the preceding 3~~
529 ~~years has had his or her relationship with an agency terminated~~
530 ~~in accordance with paragraph (d).~~

531 ~~6. Willfully circumvented the requirements or prohibitions~~
532 ~~of this code.~~

533 Section 7. Subsections (2), (3), and (4) of section
534 626.172, Florida Statutes, are amended to read:

535 626.172 Application for insurance agency license.—

536 (2) An application for an insurance agency license must
537 shall be signed by an individual required to be listed in the
538 application under paragraph (a) the owner or owners of the
539 agency. If the agency is incorporated, the application shall be
540 signed by the president and secretary of the corporation. An
541 insurance agency may allow a third party to complete, submit,
542 and sign an application on the insurance agency's behalf, but
543 the insurance agency is responsible for ensuring that the
544 information on the application is true and correct and is
545 accountable for any misstatements or misrepresentations. The
546 application for an insurance agency license must shall include:

547 (a) The name of each majority owner, partner, officer, and
548 director, president, senior vice president, secretary,
549 treasurer, and limited liability company member, who directs or



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550 participates in the management or control of the insurance
551 agency, whether through ownership of voting securities, by
552 contract, by ownership of an agency bank account, or otherwise.

553 (b) The residence address of each person required to be
554 listed in the application under paragraph (a).

555 (c) The name, principal business street address, and e-mail
556 address of the insurance agency and the name, address, and e-
557 mail address of the agency's registered agent or person or
558 company authorized to accept service on behalf of the agency ~~its~~
559 ~~principal business address.~~

560 (d) The name, physical address, e-mail address, and
561 telephone number ~~location~~ of each branch agency and the date
562 that the branch location begins transacting insurance ~~office and~~
563 ~~the name under which each agency office conducts or will conduct~~
564 ~~business.~~

565 (e) The name of each agent to be in full-time charge of an
566 agency office and specification of which office, including
567 branch locations.

568 (f) The fingerprints of each of the following:

569 1. A sole proprietor;

570 2. Each individual required to be listed in the application
571 under paragraph (a) ~~partner; and~~

572 ~~3. Each owner of an unincorporated agency;~~

573 ~~3.4.~~ Each individual owner who directs or participates in
574 the management or control of an incorporated agency whose shares
575 are not traded on a securities exchange;

576 ~~5. The president, senior vice presidents, treasurer,~~
577 ~~secretary, and directors of the agency; and~~

578 ~~6. Any other person who directs or participates in the~~



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579 ~~management or control of the agency, whether through the~~
580 ~~ownership of voting securities, by contract, or otherwise.~~

581
582 Fingerprints must be taken by a law enforcement agency or other
583 entity approved by the department and must be accompanied by the
584 fingerprint processing fee specified in s. 624.501. Fingerprints
585 must ~~shall~~ be processed in accordance with s. 624.34. However,
586 fingerprints need not be filed for an ~~any~~ individual who is
587 currently licensed and appointed under this chapter. This
588 paragraph does not apply to corporations whose voting shares are
589 traded on a securities exchange.

590 (g) Such additional information as the department requires
591 by rule to ascertain the trustworthiness and competence of
592 persons required to be listed on the application and to
593 ascertain that such persons meet the requirements of this code.
594 However, the department may not require that credit or character
595 reports be submitted for persons required to be listed on the
596 application.

597 ~~(3)(h) Beginning October 1, 2005,~~ The department must ~~shall~~
598 accept the uniform application for nonresident agency licensure.
599 The department may adopt by rule revised versions of the uniform
600 application.

601 ~~(3) The department shall issue a registration as an~~
602 ~~insurance agency to any agency that files a written application~~
603 ~~with the department and qualifies for registration. The~~
604 ~~application for registration shall require the agency to provide~~
605 ~~the same information required for an agency licensed under~~
606 ~~subsection (2), the agent identification number for each owner~~
607 ~~who is a licensed agent, proof that the agency qualifies for~~



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608 ~~registration as provided in s. 626.112(7), and any other~~
609 ~~additional information that the department determines is~~
610 ~~necessary in order to demonstrate that the agency qualifies for~~
611 ~~registration. The application must be signed by the owner or~~
612 ~~owners of the agency. If the agency is incorporated, the~~
613 ~~application must be signed by the president and the secretary of~~
614 ~~the corporation. An agent who owns the agency need not file~~
615 ~~fingerprints with the department if the agent obtained a license~~
616 ~~under this chapter and the license is currently valid.~~

617 ~~(a) If an application for registration is denied, the~~
618 ~~agency must file an application for licensure no later than 30~~
619 ~~days after the date of the denial of registration.~~

620 ~~(b) A registered insurance agency must file an application~~
621 ~~for licensure no later than 30 days after the date that any~~
622 ~~person who is not a licensed and appointed agent in this state~~
623 ~~acquires any ownership interest in the agency. If an agency~~
624 ~~fails to file an application for licensure in compliance with~~
625 ~~this paragraph, the department shall impose an administrative~~
626 ~~penalty in an amount of up to \$5,000 on the agency.~~

627 ~~(c) Sections 626.6115 and 626.6215 do not apply to agencies~~
628 ~~registered under this subsection.~~

629 (4) The department must ~~shall~~ issue a license ~~or~~
630 ~~registration~~ to each agency upon approval of the application,
631 and each agency location must ~~shall~~ display the license ~~or~~
632 ~~registration~~ prominently in a manner that makes it clearly
633 visible to any customer or potential customer who enters the
634 agency location.

635 Section 8. Present subsection (6) of section 626.311,
636 Florida Statutes, is redesignated as subsection (7), and a new



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637 subsection (6) is added to that section, to read:

638 626.311 Scope of license.—

639 (6) An agent who appoints his or her license as an
640 unaffiliated insurance agent may not hold an appointment from an
641 insurer for any license he or she holds; transact, solicit, or
642 service an insurance contract on behalf of an insurer; interfere
643 with commissions received or to be received by an insurer-
644 appointed insurance agent or an insurance agency contracted with
645 or employing insurer-appointed insurance agents; or receive
646 compensation or any other thing of value from an insurer, an
647 insurer-appointed insurance agent, or an insurance agency
648 contracted with or employing insurer-appointed insurance agents
649 for any transaction or referral occurring after the date of
650 appointment as an unaffiliated insurance agent. An unaffiliated
651 insurance agent may continue to receive commissions on sales
652 that occurred before the date of appointment as an unaffiliated
653 insurance agent if the receipt of such commissions is disclosed
654 when making recommendations or evaluating products for a client
655 that involve products of the entity from which the commissions
656 are received.

657 Section 9. Paragraph (d) of subsection (1) of section
658 626.321, Florida Statutes, is amended to read:

659 626.321 Limited licenses.—

660 (1) The department shall issue to a qualified applicant a
661 license as agent authorized to transact a limited class of
662 business in any of the following categories of limited lines
663 insurance:

664 (d) *Motor vehicle rental insurance.*—

665 1. License covering only insurance of the risks set forth



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666 in this paragraph when offered, sold, or solicited with and
667 incidental to the rental or lease of a motor vehicle and which
668 applies only to the motor vehicle that is the subject of the
669 lease or rental agreement and the occupants of the motor
670 vehicle:

671 a. Excess motor vehicle liability insurance providing
672 coverage in excess of the standard liability limits provided by
673 the lessor in the lessor's lease to a person renting or leasing
674 a motor vehicle from the licensee's employer for liability
675 arising in connection with the negligent operation of the leased
676 or rented motor vehicle.

677 b. Insurance covering the liability of the lessee to the
678 lessor for damage to the leased or rented motor vehicle.

679 c. Insurance covering the loss of or damage to baggage,
680 personal effects, or travel documents of a person renting or
681 leasing a motor vehicle.

682 d. Insurance covering accidental personal injury or death
683 of the lessee and any passenger who is riding or driving with
684 the covered lessee in the leased or rented motor vehicle.

685 2. Insurance under a motor vehicle rental insurance license
686 may be issued only if the lease or rental agreement is for up to
687 ~~no more than~~ 60 days, the lessee is not provided coverage for
688 more than 60 consecutive days per lease period, and the lessee
689 is given written notice that his or her personal insurance
690 policy providing coverage on an owned motor vehicle may provide
691 coverage of such risks and that the purchase of the insurance is
692 not required in connection with the lease or rental of a motor
693 vehicle. If the lease is extended beyond 60 days, the coverage
694 may be extended ~~one time~~ only once for up to ~~a period not to~~



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695 ~~exceed an additional~~ 60 days. Insurance may be provided to the
696 lessee as an additional insured on a policy issued to the
697 licensee's employer.

698 3. The license may be issued only to the full-time salaried
699 employee of a licensed general lines agent or to a business
700 entity that offers motor vehicles for rent or lease if insurance
701 sales activities authorized by the license are in connection
702 with and incidental to the rental or lease of a motor vehicle.

703 a. A license issued to a business entity that offers motor
704 vehicles for rent or lease encompasses each office, branch
705 office, employee, authorized representative located at a
706 designated branch, or place of business making use of the
707 entity's business name in order to offer, solicit, and sell
708 insurance pursuant to this paragraph.

709 b. The application for licensure must list the name,
710 address, and phone number for each office, branch office, or
711 place of business which ~~that~~ is to be covered by the license.
712 The licensee shall notify the department of the name, address,
713 and phone number of any new location that is to be covered by
714 the license before the new office, branch office, or place of
715 business engages in the sale of insurance pursuant to this
716 paragraph. The licensee must notify the department within 30
717 days after closing or terminating an office, branch office, or
718 place of business. Upon receipt of the notice, the department
719 shall delete the office, branch office, or place of business
720 from the license.

721 c. A licensed and appointed entity is directly responsible
722 and accountable for all acts of the licensee's employees.

723 Section 10. Effective January, 1, 2015, section 626.382,



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724 Florida Statutes, is amended to read:

725 626.382 Continuation, expiration of license; insurance
726 agencies.—The license of an any insurance agency ~~shall be issued~~
727 ~~for a period of 3 years and~~ shall continue in force until
728 canceled, suspended, or ~~revoked,~~ or until it is otherwise
729 terminated or becomes expired by operation of law. ~~A license may~~
730 ~~be renewed by submitting a renewal request to the department on~~
731 ~~a form adopted by department rule.~~

732 Section 11. Section 626.601, Florida Statutes, is amended
733 to read:

734 626.601 Improper conduct; investigation inquiry;
735 fingerprinting.—

736 (1) The department or office may, upon its own motion or
737 upon a written complaint signed by an any interested person and
738 filed with the department or office, inquire into the any
739 alleged improper conduct of any licensed, approved, or certified
740 licensee, insurance agency, agent, adjuster, service
741 representative, managing general agent, customer representative,
742 title insurance agent, title insurance agency, mediator, neutral
743 evaluator, navigator, continuing education course provider,
744 instructor, school official, or monitor group under this code.
745 The department or office may thereafter initiate an
746 investigation of ~~any~~ such individual or entity ~~licensee~~ if it
747 has reasonable cause to believe that the individual or entity
748 ~~licensee~~ has violated any provision of the insurance code.
749 During the course of its investigation, the department or office
750 shall contact the individual or entity ~~licensee~~ being
751 investigated unless it determines that contacting such
752 individual or entity ~~person~~ could jeopardize the successful



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753 completion of the investigation or cause injury to the public.

754 (2) In the investigation by the department or office of the
755 alleged misconduct, the individual or entity licensee shall, if
756 ~~whenever so~~ required by the department or office, open the
757 individual's or entity's ~~cause his or her~~ books and records ~~to~~
758 ~~be open~~ for inspection for the purpose of such investigation
759 inquiries.

760 (3) ~~The~~ Complaints against an individual or entity ~~any~~
761 ~~licensee~~ may be informally alleged and are not required to
762 include ~~need not be in any such~~ language as ~~is~~ necessary to
763 charge a crime on an indictment or information.

764 (4) The expense for any hearings or investigations
765 conducted pursuant to this section ~~under this law~~, as well as
766 the fees and mileage of witnesses, may be paid out of the
767 appropriate fund.

768 (5) If the department or office, after investigation, has
769 reason to believe that an individual ~~a licensee~~ may have been
770 found guilty of or pleaded guilty or nolo contendere to a felony
771 or a crime related to the business of insurance in this or any
772 other state or jurisdiction, the department or office may
773 require the individual licensee to file with the department or
774 office a complete set of his or her fingerprints, ~~which shall be~~
775 accompanied by the fingerprint processing fee set forth in s.
776 624.501. The fingerprints shall be taken by an authorized law
777 enforcement agency or other department-approved entity.

778 (6) The complaint and any information obtained pursuant to
779 the investigation by the department or office are confidential
780 and ~~are exempt from the provisions of~~ s. 119.07~~7~~, unless the
781 department or office files a formal administrative complaint,



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782 emergency order, or consent order against the individual or
783 entity licensee. ~~Nothing in~~ This subsection does not shall be
784 ~~construed to~~ prevent the department or office from disclosing
785 the complaint or such information as it deems necessary to
786 conduct the investigation, to update the complainant as to the
787 status and outcome of the complaint, or to share such
788 information with any law enforcement agency or other regulatory
789 body.

790 Section 12. Subsection (15) is added to section 626.621,
791 Florida Statutes, to read:

792 626.621 Grounds for discretionary refusal, suspension, or
793 revocation of agent's, adjuster's, customer representative's,
794 service representative's, or managing general agent's license or
795 appointment.—The department may, in its discretion, deny an
796 application for, suspend, revoke, or refuse to renew or continue
797 the license or appointment of any applicant, agent, adjuster,
798 customer representative, service representative, or managing
799 general agent, and it may suspend or revoke the eligibility to
800 hold a license or appointment of any such person, if it finds
801 that as to the applicant, licensee, or appointee any one or more
802 of the following applicable grounds exist under circumstances
803 for which such denial, suspension, revocation, or refusal is not
804 mandatory under s. 626.611:

805 (15) Directly or indirectly accepting any compensation,
806 inducement, or reward from an inspector or inspection company
807 for referring the owner of property requiring inspection to the
808 inspector or inspection company. This prohibition applies to any
809 inspection of property intended for submission to a carrier in
810 order to obtain insurance coverage or to determine the



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811 appropriate amount of the insurance premium.

812 Section 13. Effective January 1, 2015, section 626.747,
813 Florida Statutes, is repealed.

814 Section 14. Effective January 1, 2015, subsection (1) of
815 section 626.8411, Florida Statutes, is amended to read:

816 626.8411 Application of Florida Insurance Code provisions
817 to title insurance agents or agencies.-

818 (1) The following provisions ~~of part II~~ applicable to
819 general lines agents or agencies also apply to title insurance
820 agents or agencies:

821 (a) Section 626.734, relating to liability of certain
822 agents.

823 (b) Section 626.0428(4) (a) and (b) ~~626.747~~, relating to
824 branch agencies.

825 (c) Section 626.749, relating to place of business in
826 residence.

827 (d) Section 626.753, relating to sharing of commissions.

828 (e) Section 626.754, relating to rights of agent following
829 termination of appointment.

830 Section 15. Subsections (14) and (18) of section 626.854,
831 Florida Statutes, are amended to read:

832 626.854 "Public adjuster" defined; prohibitions.-The
833 Legislature finds that it is necessary for the protection of the
834 public to regulate public insurance adjusters and to prevent the
835 unauthorized practice of law.

836 ~~(14) A company employee adjuster, independent adjuster,~~
837 ~~attorney, investigator, or other persons acting on behalf of an~~
838 ~~insurer that needs access to an insured or claimant or to the~~
839 ~~insured property that is the subject of a claim must provide at~~



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840 ~~least 48 hours' notice to the insured or claimant, public~~
841 ~~adjuster, or legal representative before scheduling a meeting~~
842 ~~with the claimant or an onsite inspection of the insured~~
843 ~~property. The insured or claimant may deny access to the~~
844 ~~property if the notice has not been provided. The insured or~~
845 ~~claimant may waive the 48-hour notice.~~

846 ~~(17)-(18)~~ The provisions of Subsections ~~(5)-(16)~~ ~~(5)-(17)~~
847 apply only to residential property insurance policies and
848 condominium unit owner policies as defined in s. 718.111(11).

849 Section 16. Paragraph (c) of subsection (2) and subsection
850 (3) of section 626.8805, Florida Statutes, are amended to read:
851 626.8805 Certificate of authority to act as administrator.—

852 (2) The administrator shall file with the office an
853 application for a certificate of authority upon a form to be
854 adopted by the commission and furnished by the office, which
855 application shall include or have attached the following
856 information and documents:

857 (c) The names, addresses, official positions, and
858 professional qualifications of the individuals employed or
859 retained by the administrator who are responsible for the
860 conduct of the affairs of the administrator, including all
861 members of the board of directors, board of trustees, executive
862 committee, or other governing board or committee, and the
863 principal officers in the case of a corporation or, the partners
864 or members in the case of a partnership or association, ~~and any~~
865 ~~other person who exercises control or influence over the affairs~~
866 of the administrator.

867 (3) The applicant shall make available for inspection by
868 the office copies of all contracts relating to services provided



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869 by the administrator to with insurers or other persons using
870 utilizing the services of the administrator.

871 Section 17. Subsections (1) and (3) of section 626.8817,
872 Florida Statutes, are amended to read:

873 626.8817 Responsibilities of insurance company with respect
874 to administration of coverage insured.—

875 (1) If an insurer uses the services of an administrator,
876 the insurer is responsible for determining the benefits, premium
877 rates, underwriting criteria, and claims payment procedures
878 applicable to the coverage and for securing reinsurance, if any.
879 The rules pertaining to these matters shall be provided, in
880 writing, by the insurer or its designee to the administrator.
881 The responsibilities of the administrator as to any of these
882 matters shall be set forth in a the written agreement binding
883 upon between the administrator and the insurer.

884 (3) If In cases in which an administrator administers
885 benefits for more than 100 certificateholders on behalf of an
886 insurer, the insurer shall, at least semiannually, conduct a
887 review of the operations of the administrator. At least one such
888 review must be an onsite audit of the operations of the
889 administrator. The insurer may contract with a qualified third
890 party to conduct such review.

891 Section 18. Subsections (1) and (4) of section 626.882,
892 Florida Statutes, are amended to read:

893 626.882 Agreement between administrator and insurer;
894 required provisions; maintenance of records.—

895 (1) A No person may not act as an administrator without a
896 written agreement, as required under s. 626.8817, which
897 specifies the rights, duties, and obligations of the between



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898 ~~such person as~~ administrator and ~~an~~ insurer.

899 (4) If a policy is issued to a trustee or trustees, a copy
900 of the trust agreement and any amendments to that agreement
901 shall be furnished to the insurer or its designee by the
902 administrator and shall be retained as part of the official
903 records of both the administrator and the insurer for the
904 duration of the policy and for 5 years thereafter.

905 Section 19. Subsections (3), (4), and (5) of section
906 626.883, Florida Statutes, are amended to read:

907 626.883 Administrator as intermediary; collections held in
908 fiduciary capacity; establishment of account; disbursement;
909 payments on behalf of insurer.—

910 (3) If charges or premiums deposited in a fiduciary account
911 have been collected on behalf of or for more than one insurer,
912 the administrator shall keep records clearly recording the
913 deposits in and withdrawals from such account on behalf of or
914 for each insurer. The administrator shall, upon request of an
915 insurer or its designee, furnish such insurer or designee with
916 copies of records pertaining to deposits and withdrawals on
917 behalf of or for such insurer.

918 (4) The administrator may not pay any claim by withdrawals
919 from a fiduciary account. Withdrawals from such account shall be
920 made as provided in the written agreement required under ss.
921 626.8817 and 626.882 ~~between the administrator and the insurer~~
922 for any of the following:

923 (a) Remittance to an insurer entitled to such remittance.

924 (b) Deposit in an account maintained in the name of such
925 insurer.

926 (c) Transfer to and deposit in a claims-paying account,



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927 with claims to be paid as provided by such insurer.

928 (d) Payment to a group policyholder for remittance to the
929 insurer entitled to such remittance.

930 (e) Payment to the administrator of the commission, fees,
931 or charges of the administrator.

932 (f) Remittance of return premium to the person or persons
933 entitled to such ~~return~~ premium.

934 (5) All claims paid by the administrator from funds
935 collected on behalf of the insurer shall be paid only on drafts
936 of, and as authorized by, such insurer or its designee.

937 Section 20. Subsection (3) of section 626.884, Florida
938 Statutes, is amended to read:

939 626.884 Maintenance of records by administrator; access;
940 confidentiality.—

941 (3) The insurer shall retain the right of continuing access
942 to books and records maintained by the administrator sufficient
943 to permit the insurer to fulfill all of its contractual
944 obligations to insured persons, subject to any restrictions in
945 the written agreement pertaining to ~~between the insurer and the~~
946 ~~administrator~~ ~~on~~ the proprietary rights of the parties in such
947 books and records.

948 Section 21. Subsections (1) and (2) of section 626.89,
949 Florida Statutes, are amended to read:

950 626.89 Annual financial statement and filing fee; notice of
951 change of ownership.—

952 (1) Each authorized administrator shall annually file with
953 the office a full and true statement of its financial condition,
954 transactions, and affairs within 3 months after the end of the
955 administrator's fiscal year. ~~The statement shall be filed~~



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956 ~~annually on or before March 1~~ or within such extension of time
957 ~~therefor~~ as the office for good cause may have granted. The
958 statement must and ~~shall~~ be for the preceding fiscal calendar
959 year and must. ~~The statement shall~~ be in such form and contain
960 such matters as the commission prescribes and must ~~shall~~ be
961 verified by at least two officers of the ~~such~~ administrator. ~~An~~
962 ~~administrator whose sole stockholder is an association~~
963 ~~representing health care providers which is not an affiliate of~~
964 ~~an insurer, an administrator of a pooled governmental self-~~
965 ~~insurance program, or an administrator that is a university may~~
966 ~~submit the preceding fiscal year's statement within 2 months~~
967 ~~after its fiscal year end.~~

968 (2) Each authorized administrator shall also file an
969 audited financial statement performed by an independent
970 certified public accountant. The audited financial statement
971 shall be filed with the office within 5 months after the end of
972 the administrator's fiscal year and be on or before June 1 for
973 the preceding fiscal calendar year ending ~~December 31~~. ~~An~~
974 ~~administrator whose sole stockholder is an association~~
975 ~~representing health care providers which is not an affiliate of~~
976 ~~an insurer, an administrator of a pooled governmental self-~~
977 ~~insurance program, or an administrator that is a university may~~
978 ~~submit the preceding fiscal year's audited financial statement~~
979 ~~within 5 months after the end of its fiscal year.~~ An audited
980 financial statement prepared on a consolidated basis must
981 include a columnar consolidating or combining worksheet that
982 must be filed with the statement and must comply with the
983 following:

984 (a) Amounts shown on the consolidated audited financial



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985 statement must be shown on the worksheet;

986 (b) Amounts for each entity must be stated separately; and

987 (c) Explanations of consolidating and eliminating entries
988 must be included.

989 Section 22. Section 626.931, Florida Statutes, is amended
990 to read:

991 626.931 ~~Agent affidavit and~~ Insurer reporting
992 requirements.-

993 ~~(1) Each surplus lines agent shall on or before the 45th~~
994 ~~day following each calendar quarter file with the Florida~~
995 ~~Surplus Lines Service Office an affidavit, on forms as~~
996 ~~prescribed and furnished by the Florida Surplus Lines Service~~
997 ~~Office, stating that all surplus lines insurance transacted by~~
998 ~~him or her during such calendar quarter has been submitted to~~
999 ~~the Florida Surplus Lines Service Office as required.~~

1000 ~~(2) The affidavit of the surplus lines agent shall include~~
1001 ~~efforts made to place coverages with authorized insurers and the~~
1002 ~~results thereof.~~

1003 (1) ~~(3)~~ Each foreign insurer accepting premiums shall, on or
1004 before the end of the month following each calendar quarter,
1005 file with the Florida Surplus Lines Service Office a verified
1006 report of all surplus lines insurance transacted by such insurer
1007 for insurance risks located in this state during the ~~such~~
1008 calendar quarter.

1009 (2) ~~(4)~~ Each alien insurer accepting premiums shall, on or
1010 before June 30 of each year, file with the Florida Surplus Lines
1011 Service Office a verified report of all surplus lines insurance
1012 transacted by such insurer for insurance risks located in this
1013 state during the preceding calendar year.



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1014 ~~(3)-(5)~~ The department may waive the filing requirements
1015 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

1016 ~~(4)-(6)~~ Each insurer's report and supporting information
1017 shall be in a computer-readable format as determined by the
1018 Florida Surplus Lines Service Office or ~~shall~~ be submitted on
1019 forms prescribed by the Florida Surplus Lines Service Office and
1020 ~~shall~~ show for each applicable agent:

1021 (a) A listing of all policies, certificates, cover notes,
1022 or other forms of confirmation of insurance coverage or any
1023 substitutions thereof or endorsements thereto and the
1024 identifying number; and

1025 (b) Any additional information required by the department
1026 or Florida Surplus Lines Service Office.

1027 Section 23. Paragraph (a) of subsection (2) of section
1028 626.932, Florida Statutes, is amended to read:

1029 626.932 Surplus lines tax.—

1030 (2) (a) The surplus lines agent shall make payable to the
1031 department the tax related to each calendar quarter's business
1032 as reported to the Florida Surplus Lines Service Office, and
1033 remit the tax to the Florida Surplus Lines Service Office on or
1034 before the 45th day after each calendar quarter ~~at the same time~~
1035 ~~as provided for the filing of the quarterly affidavit, under s.~~
1036 ~~626.931.~~ The Florida Surplus Lines Service Office shall forward
1037 to the department the taxes and any interest collected pursuant
1038 to paragraph (b), within 10 days after ~~of~~ receipt.

1039 Section 24. Subsection (1) of section 626.935, Florida
1040 Statutes, is amended to read:

1041 626.935 Suspension, revocation, or refusal of surplus lines
1042 agent's license.—



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1043 (1) The department shall deny an application for, suspend,
1044 revoke, or refuse to renew the appointment of a surplus lines
1045 agent and all other licenses and appointments held by the
1046 licensee under this code, on any of the following grounds:

1047 (a) Removal of the licensee's office from the licensee's
1048 state of residence.

1049 (b) Removal of the accounts and records of his or her
1050 surplus lines business from this state or the licensee's state
1051 of residence during the period when such accounts and records
1052 are required to be maintained under s. 626.930.

1053 (c) Closure of the licensee's office for more than 30
1054 consecutive days.

1055 ~~(d) Failure to make and file his or her affidavit or~~
1056 ~~reports when due as required by s. 626.931.~~

1057 (d)~~(e)~~ Failure to pay the tax or service fee on surplus
1058 lines premiums, as provided in the Surplus Lines Law.

1059 (e)~~(f)~~ Suspension, revocation, or refusal to renew or
1060 continue the license or appointment as a general lines agent,
1061 service representative, or managing general agent.

1062 (f)~~(g)~~ Lack of qualifications as for an original surplus
1063 lines agent's license.

1064 (g)~~(h)~~ Violation of this Surplus Lines Law.

1065 (h)~~(i)~~ ~~For~~ Any other applicable cause for which the license
1066 of a general lines agent could be suspended, revoked, or refused
1067 under s. 626.611 or s. 626.621.

1068 Section 25. Subsection (1) of section 626.936, Florida
1069 Statutes, is amended to read:

1070 626.936 Failure to file reports or pay tax or service fee;
1071 administrative penalty.-



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1072 (1) ~~A Any~~ licensed surplus lines agent who neglects to file
1073 a report ~~or an affidavit~~ in the form and within the time
1074 required under ~~or provided for in~~ the Surplus Lines Law may be
1075 fined up to \$50 per day for each day the neglect continues,
1076 beginning the day after the report ~~or affidavit~~ was due until
1077 the date the report ~~or affidavit~~ is received. All sums collected
1078 under this section shall be deposited into the Insurance
1079 Regulatory Trust Fund.

1080 Section 26. Paragraph (q) of subsection (1) of section
1081 626.9541, Florida Statutes, is amended to read:

1082 626.9541 Unfair methods of competition and unfair or
1083 deceptive acts or practices defined.—

1084 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE
1085 ACTS.—The following are defined as unfair methods of competition
1086 and unfair or deceptive acts or practices:

1087 (q) *Certain insurance transactions through credit card*
1088 *facilities prohibited.—*

1089 1. Except as provided in subparagraph 3., no person shall
1090 knowingly solicit or negotiate ~~any~~ insurance; seek or accept
1091 applications for insurance; issue or deliver any policy;
1092 receive, collect, or transmit premiums, to or for an ~~any~~
1093 insurer; or otherwise transact insurance in this state, or
1094 relative to a subject of insurance resident, located, or to be
1095 performed in this state, through the arrangement or facilities
1096 of a credit card facility or organization, for the purpose of
1097 insuring credit card holders or prospective credit card holders.
1098 The term "credit card holder" as used in this paragraph means a
1099 ~~any~~ person who may pay the charge for purchases or other
1100 transactions through the credit card facility or organization,



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1101 whose credit with such facility or organization is evidenced by
1102 a credit card identifying such person as being one whose charges
1103 the credit card facility or organization will pay, and who is
1104 identified as such upon the credit card ~~either~~ by name, account
1105 number, symbol, insignia, or ~~any~~ other method or device of
1106 identification. This subparagraph does not apply as to health
1107 insurance or to credit life, credit disability, or credit
1108 property insurance.

1109 2. ~~If Whenever~~ any person does or performs in this state
1110 any of the acts in violation of subparagraph 1. for or on behalf
1111 of an ~~any~~ insurer or credit card facility, such insurer or
1112 credit card facility shall be deemed ~~held~~ to be doing business
1113 in this state and, if an insurer, shall be subject to the same
1114 state, county, and municipal taxes as insurers that have been
1115 legally qualified and admitted to do business in this state by
1116 agents or otherwise are subject, the same to be assessed and
1117 collected against such insurers; and such person so doing or
1118 performing any of such acts is ~~shall be~~ personally liable for
1119 all such taxes.

1120 3. A licensed agent or insurer may solicit or negotiate ~~any~~
1121 insurance; seek or accept applications for insurance; issue or
1122 deliver any policy; receive, collect, or transmit premiums, to
1123 or for an ~~any~~ insurer; or otherwise transact insurance in this
1124 state, or relative to a subject of insurance resident, located,
1125 or to be performed in this state, through the arrangement or
1126 facilities of a credit card facility or organization, for the
1127 purpose of insuring credit card holders or prospective credit
1128 card holders if:

1129 a. The insurance or policy which is the subject of the



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1130 transaction is noncancelable by any person other than the named
1131 insured, the policyholder, or the insurer;

1132 b. Any refund of unearned premium is made ~~directly~~ to the
1133 credit card holder by mail or electronic transfer; and

1134 c. The credit card transaction is authorized by the
1135 signature of the credit card holder or other person authorized
1136 to sign on the credit card account.

1137
1138 The conditions enumerated in sub-subparagraphs a.-c. do not
1139 apply to health insurance or to credit life, credit disability,
1140 or credit property insurance; and sub-subparagraph c. does not
1141 apply to property and casualty insurance if ~~so long as~~ the
1142 transaction is authorized by the insured.

1143 4. No person may use or disclose information resulting from
1144 the use of a credit card in conjunction with the purchase of
1145 insurance if, ~~when~~ such information is to the advantage of the
1146 ~~such~~ credit card facility or an insurance agent, or is to the
1147 detriment of the insured or any other insurance agent; except
1148 that this provision does not prohibit a credit card facility
1149 from using or disclosing such information in a ~~any~~ judicial
1150 proceeding or consistent with applicable law on credit
1151 reporting.

1152 5. ~~No~~ Such insurance may not ~~shall~~ be sold through a credit
1153 card facility in conjunction with membership in any automobile
1154 club. The term "automobile club" means a legal entity that
1155 ~~which~~, in consideration of dues, assessments, or periodic
1156 payments of money, promises its members or subscribers to assist
1157 them in matters relating to the ownership, operation, use, or
1158 maintenance of a motor vehicle; however, the term ~~definition of~~



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1159 ~~automobile clubs~~ does not include persons, associations, or
1160 corporations that ~~which~~ are organized and operated solely for
1161 the purpose of conducting, sponsoring, or sanctioning motor
1162 vehicle races, exhibitions, or contests upon racetracks, or upon
1163 race courses established and marked as such for the duration of
1164 such particular event. The words "motor vehicle" used herein
1165 shall be the same as defined in chapter 320.

1166 Section 27. Paragraph (b) of subsection (2) of section
1167 627.062, Florida Statutes, is amended to read:

1168 627.062 Rate standards.—

1169 (2) As to all such classes of insurance:

1170 (b) Upon receiving a rate filing, the office shall review
1171 the filing to determine whether the ~~if a~~ rate is excessive,
1172 inadequate, or unfairly discriminatory. In making that
1173 determination, the office shall, in accordance with generally
1174 accepted and reasonable actuarial techniques, consider the
1175 following factors:

1176 1. Past and prospective loss experience within and without
1177 this state.

1178 2. Past and prospective expenses.

1179 3. The degree of competition among insurers for the risk
1180 insured.

1181 4. Investment income reasonably expected by the insurer,
1182 consistent with the insurer's investment practices, from
1183 investable premiums anticipated in the filing, plus any other
1184 expected income from currently invested assets representing the
1185 amount expected on unearned premium reserves and loss reserves.
1186 The commission may adopt rules using reasonable techniques of
1187 actuarial science and economics to specify the manner in which



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1188 insurers calculate investment income attributable to classes of
1189 insurance written in this state and the manner in which
1190 investment income is used to calculate insurance rates. Such
1191 manner must contemplate allowances for an underwriting profit
1192 factor and full consideration of investment income that ~~which~~
1193 produce a reasonable rate of return; however, investment income
1194 from invested surplus may not be considered.

1195 5. The reasonableness of the judgment reflected in the
1196 filing.

1197 6. Dividends, savings, or unabsorbed premium deposits
1198 allowed or returned to Florida policyholders, members, or
1199 subscribers.

1200 7. The adequacy of loss reserves.

1201 8. The cost of reinsurance. The office may not disapprove a
1202 rate as excessive solely due to the insurer's ~~insurer~~ having
1203 obtained catastrophic reinsurance to cover the insurer's
1204 estimated 250-year probable maximum loss or any lower level of
1205 loss.

1206 9. Trend factors, including trends in actual losses per
1207 insured unit for the insurer making the filing.

1208 10. Conflagration and catastrophe hazards, if applicable.

1209 11. Projected hurricane losses, if applicable, which must
1210 be estimated using a model or method, or a straight average of
1211 model results or output ranges, which are independently found to
1212 be acceptable or reliable by the Florida Commission on Hurricane
1213 Loss Projection Methodology,⁷ and as further provided in s.
1214 627.0628.

1215 12. A reasonable margin for underwriting profit and
1216 contingencies.



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- 1217 13. The cost of medical services, if applicable.
1218 14. Other relevant factors that affect the frequency or
1219 severity of claims or expenses.

1220 Section 28. Paragraph (d) of subsection (3) of section
1221 627.0628, Florida Statutes, is amended to read:

1222 627.0628 Florida Commission on Hurricane Loss Projection
1223 Methodology; public records exemption; public meetings
1224 exemption.—

1225 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1226 (d) With respect to a rate filing under s. 627.062, an
1227 insurer shall employ and may not modify or adjust actuarial
1228 methods, principles, standards, models, or output ranges found
1229 by the commission to be accurate or reliable in determining
1230 hurricane loss factors for use in a rate filing under s.

1231 627.062. An insurer shall employ and may not modify or adjust
1232 models found by the commission to be accurate or reliable in
1233 determining probable maximum loss levels pursuant to paragraph
1234 (b) with respect to a rate filing under s. 627.062 made more
1235 than 180 ~~60~~ days after the commission has made such findings.

1236 This paragraph does not prohibit an insurer from using a
1237 straight average of model results or output ranges or using
1238 straight averages for the purposes of a rate filing under s.
1239 627.062.

1240 Section 29. Subsection (8) of section 627.0651, Florida
1241 Statutes, is amended to read:

1242 627.0651 Making and use of rates for motor vehicle
1243 insurance.—

1244 (8) Rates are not unfairly discriminatory if averaged
1245 broadly among members of a group; nor are rates unfairly



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1246 discriminatory even though they are lower than rates for
1247 nonmembers of the group. However, such rates are unfairly
1248 discriminatory if they are not actuarially measurable and
1249 credible and sufficiently related to actual or expected loss and
1250 expense experience of the group so as to ensure ~~assure~~ that
1251 nonmembers of the group are not unfairly discriminated against.
1252 Use of a single United States Postal Service zip code as a
1253 rating territory shall be deemed unfairly discriminatory unless
1254 filed pursuant to paragraph (1)(a) and such rating territory
1255 incorporates sufficient actual or expected loss and loss
1256 adjustment expense experience so as to be actuarially measurable
1257 and credible.

1258 Section 30. Subsection (6) is added to section 627.0653,
1259 Florida Statutes, to read:

1260 627.0653 Insurance discounts for specified motor vehicle
1261 equipment.—

1262 (6) The office may approve a premium discount applicable to
1263 any rates, rating schedules, or rating manuals for liability,
1264 personal injury protection, and collision coverages for motor
1265 vehicle insurance policies filed with the office for vehicles
1266 equipped with electronic vehicle crash avoidance technology that
1267 is factory installed or with a retrofitted system that complies
1268 with National Highway Traffic Safety Administration standards.

1269 Section 31. Present subsections (2) through (4) of section
1270 627.072, Florida Statutes, are redesignated as subsections (3)
1271 through (5), respectively, and a new subsection (2) is added to
1272 that section, to read:

1273 627.072 Making and use of rates.—

1274 (2) A retrospective rating plan may contain a provision



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1275 that allows for the negotiation of premium between the employer
1276 and the insurer for employers having exposure in more than one
1277 state and an estimated annual countrywide standard premium of
1278 \$750,000 or more for workers' compensation.

1279 Section 32. The Office of Insurance Regulation, in
1280 consultation with the National Council on Compensation
1281 Insurance, is directed to prepare a report that analyzes the use
1282 of negotiated workers' compensation premium provisions within
1283 retrospective rating plans. The report must examine the use of
1284 such provisions in neighboring and competitive states,
1285 specifically as to any savings in the actual premium if a
1286 retrospective rating deviation is applied, compared to the
1287 standard workers' compensation premium, and the potential
1288 inequity for the state's employers due to the lack of such
1289 provisions in this state. The report must also examine the
1290 potential savings to Florida employers which results from
1291 implementing negotiated premiums for employers having exposure
1292 in more than one state and an estimated annual countrywide
1293 standard premium of at least \$250,000, \$500,000, and \$750,000.
1294 The report shall be delivered to the task force for approval by
1295 September 1, 2014, and the approved report shall be delivered to
1296 the President of the Senate and the Speaker of the House of
1297 Representatives by November 1, 2014. This section is repealed
1298 June 30, 2015.

1299 Section 33. Subsection (2) of section 627.281, Florida
1300 Statutes, is amended to read:

1301 627.281 Appeal from rating organization; workers'
1302 compensation and employer's liability insurance filings.-

1303 (2) If ~~the~~ ~~such~~ appeal is based on ~~upon~~ the failure of the



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1304 rating organization to make a filing on behalf of a ~~such~~ member
1305 or subscriber which is based on a system of expense provisions
1306 which ~~differs~~, in accordance with the right granted in s.
1307 627.072(3) ~~627.072(2)~~, differs from the system of expense
1308 provisions included in a filing made by the rating organization,
1309 the office shall, if it grants the appeal, order the rating
1310 organization to make the requested filing for use by the
1311 appellant. In deciding such appeal, the office shall apply the
1312 applicable standards set forth in ss. 627.062 and 627.072.

1313 Section 34. Paragraph (h) of subsection (5) of section
1314 627.311, Florida Statutes, is amended to read:

1315 627.311 Joint underwriters and joint reinsurers; public
1316 records and public meetings exemptions.—

1317 (5)

1318 (h) Any premium or assessments collected by the plan in
1319 excess of the amount necessary to fund projected ultimate
1320 incurred losses and expenses of the plan and not paid to
1321 insureds of the plan in conjunction with loss prevention or
1322 dividend programs shall be retained by the plan for future use.
1323 Any state funds received by the plan in excess of the amount
1324 necessary to fund deficits in subplan D or any tier shall be
1325 returned to the state. Any dividend payable to a former insured
1326 of the plan may be retained by the plan for future use upon such
1327 terms as set forth in the declaration of dividend.

1328 Section 35. Subsection (9) of section 627.3518, Florida
1329 Statutes, is amended to read:

1330 627.3518 Citizens Property Insurance Corporation
1331 policyholder eligibility clearinghouse program.—The purpose of
1332 this section is to provide a framework for the corporation to



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1333 implement a clearinghouse program by January 1, 2014.

1334 (9) The 45-day notice of nonrenewal requirement set forth
1335 in s. 627.4133(2)(b)5. ~~627.4133(2)(b)4.b.~~ applies when a policy
1336 is nonrenewed by the corporation because the risk has received
1337 an offer of coverage pursuant to this section which renders the
1338 risk ineligible for coverage by the corporation.

1339 Section 36. Section 627.3519, Florida Statutes, is
1340 repealed.

1341 Section 37. Section 627.409, Florida Statutes, is amended
1342 to read:

1343 627.409 Representations in applications; warranties.-

1344 (1) Any statement or description made by or on behalf of an
1345 insured or annuitant in an application for an insurance policy
1346 or annuity contract, or in negotiations for a policy or
1347 contract, is a representation and ~~is~~ not a warranty. Except as
1348 provided in subsection (3), a misrepresentation, omission,
1349 concealment of fact, or incorrect statement may prevent recovery
1350 under the contract or policy only if any of the following apply:

1351 (a) The misrepresentation, omission, concealment, or
1352 statement is fraudulent or is material ~~either~~ to the acceptance
1353 of the risk or to the hazard assumed by the insurer.

1354 (b) If the true facts had been known to the insurer
1355 pursuant to a policy requirement or other requirement, the
1356 insurer in good faith would not have issued the policy or
1357 contract, would not have issued it at the same premium rate,
1358 would not have issued a policy or contract in as large an
1359 amount, or would not have provided coverage with respect to the
1360 hazard resulting in the loss.

1361 (2) A breach or violation by the insured of a ~~any~~ warranty,



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1362 condition, or provision of a ~~any~~ wet marine or transportation
1363 insurance policy, contract of insurance, endorsement, or
1364 application ~~therefor~~ does not void the policy or contract, or
1365 constitute a defense to a loss thereon, unless such breach or
1366 violation increased the hazard by any means within the control
1367 of the insured.

1368 (3) For residential property insurance, if a policy or
1369 contract is in effect for more than 90 days, a claim filed by
1370 the insured may not be denied based on credit information
1371 available in public records.

1372 Section 38. Paragraph (b) of subsection (2) of section
1373 627.4133, Florida Statutes, is amended to read:

1374 627.4133 Notice of cancellation, nonrenewal, or renewal
1375 premium.—

1376 (2) With respect to a ~~any~~ personal lines or commercial
1377 residential property insurance policy, including a, ~~but not~~
1378 ~~limited to,~~ ~~any~~ homeowner's, mobile home owner's, farmowner's,
1379 condominium association, condominium unit owner's, apartment
1380 building, or other policy covering a residential structure or
1381 its contents:

1382 (b) The insurer shall give the first-named insured written
1383 notice of nonrenewal, cancellation, or termination at least 120
1384 ~~100~~ days before the effective date of the nonrenewal,
1385 cancellation, or termination. ~~However, the insurer shall give at~~
1386 ~~least 100 days' written notice, or written notice by June 1,~~
1387 ~~whichever is earlier, for any nonrenewal, cancellation, or~~
1388 ~~termination that would be effective between June 1 and November~~
1389 ~~30.~~ The notice must include the reason or reasons for the
1390 nonrenewal, cancellation, or termination, except that:



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1391 ~~1. The insurer shall give the first named insured written~~
1392 ~~notice of nonrenewal, cancellation, or termination at least 120~~
1393 ~~days prior to the effective date of the nonrenewal,~~
1394 ~~cancellation, or termination for a first named insured whose~~
1395 ~~residential structure has been insured by that insurer or an~~
1396 ~~affiliated insurer for at least a 5-year period immediately~~
1397 ~~prior to the date of the written notice.~~

1398 ~~1.2.~~ If cancellation is for nonpayment of premium, at least
1399 10 days' written notice of cancellation accompanied by the
1400 reason therefor must be given. As used in this subparagraph, the
1401 term "nonpayment of premium" means failure of the named insured
1402 to discharge when due her or his obligations for paying the
1403 premium ~~in connection with the payment of premiums~~ on a policy
1404 or an ~~any~~ installment of such premium, whether the premium is
1405 payable directly to the insurer or its agent or indirectly under
1406 any premium finance plan or extension of credit, or failure to
1407 maintain membership in an organization if such membership is a
1408 condition precedent to insurance coverage. The term also means
1409 the failure of a financial institution to honor an insurance
1410 applicant's check after delivery to a licensed agent for payment
1411 of a premium, even if the agent has previously delivered or
1412 transferred the premium to the insurer. If a dishonored check
1413 represents the initial premium payment, the contract and all
1414 contractual obligations are void ab initio unless the nonpayment
1415 is cured within the earlier of 5 days after actual notice by
1416 certified mail is received by the applicant or 15 days after
1417 notice is sent to the applicant by certified mail or registered
1418 mail, ~~and~~ If the contract is void, any premium received by the
1419 insurer from a third party must be refunded to that party in



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1420 full.

1421 ~~2.3.~~ If ~~such~~ cancellation or termination occurs during the
1422 first 90 days the insurance is in force and the insurance is
1423 canceled or terminated for reasons other than nonpayment of
1424 premium, at least 20 days' written notice of cancellation or
1425 termination accompanied by the reason therefor must be given
1426 unless there has been a material misstatement or
1427 misrepresentation or failure to comply with the underwriting
1428 requirements established by the insurer.

1429 3. After the policy has been in effect for 90 days, the
1430 insurer may not cancel the policy unless there has been a
1431 material misstatement, a nonpayment of premium, a failure to
1432 comply with underwriting requirements established by the insurer
1433 within 90 days after the date of effectuation of coverage, or a
1434 substantial change in the risk covered by the policy or the
1435 cancellation is for all insureds under such policies for a class
1436 of insureds. This subparagraph does not apply to individually
1437 rated risks having a policy term of less than 90 days.

1438 4. After a policy or contract has been in effect for 90
1439 days, the insurer may not cancel or terminate the policy or
1440 contract based on credit information available in public
1441 records. ~~The requirement for providing written notice by June 1~~
1442 ~~of any nonrenewal that would be effective between June 1 and~~
1443 ~~November 30 does not apply to the following situations, but the~~
1444 ~~insurer remains subject to the requirement to provide such~~
1445 ~~notice at least 100 days before the effective date of~~
1446 ~~nonrenewal:~~

1447 ~~a. A policy that is nonrenewed due to a revision in the~~
1448 ~~coverage for sinkhole losses and catastrophic ground cover~~



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1449 ~~collapse pursuant to s. 627.706.~~

1450 ~~5.4.~~ A policy that is nonrenewed by Citizens Property
1451 Insurance Corporation, pursuant to s. 627.351(6), for a policy
1452 that has been assumed by an authorized insurer offering
1453 replacement coverage to the policyholder is exempt from the
1454 notice requirements of paragraph (a) and this paragraph. In such
1455 cases, the corporation must give the named insured written
1456 notice of nonrenewal at least 45 days before the effective date
1457 of the nonrenewal.

1458
1459 ~~After the policy has been in effect for 90 days, the policy may~~
1460 ~~not be canceled by the insurer unless there has been a material~~
1461 ~~misstatement, a nonpayment of premium, a failure to comply with~~
1462 ~~underwriting requirements established by the insurer within 90~~
1463 ~~days after the date of effectuation of coverage, or a~~
1464 ~~substantial change in the risk covered by the policy or if the~~
1465 ~~cancellation is for all insureds under such policies for a given~~
1466 ~~class of insureds. This paragraph does not apply to individually~~
1467 ~~rated risks having a policy term of less than 90 days.~~

1468 ~~6.5.~~ Notwithstanding any other ~~provision of~~ law, an insurer
1469 may cancel or nonrenew a property insurance policy after at
1470 least 45 days' notice if the office finds that the early
1471 cancellation of some or all of the insurer's policies is
1472 necessary to protect the best interests of the public or
1473 policyholders and the office approves the insurer's plan for
1474 early cancellation or nonrenewal of some or all of its policies.
1475 The office may base such finding upon the financial condition of
1476 the insurer, lack of adequate reinsurance coverage for hurricane
1477 risk, or other relevant factors. The office may condition its



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1478 finding on the consent of the insurer to be placed under
1479 administrative supervision pursuant to s. 624.81 or to the
1480 appointment of a receiver under chapter 631.

1481 ~~7.6.~~ A policy covering both a home and a motor vehicle may
1482 be nonrenewed for any reason applicable to ~~either~~ the property
1483 or motor vehicle insurance after providing 90 days' notice.

1484 Section 39. Subsection (1) of section 627.4137, Florida
1485 Statutes, is amended to read:

1486 627.4137 Disclosure of certain information required.—

1487 (1) Each insurer that provides ~~which does~~ or may provide
1488 liability insurance coverage to pay all or a portion of a ~~any~~
1489 claim that ~~which~~ might be made shall ~~provide~~, within 30 days
1490 after ~~of~~ the written request of the claimant, provide a
1491 statement, under oath, of a corporate officer or the insurer's
1492 claims manager, ~~or~~ superintendent, or licensed company adjuster
1493 setting forth the following information with regard to each
1494 known policy of insurance, including excess or umbrella
1495 insurance:

1496 (a) The name of the insurer.

1497 (b) The name of each insured.

1498 (c) The limits of the liability coverage.

1499 (d) A statement of any policy or coverage defense that the
1500 ~~which such~~ insurer reasonably believes is available to the ~~such~~
1501 insurer at the time of filing such statement.

1502 (e) A copy of the policy.

1503

1504 ~~In addition,~~ The insured, or her or his insurance agent, upon
1505 written request of the claimant or the claimant's attorney,
1506 shall also disclose the name and coverage of each known insurer



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1507 to the claimant and ~~shall~~ forward the such request for
1508 information ~~as~~ required by this subsection to all affected
1509 insurers. The insurer shall ~~then~~ supply the required information
1510 ~~required in this subsection~~ to the claimant within 30 days after
1511 ~~of~~ receipt of such request.

1512 Section 40. Subsection (1) of section 627.421, Florida
1513 Statutes, is amended to read:

1514 627.421 Delivery of policy.—

1515 (1) Subject to the insurer's requirement as to payment of
1516 premium, every policy shall be mailed, delivered, or
1517 electronically transmitted to the insured or to the person
1518 entitled thereto within not later than 60 days after the
1519 effectuation of coverage. Notwithstanding any other provision of
1520 law, an insurer may allow a policyholder of personal lines
1521 insurance to affirmatively elect delivery of the policy
1522 documents, including policies, endorsements, notices, or other
1523 documents, by electronic means in lieu of delivery by mail.

1524 Electronic transmission of a policy for commercial risks,
1525 including, but not limited to, workers' compensation and
1526 employers' liability, commercial automobile liability,
1527 commercial automobile physical damage, commercial lines
1528 residential property, commercial nonresidential property, farm
1529 owners' insurance, and the types of commercial lines risks set
1530 forth in s. 627.062(3)(d), constitute ~~shall constitute~~ delivery
1531 to the insured or to the person entitled to delivery, unless the
1532 insured or the person entitled to delivery communicates to the
1533 insurer in writing or electronically that he or she does not
1534 agree to delivery by electronic means. Electronic transmission
1535 must ~~shall~~ include a notice to the insured or to the person



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1536 entitled to delivery of a policy of his or her right to receive
1537 the policy via United States mail rather than via electronic
1538 transmission. A paper copy of the policy shall be provided to
1539 the insured or to the person entitled to delivery at his or her
1540 request.

1541 Section 41. Subsection (2) of section 627.43141, Florida
1542 Statutes, is amended to read:

1543 627.43141 Notice of change in policy terms.—

1544 (2) A renewal policy may contain a change in policy terms.
1545 If a renewal policy contains ~~does contain~~ such change, the
1546 insurer must give the named insured written notice of the
1547 change, which may ~~must~~ be enclosed along with the written notice
1548 of renewal premium required by ss. 627.4133 and 627.728 or be
1549 sent in a separate notice that complies with the nonrenewal
1550 mailing time requirement for that particular line of business.
1551 The insurer must also provide a sample copy of the notice to the
1552 insured's insurance agent before or at the same time that notice
1553 is given to the insured. Such notice shall be entitled "Notice
1554 of Change in Policy Terms."

1555 Section 42. Section 627.4553, Florida Statutes, is created
1556 to read:

1557 627.4553 Recommendations to surrender.—If an insurance
1558 agent recommends the surrender of an annuity or life insurance
1559 policy containing a cash value and is not recommending that the
1560 proceeds from the surrender be used to fund or purchase another
1561 annuity or life insurance policy, before execution of the
1562 surrender, the insurance agent, or the insurance company if no
1563 agent is involved, shall provide, on a form adopted by rule by
1564 the department, information concerning the annuity or policy to



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1565 be surrendered, including the amount of any surrender charge,
1566 the loss of any minimum interest rate guarantees, the amount of
1567 any tax consequences resulting from the surrender, the amount of
1568 any forfeited death benefit, and the value of any other
1569 investment performance guarantees being forfeited as a result of
1570 the surrender. This section also applies to a person performing
1571 insurance agent activities pursuant to an exemption from
1572 licensure under this part.

1573 Section 43. Paragraph (b) of subsection (4) of section
1574 627.7015, Florida Statutes, is amended to read:

1575 627.7015 Alternative procedure for resolution of disputed
1576 property insurance claims.-

1577 (4) The department shall adopt by rule a property insurance
1578 mediation program to be administered by the department or its
1579 designee. The department may also adopt special rules which are
1580 applicable in cases of an emergency within the state. The rules
1581 shall be modeled after practices and procedures set forth in
1582 mediation rules of procedure adopted by the Supreme Court. The
1583 rules must ~~shall~~ provide for:

1584 (b) Qualifications, denial of application, suspension,
1585 revocation of approval, and other penalties for ~~of~~ mediators as
1586 provided in s. 627.745 and in the Florida Rules for ~~of~~ Certified
1587 and Court-Appointed ~~Court-Appointed~~ Mediators, ~~and for such~~
1588 ~~other individuals as are qualified by education, training, or~~
1589 ~~experience as the department determines to be appropriate.~~

1590 Section 44. Section 627.70151, Florida Statutes, is created
1591 to read:

1592 627.70151 Appraisal; conflicts of interest.-An insurer that
1593 offers residential coverage, as defined in s. 627.4025, or a



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1594 policyholder that uses an appraisal clause in the property
1595 insurance contract to establish a process for estimating or
1596 evaluating the amount of the loss through the use of an
1597 impartial umpire may challenge the umpire's impartiality and
1598 disqualify the proposed umpire only if:

1599 (1) A familial relationship within the third degree exists
1600 between the umpire and a party or a representative of a party;

1601 (2) The umpire has previously represented a party or a
1602 representative of a party in a professional capacity in the same
1603 or a substantially related matter;

1604 (3) The umpire has represented another person in a
1605 professional capacity on the same or a substantially related
1606 matter, which includes the claim, same property, or an adjacent
1607 property and that other person's interests are materially
1608 adverse to the interests of any party; or

1609 (4) The umpire has worked as an employer or employee of a
1610 party within the preceding 5 years.

1611 Section 45. Paragraph (c) of subsection (2) of section
1612 627.706, Florida Statutes, is amended to read:

1613 627.706 Sinkhole insurance; catastrophic ground cover
1614 collapse; definitions.—

1615 (2) As used in ss. 627.706-627.7074, and as used in
1616 connection with any policy providing coverage for a catastrophic
1617 ground cover collapse or for sinkhole losses, the term:

1618 (c) "Neutral evaluator" means a professional engineer or a
1619 professional geologist who has completed a course of study in
1620 alternative dispute resolution designed or approved by the
1621 department for use in the neutral evaluation process, and who is
1622 determined by the department to be fair and impartial, and who



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1623 is not otherwise ineligible for certification as provided in s.
1624 627.7074.

1625 Section 46. Subsections (3), (7), and (18) of section
1626 627.7074, Florida Statutes, are amended to read:

1627 627.7074 Alternative procedure for resolution of disputed
1628 sinkhole insurance claims.—

1629 (3) Following the receipt of the report required ~~provided~~
1630 under s. 627.7073 or the denial of a claim for a sinkhole loss,
1631 the insurer shall notify the policyholder of his or her right to
1632 participate in the neutral evaluation program under this section
1633 if coverage is available under the policy and the claim was
1634 submitted within the timeframe provided in s. 627.706(5).

1635 Neutral evaluation supersedes the alternative dispute resolution
1636 process under s. 627.7015 but does not invalidate the appraisal
1637 clause of the insurance policy. The insurer shall provide to the
1638 policyholder the consumer information pamphlet prepared by the
1639 department pursuant to subsection (1) electronically or by
1640 United States mail.

1641 (7) Upon receipt of a request for neutral evaluation, the
1642 department shall provide the parties a list of certified neutral
1643 evaluators. The department shall allow the parties to submit
1644 requests for disqualifying ~~to disqualify~~ evaluators on the list
1645 for cause.

1646 (a) The department shall disqualify neutral evaluators for
1647 cause based only on any of the following grounds:

1648 1. A familial relationship exists between the neutral
1649 evaluator and either party or a representative of either party
1650 within the third degree.

1651 2. The proposed neutral evaluator has, in a professional



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1652 capacity, previously represented either party or a
1653 representative of either party, in the same or a substantially
1654 related matter.

1655 3. The proposed neutral evaluator has, in a professional
1656 capacity, represented another person in the same or a
1657 substantially related matter and that person's interests are
1658 materially adverse to the interests of the parties. The term
1659 "substantially related matter" means participation by the
1660 neutral evaluator on the same claim, property, or adjacent
1661 property.

1662 4. The proposed neutral evaluator has, within the preceding
1663 5 years, worked as an employer or employee of a ~~any~~ party to the
1664 case.

1665 (b) The department shall deny an application, or suspend or
1666 revoke the certification, of a neutral evaluator to serve in the
1667 neutral evaluator capacity if the department finds that one or
1668 more of the following grounds exist:

1669 1. Lack of one or more of the qualifications for
1670 certification specified in this section.

1671 2. Material misstatement, misrepresentation, or fraud in
1672 obtaining or attempting to obtain the certification.

1673 3. Demonstrated lack of fitness or trustworthiness to act
1674 as a neutral evaluator.

1675 4. Fraudulent or dishonest practices in the conduct of an
1676 evaluation or in the conduct of business in the financial
1677 services industry.

1678 5. Violation of any provision of this code or of a lawful
1679 order or rule of the department or aiding, instructing, or
1680 encouraging another party to commit such violation.



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1681 (c) ~~(b)~~ The parties shall appoint a neutral evaluator from
1682 the department list and promptly inform the department. If the
1683 parties cannot agree to a neutral evaluator within 14 business
1684 days, the department shall appoint a neutral evaluator from the
1685 list of certified neutral evaluators. The department shall allow
1686 each party to disqualify two neutral evaluators without cause.
1687 Upon selection or appointment, the department shall promptly
1688 refer the request to the neutral evaluator.

1689 (d) ~~(e)~~ Within 14 business days after the referral, the
1690 neutral evaluator shall notify the policyholder and the insurer
1691 of the date, time, and place of the neutral evaluation
1692 conference. The conference may be held by telephone, if feasible
1693 and desirable. The neutral evaluator shall make reasonable
1694 efforts to hold the conference within 90 days after the receipt
1695 of the request by the department. Failure of the neutral
1696 evaluator to hold the conference within 90 days does not
1697 invalidate either party's right to neutral evaluation or to a
1698 neutral evaluation conference held outside this timeframe.

1699 (18) The department shall adopt rules of procedure for the
1700 neutral evaluation process and for certifying, denying or
1701 suspending the certification of, and revoking certification as,
1702 a neutral evaluator.

1703 Section 47. Subsection (8) of section 627.711, Florida
1704 Statutes, is amended to read:

1705 627.711 Notice of premium discounts for hurricane loss
1706 mitigation; uniform mitigation verification inspection form.—

1707 (8) At its expense, the insurer may require that a uniform
1708 mitigation verification form provided by a policyholder, a
1709 policyholder's agent, or an authorized mitigation inspector or



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1710 inspection company be independently verified by an inspector, an
1711 inspection company, or an independent third-party quality
1712 assurance provider that ~~which~~ possesses a quality assurance
1713 program before accepting the uniform mitigation verification
1714 form as valid. The insurer may exempt from additional
1715 independent verification any uniform mitigation verification
1716 form provided by a policyholder, a policyholder's agent, an
1717 authorized mitigation inspector, or an inspection company that
1718 possesses a quality assurance program that meets the standards
1719 established by the insurer. A uniform mitigation verification
1720 form provided by a policyholder, a policyholder's agent, an
1721 authorized mitigation inspector, or an inspection company to
1722 Citizens Property Insurance Corporation is not subject to
1723 additional verification, and the property is not subject to
1724 reinspection by the corporation, absent material changes to the
1725 structure for the term stated on the form if the form signed by
1726 a qualified inspector was submitted to, reviewed, and verified
1727 by a quality assurance program approved by the corporation
1728 before submission to the corporation.

1729 Section 48. Subsections (1), (2), and (3) of section
1730 627.7283, Florida Statutes, are amended to read:

1731 627.7283 Cancellation; return of premium.—

1732 (1) If the insured cancels a policy of motor vehicle
1733 insurance, the insurer must mail or electronically transfer the
1734 unearned portion of any premium paid within 30 days after the
1735 effective date of the policy cancellation or receipt of notice
1736 or request for cancellation, whichever is later. This
1737 requirement applies to a cancellation initiated by an insured
1738 for any reason.



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1739 (2) If an insurer cancels a policy of motor vehicle
1740 insurance, the insurer must mail or electronically transfer the
1741 unearned premium portion of any premium within 15 days after the
1742 effective date of the policy cancellation.

1743 (3) If the unearned premium is not mailed or electronically
1744 transferred within the applicable period, the insurer must pay
1745 to the insured 8 percent interest on the amount due. If the
1746 unearned premium is not mailed or electronically transferred
1747 within 45 days after the applicable period, the insured may
1748 bring an action against the insurer pursuant to s. 624.155.

1749 Section 49. Paragraph (a) of subsection (5) of section
1750 627.736, Florida Statutes, is amended to read:

1751 627.736 Required personal injury protection benefits;
1752 exclusions; priority; claims.—

1753 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1754 (a) A physician, hospital, clinic, or other person or
1755 institution lawfully rendering treatment to an injured person
1756 for a bodily injury covered by personal injury protection
1757 insurance may charge the insurer and injured party only a
1758 reasonable amount pursuant to this section for the services and
1759 supplies rendered, and the insurer providing such coverage may
1760 directly pay ~~for~~ such charges directly to the ~~such~~ person or
1761 institution lawfully rendering ~~such~~ treatment if the insured
1762 receiving such treatment or his or her guardian has
1763 countersigned the properly completed invoice, bill, or claim
1764 form approved by the office upon which such charges are to be
1765 paid ~~for~~ as having actually been rendered, to the best knowledge
1766 of the insured or his or her guardian. However, such a charge
1767 may not exceed the amount the person or institution customarily



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1768 charges for like services or supplies. In determining whether a
1769 charge for a particular service, treatment, or otherwise is
1770 reasonable, consideration may be given to evidence of usual and
1771 customary charges and payments accepted by the provider involved
1772 in the dispute, reimbursement levels in the community and
1773 various federal and state medical fee schedules applicable to
1774 motor vehicle and other insurance coverages, and other
1775 information relevant to the reasonableness of the reimbursement
1776 ~~for the service, treatment, or supply.~~

1777 1. The insurer may limit reimbursement to 80 percent of the
1778 following schedule of maximum charges:

1779 a. For emergency transport and treatment by providers
1780 licensed under chapter 401, 200 percent of Medicare.

1781 b. For emergency services and care provided by a hospital
1782 licensed under chapter 395, 75 percent of the hospital's usual
1783 and customary charges.

1784 c. For emergency services and care as defined by s. 395.002
1785 provided in a facility licensed under chapter 395 rendered by a
1786 physician or dentist, and related hospital inpatient services
1787 rendered by a physician or dentist, the usual and customary
1788 charges in the community.

1789 d. For hospital inpatient services, other than emergency
1790 services and care, 200 percent of the Medicare Part A
1791 prospective payment applicable to the specific hospital
1792 providing the inpatient services.

1793 e. For hospital outpatient services, other than emergency
1794 services and care, 200 percent of the Medicare Part A Ambulatory
1795 Payment Classification for the specific hospital providing the
1796 outpatient services.



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1797 f. For all other medical services, supplies, and care, 200
1798 percent of the allowable amount under:

1799 (I) The participating physicians fee schedule of Medicare
1800 Part B, except as provided in sub-sub-subparagraphs (II) and
1801 (III).

1802 (II) Medicare Part B, in the case of services, supplies,
1803 and care provided by ambulatory surgical centers and clinical
1804 laboratories.

1805 (III) The Durable Medical Equipment Prosthetics/Orthotics
1806 and Supplies fee schedule of Medicare Part B, in the case of
1807 durable medical equipment.

1808

1809 However, if such services, supplies, or care is not reimbursable
1810 under Medicare Part B, as provided in this sub-subparagraph, the
1811 insurer may limit reimbursement to 80 percent of the maximum
1812 reimbursable allowance under workers' compensation, as
1813 determined under s. 440.13 and rules adopted thereunder which
1814 are in effect at the time such services, supplies, or care is
1815 provided. Services, supplies, or care that is not reimbursable
1816 under Medicare or workers' compensation is not required to be
1817 reimbursed by the insurer.

1818 2. For purposes of subparagraph 1., the applicable fee
1819 schedule or payment limitation under Medicare is the fee
1820 schedule or payment limitation in effect on March 1 of the year
1821 in which the services, supplies, or care is rendered and for the
1822 area in which such services, supplies, or care is rendered, and
1823 the applicable fee schedule or payment limitation applies from
1824 March 1 until the last day of February ~~throughout the remainder~~
1825 of the following ~~that~~ year, notwithstanding any subsequent



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1826 change made to the fee schedule or payment limitation, except
1827 that it may not be less than the allowable amount under the
1828 applicable schedule of Medicare Part B for 2007 for medical
1829 services, supplies, and care subject to Medicare Part B.

1830 3. Subparagraph 1. does not allow the insurer to apply a
1831 ~~any~~ limitation on the number of treatments or other utilization
1832 limits that apply under Medicare or workers' compensation. An
1833 insurer that applies the allowable payment limitations of
1834 subparagraph 1. must reimburse a provider who lawfully provided
1835 care or treatment under the scope of his or her license,
1836 regardless of whether such provider is entitled to reimbursement
1837 under Medicare due to restrictions or limitations on the types
1838 or discipline of health care providers who may be reimbursed for
1839 particular procedures or procedure codes. However, subparagraph
1840 1. does not prohibit an insurer from using the Medicare coding
1841 policies and payment methodologies of the federal Centers for
1842 Medicare and Medicaid Services, including applicable modifiers,
1843 to determine the appropriate amount of reimbursement for medical
1844 services, supplies, or care if the coding policy or payment
1845 methodology does not constitute a utilization limit.

1846 4. If an insurer limits payment as authorized by
1847 subparagraph 1., the person providing such services, supplies,
1848 or care may not bill or attempt to collect from the insured any
1849 amount in excess of such limits, except for amounts that are not
1850 covered by the insured's personal injury protection coverage due
1851 to the coinsurance amount or maximum policy limits.

1852 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as
1853 authorized by this paragraph only if the insurance policy
1854 includes a notice at the time of issuance or renewal that the



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1855 insurer may limit payment pursuant to the schedule of charges
1856 specified in this paragraph. A policy form approved by the
1857 office satisfies this requirement. If a provider submits a
1858 charge for an amount less than the amount allowed under
1859 subparagraph 1., the insurer may pay the amount of the charge
1860 submitted.

1861 Section 50. Subsection (1) and paragraphs (a) and (b) of
1862 subsection (2) of section 627.744, Florida Statutes, are amended
1863 to read:

1864 627.744 Required preinsurance inspection of private
1865 passenger motor vehicles.—

1866 (1) A private passenger motor vehicle insurance policy
1867 providing physical damage coverage, including collision or
1868 comprehensive coverage, may not be issued in this state unless
1869 the insurer has inspected the motor vehicle in accordance with
1870 this section. Physical damage coverage on a motor vehicle may
1871 not be suspended during the term of the policy due to the
1872 applicant's failure to provide required documents. However,
1873 payment of a claim may be conditioned upon the insurer's receipt
1874 of the required documents, and physical damage loss occurring
1875 after the effective date of coverage is not payable until the
1876 documents are provided to the insurer.

1877 (2) This section does not apply:

1878 (a) To a policy for a policyholder who has been insured for
1879 2 years or longer, without interruption, under a private
1880 passenger motor vehicle policy that ~~which~~ provides physical
1881 damage coverage for any vehicle, if the agent of the insurer
1882 verifies the previous coverage.

1883 (b) To a new, unused motor vehicle purchased or leased from



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1884 a licensed motor vehicle dealer or leasing company~~7~~ if the
1885 insurer is provided with:

1886 1. A bill of sale, ~~or~~ buyer's order, or lease agreement
1887 that ~~which~~ contains a full description of the motor vehicle~~7~~
1888 ~~including all options and accessories; or~~

1889 2. A copy of the title or registration that ~~which~~
1890 establishes transfer of ownership from the dealer or leasing
1891 company to the customer and a copy of the window sticker ~~or the~~
1892 ~~dealer invoice showing the itemized options and equipment and~~
1893 ~~the total retail price of the vehicle.~~

1894
1895 ~~For the purposes of this paragraph, the physical damage coverage~~
1896 ~~on the motor vehicle may not be suspended during the term of the~~
1897 ~~policy due to the applicant's failure to provide the required~~
1898 ~~documents. However, payment of a claim is conditioned upon the~~
1899 ~~receipt by the insurer of the required documents, and no~~
1900 ~~physical damage loss occurring after the effective date of the~~
1901 ~~coverage is payable until the documents are provided to the~~
1902 ~~insurer.~~

1903 Section 51. Paragraph (b) of subsection (3) of section
1904 627.745, Florida Statutes, is amended, present subsections (4)
1905 and (5) of that section are redesignated as subsections (5) and
1906 (6), respectively, and a new subsection (4) is added to that
1907 section, to read:

1908 627.745 Mediation of claims.—

1909 (3)

1910 (b) To qualify for approval as a mediator, an individual a
1911 ~~person~~ must meet one of the following qualifications:

1912 1. Possess an active certification as a Florida Supreme



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1913 Court certified circuit court mediator. A circuit court mediator
1914 whose certification is in a lapsed, suspended, or decertified
1915 status is not eligible to participate in the program a masters
1916 or doctorate degree in psychology, counseling, business,
1917 accounting, or economics, be a member of The Florida Bar, be
1918 licensed as a certified public accountant, or demonstrate that
1919 the applicant for approval has been actively engaged as a
1920 qualified mediator for at least 4 years prior to July 1, 1990.

1921 2. Be an approved department mediator as of July 1, 2014,
1922 and have conducted at least one mediation on behalf of the
1923 department within the 4 years immediately preceding that the
1924 date the application for approval is filed with the department,
1925 have completed a minimum of a 40-hour training program approved
1926 by the department and successfully passed a final examination
1927 included in the training program and approved by the department.
1928 The training program shall include and address all of the
1929 following:

- 1930 a. Mediation theory.
1931 b. Mediation process and techniques.
1932 e. Standards of conduct for mediators.
1933 d. Conflict management and intervention skills.
1934 e. Insurance nomenclature.

1935 (4) The department shall deny an application, or suspend or
1936 revoke its approval of a mediator or certification of a neutral
1937 evaluator to serve in such capacity, if the department finds
1938 that any of the following grounds exist:

1939 (a) Lack of one or more of the qualifications for approval
1940 or certification specified in this section.

1941 (b) Material misstatement, misrepresentation, or fraud in



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1942 obtaining, or attempting to obtain, the approval or
1943 certification.

1944 (c) Demonstrated lack of fitness or trustworthiness to act
1945 as a mediator or neutral evaluator.

1946 (d) Fraudulent or dishonest practices in the conduct of
1947 mediation or neutral evaluation or in the conduct of business in
1948 the financial services industry.

1949 (e) Violation of any provision of this code or of a lawful
1950 order or rule of the department, violation of the Florida Rules
1951 of Certified and Court Appointed Mediators, or aiding,
1952 instructing, or encouraging another party in committing such a
1953 violation.

1954
1955 The department may adopt rules to administer this subsection.

1956 Section 52. Subsection (8) of section 627.782, Florida
1957 Statutes, is amended to read:

1958 627.782 Adoption of rates.—

1959 (8) Each title insurance agency and insurer licensed to do
1960 business in this state and each insurer's direct or retail
1961 business in this state shall maintain and submit information,
1962 including revenue, loss, and expense data, as the office
1963 determines necessary to assist in the analysis of title
1964 insurance premium rates, title search costs, and the condition
1965 of the title insurance industry in this state. This information
1966 must be transmitted to the office annually by ~~May~~ March 31 of
1967 the year after the reporting year. The commission shall adopt
1968 rules regarding the collection and analysis of the data from the
1969 title insurance industry.

1970 Section 53. Subsections (1), (3), (10), and (12) of section



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1971 628.461, Florida Statutes, are amended to read:

1972 628.461 Acquisition of controlling stock.—

1973 (1) A person may not, individually or in conjunction with
1974 an ~~any~~ affiliated person of such person, acquire directly or
1975 indirectly, conclude a tender offer or exchange offer for, enter
1976 into any agreement to exchange securities for, or otherwise
1977 finally acquire 10 ~~5~~ percent or more of the outstanding voting
1978 securities of a domestic stock insurer or of a controlling
1979 company, unless:

1980 (a) The person or affiliated person has filed with the
1981 office and sent to the insurer and controlling company a letter
1982 of notification regarding the transaction or proposed
1983 transaction within ~~no later than~~ 5 days after any form of tender
1984 offer or exchange offer is proposed, or within ~~no later than~~ 5
1985 days after the acquisition of the securities if no tender offer
1986 or exchange offer is involved. The notification must be provided
1987 on forms prescribed by the commission containing information
1988 determined necessary to understand the transaction and identify
1989 all purchasers and owners involved;

1990 (b) The person or affiliated person has filed with the
1991 office a statement as specified in subsection (3). The statement
1992 must be completed and filed within 30 days after:

- 1993 1. Any definitive acquisition agreement is entered;
1994 2. Any form of tender offer or exchange offer is proposed;

1995 or

1996 3. The acquisition of the securities, if no definitive
1997 acquisition agreement, tender offer, or exchange offer is
1998 involved; and

1999 (c) The office has approved the tender or exchange offer,



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2000 or acquisition if no tender offer or exchange offer is involved,
2001 and approval is in effect.

2002
2003 ~~In lieu of a filing as required under this subsection, a party~~
2004 ~~acquiring less than 10 percent of the outstanding voting~~
2005 ~~securities of an insurer may file a disclaimer of affiliation~~
2006 ~~and control. The disclaimer shall fully disclose all material~~
2007 ~~relationships and basis for affiliation between the person and~~
2008 ~~the insurer as well as the basis for disclaiming the affiliation~~
2009 ~~and control. After a disclaimer has been filed, the insurer~~
2010 ~~shall be relieved of any duty to register or report under this~~
2011 ~~section which may arise out of the insurer's relationship with~~
2012 ~~the person unless and until the office disallows the disclaimer.~~
2013 ~~The office shall disallow a disclaimer only after furnishing all~~
2014 ~~parties in interest with notice and opportunity to be heard and~~
2015 ~~after making specific findings of fact to support the~~
2016 ~~disallowance.~~ A filing as required under this subsection must be
2017 made as to any acquisition that equals or exceeds 10 percent of
2018 the outstanding voting securities.

2019 (3) The statement to be filed with the office under
2020 subsection (1) and furnished to the insurer and controlling
2021 company must ~~shall~~ contain the following information and any
2022 additional information ~~as~~ the office deems necessary to
2023 determine the character, experience, ability, and other
2024 qualifications of the person or affiliated person of such person
2025 for the protection of the policyholders and shareholders of the
2026 insurer and the public:

2027 (a) The identity of, and the background information
2028 specified in subsection (4) on, each natural person by whom, or



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2029 on whose behalf, the acquisition is to be made; and, if the
2030 acquisition is to be made by, or on behalf of, a corporation,
2031 association, or trust, as to the corporation, association, or
2032 trust and as to any person who ~~controls either~~ directly or
2033 indirectly controls the corporation, association, or trust, the
2034 identity of, and the background information specified in
2035 subsection (4) on, each director, officer, trustee, or other
2036 natural person performing duties similar to those of a director,
2037 officer, or trustee for the corporation, association, or trust;

2038 (b) The source and amount of the funds or other
2039 consideration used, or to be used, in making the acquisition;

2040 (c) Any plans or proposals that ~~which~~ such persons may have
2041 made to liquidate such insurer, to sell any of its assets or
2042 merge or consolidate it with any person, or to make any other
2043 major change in its business or corporate structure or
2044 management; and any plans or proposals that which such persons
2045 may have made to liquidate any controlling company of such
2046 insurer, to sell any of its assets or merge or consolidate it
2047 with any person, or to make any other major change in its
2048 business or corporate structure or management;

2049 (d) The number of shares or other securities which the
2050 person or affiliated person of such person proposes to acquire,
2051 the terms of the proposed acquisition, and the manner in which
2052 the securities are to be acquired; and

2053 (e) Information as to any contract, arrangement, or
2054 understanding with any party with respect to any of the
2055 securities of the insurer or controlling company, including, but
2056 not limited to, information relating to the transfer of any of
2057 the securities, option arrangements, puts or calls, or the



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2058 giving or withholding of proxies, which information names the
2059 party with whom the contract, arrangement, or understanding has
2060 been entered into and gives the details thereof.

2061 (10) Upon notification to the office by the domestic stock
2062 insurer or a controlling company that any person or any
2063 affiliated person of such person has acquired 10 ~~5~~ percent or
2064 more of the outstanding voting securities of the domestic stock
2065 insurer or controlling company without complying with ~~the~~
2066 ~~provisions of~~ this section, the office shall order that the
2067 person and any affiliated person of such person cease
2068 acquisition of any further securities of the domestic stock
2069 insurer or controlling company; however, the person or any
2070 affiliated person of such person may request a proceeding, which
2071 ~~proceeding~~ shall be convened within 7 days after the rendering
2072 of the order for the sole purpose of determining whether the
2073 person, individually or in connection with an ~~any~~ affiliated
2074 person of such person, has acquired 10 ~~5~~ percent or more of the
2075 outstanding voting securities of a domestic stock insurer or
2076 controlling company. Upon the failure of the person or
2077 affiliated person to request a hearing within 7 days, or upon a
2078 determination at a hearing convened pursuant to this subsection
2079 that the person or affiliated person has acquired voting
2080 securities of a domestic stock insurer or controlling company in
2081 violation of this section, the office may order the person and
2082 affiliated person to divest themselves of any voting securities
2083 so acquired.

2084 (12) ~~(a)~~ A presumption of control may be rebutted by filing
2085 a disclaimer of control. A person may file a disclaimer of
2086 control with the office. The disclaimer must fully disclose all



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2087 material relationships and bases for affiliation between the
2088 person and the insurer as well as the basis for disclaiming the
2089 affiliation. The disclaimer of control shall be filed on a form
2090 prescribed by the office, or a person or acquiring party may
2091 file with the office a copy of a Schedule 13G on file with the
2092 Securities and Exchange Commission pursuant to Rule 13d-1(b) or
2093 Rule 13d-1(c) under the Securities Exchange Act of 1934, as
2094 amended. After a disclaimer is filed, the insurer is relieved of
2095 any duty to register or report under this section which may
2096 arise out of the insurer's relationship with the person, unless
2097 the office disallows the disclaimer. For the purpose of this
2098 section, the term "affiliated person" of another person means:
2099 1. ~~The spouse of such other person;~~
2100 2. ~~The parents of such other person and their lineal~~
2101 ~~descendants and the parents of such other person's spouse and~~
2102 ~~their lineal descendants;~~
2103 3. ~~Any person who directly or indirectly owns or controls,~~
2104 ~~or holds with power to vote, 5 percent or more of the~~
2105 ~~outstanding voting securities of such other person;~~
2106 4. ~~Any person 5 percent or more of the outstanding voting~~
2107 ~~securities of which are directly or indirectly owned or~~
2108 ~~controlled, or held with power to vote, by such other person;~~
2109 5. ~~Any person or group of persons who directly or~~
2110 ~~indirectly control, are controlled by, or are under common~~
2111 ~~control with such other person;~~
2112 6. ~~Any officer, director, partner, copartner, or employee~~
2113 ~~of such other person;~~
2114 7. ~~If such other person is an investment company, any~~
2115 ~~investment adviser of such company or any member of an advisory~~



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2116 ~~board of such company;~~

2117 ~~8. If such other person is an unincorporated investment~~
2118 ~~company not having a board of directors, the depositor of such~~
2119 ~~company; or~~

2120 ~~9. Any person who has entered into an agreement, written or~~
2121 ~~unwritten, to act in concert with such other person in acquiring~~
2122 ~~or limiting the disposition of securities of a domestic stock~~
2123 ~~insurer or controlling company.~~

2124 ~~(b) For the purposes of this section, the term "controlling~~
2125 ~~company" means any corporation, trust, or association owning,~~
2126 ~~directly or indirectly, 25 percent or more of the voting~~
2127 ~~securities of one or more domestic stock insurance companies.~~

2128 Section 54. Subsection (11) of section 631.717, Florida
2129 Statutes, is amended to read:

2130 631.717 Powers and duties of the association.—

2131 (11) The association is ~~shall~~ not ~~be~~ liable for any civil
2132 action under s. 624.155 arising from any acts alleged to have
2133 been committed by a member insurer before ~~prior to~~ its
2134 liquidation. ~~This subsection does not affect the association's~~
2135 ~~obligation to pay valid insurance policy or contract claims if~~
2136 ~~warranted after its independent de novo review of the policies,~~
2137 ~~contracts, and claims presented to it, whether domestic or~~
2138 ~~foreign, after a Florida domestic rehabilitation or a~~
2139 ~~liquidation.~~

2140 Section 55. Section 631.737, Florida Statutes, is amended
2141 to read:

2142 631.737 Rescission and review generally.—The association
2143 shall review claims and matters regarding covered policies based
2144 upon the record available to it on and after the date of



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2145 liquidation. Notwithstanding any other provision of this part,
2146 in order to allow for orderly claims administration by the
2147 association, entry of a liquidation order by a court of
2148 competent jurisdiction tolls ~~shall be deemed to toll~~ for 1 year
2149 any rescission or noncontestable period allowed by the contract,
2150 the policy, or by law. The association's obligation is to pay
2151 any valid insurance policy or contract claims, if warranted,
2152 after its independent de novo review of the policies, contracts,
2153 and claims presented to it, whether domestic or foreign, after a
2154 rehabilitation or a liquidation.

2155 Section 56. Subsections (6) and (7) of section 634.406,
2156 Florida Statutes, are amended to read:

2157 634.406 Financial requirements.-

2158 (6) An association that ~~which~~ holds a license under this
2159 part ~~and which does not hold any other license under this~~
2160 ~~chapter~~ may allow its premiums for service warranties written
2161 under this part to exceed the ratio to net assets limitations of
2162 this section if the association meets all of the following
2163 conditions:

2164 (a) Maintains net assets of at least \$750,000.

2165 (b) Uses ~~Utilizes~~ a contractual liability insurance policy
2166 approved by the office that: ~~which~~

2167 1. Reimburses the service warranty association for 100
2168 percent of its claims liability and is issued by an insurer that
2169 maintains a policyholder surplus of at least \$100 million; or

2170 2. Complies with subsection (3) and is issued by an insurer
2171 that maintains a policyholder surplus of at least \$200 million.

2172 (c) The insurer issuing the contractual liability insurance
2173 policy:



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2174 ~~1. Maintains a policyholder surplus of at least \$100~~
2175 ~~million.~~

2176 ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an
2177 equivalent rating by another national rating service acceptable
2178 to the office.

2179 ~~3. Is in no way affiliated with the warranty association.~~

2180 ~~2.4.~~ In conjunction with the warranty association's filing
2181 of the quarterly and annual reports, provides, on a form
2182 prescribed by the commission, a statement certifying the gross
2183 written premiums in force reported by the warranty association
2184 and a statement that all of the warranty association's gross
2185 written premium in force is covered under the contractual
2186 liability policy, regardless of whether ~~or not~~ it has been
2187 reported.

2188 ~~(7) A contractual liability policy must insure 100 percent~~
2189 ~~of an association's claims exposure under all of the~~
2190 ~~association's service warranty contracts, wherever written,~~
2191 ~~unless all of the following are satisfied:~~

2192 ~~(a) The contractual liability policy contains a clause that~~
2193 ~~specifically names the service warranty contract holders as sole~~
2194 ~~beneficiaries of the contractual liability policy and claims are~~
2195 ~~paid directly to the person making a claim under the contract;~~

2196 ~~(b) The contractual liability policy meets all other~~
2197 ~~requirements of this part, including subsection (3) of this~~
2198 ~~section, which are not inconsistent with this subsection;~~

2199 ~~(c) The association has been in existence for at least 5~~
2200 ~~years or the association is a wholly owned subsidiary of a~~
2201 ~~corporation that has been in existence and has been licensed as~~
2202 ~~a service warranty association in the state for at least 5~~



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2203 ~~years, and:~~

2204 ~~1. Is listed and traded on a recognized stock exchange; is~~

2205 ~~listed in NASDAQ (National Association of Security Dealers~~

2206 ~~Automated Quotation system) and publicly traded in the over-the-~~

2207 ~~counter securities market; is required to file either of Form~~

2208 ~~10-K, Form 100, or Form 20-G with the United States Securities~~

2209 ~~and Exchange Commission; or has American Depository Receipts~~

2210 ~~listed on a recognized stock exchange and publicly traded or is~~

2211 ~~the wholly owned subsidiary of a corporation that is listed and~~

2212 ~~traded on a recognized stock exchange; is listed in NASDAQ~~

2213 ~~(National Association of Security Dealers Automated Quotation~~

2214 ~~system) and publicly traded in the over-the-counter securities~~

2215 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~

2216 ~~with the United States Securities and Exchange Commission; or~~

2217 ~~has American Depository Receipts listed on a recognized stock~~

2218 ~~exchange and is publicly traded;~~

2219 ~~2. Maintains outstanding debt obligations, if any, rated in~~

2220 ~~the top four rating categories by a recognized rating service;~~

2221 ~~3. Has and maintains at all times a minimum net worth of~~

2222 ~~not less than \$10 million as evidenced by audited financial~~

2223 ~~statements prepared by an independent certified public~~

2224 ~~accountant in accordance with generally accepted accounting~~

2225 ~~principles and submitted to the office annually; and~~

2226 ~~4. Is authorized to do business in this state; and~~

2227 ~~(d) The insurer issuing the contractual liability policy:~~

2228 ~~1. Maintains and has maintained for the preceding 5 years,~~

2229 ~~policyholder surplus of at least \$100 million and is rated "A"~~

2230 ~~or higher by A.M. Best Company or has an equivalent rating by~~

2231 ~~another rating company acceptable to the office;~~



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2232 ~~2. Holds a certificate of authority to do business in this~~
2233 ~~state and is approved to write this type of coverage; and~~

2234 ~~3. Acknowledges to the office quarterly that it insures all~~
2235 ~~of the association's claims exposure under contracts delivered~~
2236 ~~in this state.~~

2237
2238 ~~If all the preceding conditions are satisfied, then the scope of~~
2239 ~~coverage under a contractual liability policy shall not be~~
2240 ~~required to exceed an association's claims exposure under~~
2241 ~~service warranty contracts delivered in this state.~~

2242 Section 57. Except as otherwise expressly provided in this
2243 act, this act shall take effect July 1, 2014.