

By Senator Brandes

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1 A bill to be entitled
2 An act relating to insurance; amending s. 554.1021,
3 F.S.; revising definitions relating to boiler safety;
4 defining the term "authorized inspection agency";
5 amending s. 554.107, F.S.; requiring the chief
6 inspector of the state boiler inspection program to
7 issue a certificate of competency as a special
8 inspector to an inspector employed by an authorized
9 inspection agency, rather than to an inspector
10 employed by a company licensed to insure boilers;
11 specifying the duration of such certificate; amending
12 s. 554.109, F.S.; authorizing specified insurers to
13 contract with an authorized inspection agency for
14 boiler inspections; requiring such insurers to
15 annually report the identity of contracted authorized
16 inspection agencies to the Department of Financial
17 Services; amending s. 624.4625, F.S.; revising the
18 requirements for a not-for-profit corporation that
19 participates in forming a self-insurance fund for
20 pooling the liabilities of its group members; amending
21 s. 624.501, F.S.; revising original appointment and
22 renewal fees related to certain insurance
23 representatives; amending s. 626.015, F.S.; defining
24 the term "unaffiliated insurance agent"; amending s.
25 626.0428, F.S.; requiring a branch place of business
26 to have an agent in charge; authorizing an agent to be
27 in charge of more than one branch office under certain
28 circumstances; providing requirements relating to the
29 designation of an agent in charge; providing that the

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30 agent in charge is accountable for misconduct and
31 violations committed by the licensee and any person
32 under his or her supervision; prohibiting an insurance
33 agency from conducting insurance business at a
34 location without a designated agent in charge;
35 amending s. 626.112, F.S.; prohibiting limited
36 customer representative licenses from being issued
37 after a specified date; providing licensure exemptions
38 that allow specified individuals or entities to
39 conduct insurance business at specified locations
40 under certain circumstances; revising licensure
41 requirements and penalties with respect to registered
42 insurance agencies; providing that the registration of
43 an approved registered insurance agency automatically
44 converts to an insurance agency license on a specified
45 date; amending s. 626.172, F.S.; revising requirements
46 relating to applications for insurance agency
47 licenses; conforming provisions to changes made by the
48 act; amending s. 626.311, F.S.; limiting the types of
49 business that may be transacted by certain agents;
50 amending s. 626.321, F.S.; providing that a limited
51 license to offer motor vehicle rental insurance issued
52 to a business that rents or leases motor vehicles
53 encompasses the employees of such business; amending
54 s. 626.382, F.S.; providing that an insurance agency
55 license continues in force until canceled, suspended,
56 revoked, terminated, or expired; amending s. 626.601,
57 F.S.; revising terminology relating to investigations
58 conducted by the Department of Financial Services and

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59 the Office of Insurance Regulation with respect to
60 individuals and entities involved in the insurance
61 industry; revising a confidentiality provision;
62 repealing s. 626.747, F.S., relating to branch
63 agencies, agents in charge, and the payment of
64 additional county tax under certain circumstances;
65 amending s. 626.8411, F.S.; conforming a cross-
66 reference; amending s. 626.8805, F.S.; revising
67 insurance administrator application requirements;
68 amending s. 626.8817, F.S.; authorizing an insurer's
69 designee to provide certain coverage information to an
70 insurance administrator; authorizing an insurer to
71 subcontract the review of an insurance administrator;
72 amending s. 626.882, F.S.; prohibiting a person from
73 acting as an insurance administrator without a
74 specific written agreement; amending s. 626.883, F.S.;
75 requiring an insurance administrator to furnish
76 fiduciary account records to an insurer; requiring
77 administrator withdrawals from a fiduciary account to
78 be made according to a specific written agreement;
79 providing that an insurer's designee may authorize
80 payment of claims; amending s. 626.884, F.S.; revising
81 an insurer's right of access to certain administrator
82 records; amending s. 626.89, F.S.; revising the
83 deadline for filing certain financial statements;
84 amending s. 626.931, F.S.; deleting provisions
85 requiring a surplus lines agent to file a quarterly
86 affidavit with the Florida Surplus Lines Service
87 Office; amending s. 626.932, F.S.; revising the due

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88 date of surplus lines tax; amending ss. 626.935 and
89 626.936, F.S.; conforming provisions to changes made
90 by the act; amending s. 627.062, F.S.; authorizing the
91 Office of Insurance Regulation to use a straight
92 average of model results or output ranges to estimate
93 hurricane losses when determining whether the rates in
94 a rate filing are excessive, inadequate, or unfairly
95 discriminatory; amending s. 627.0628, F.S.; increasing
96 the length of time during which an insurer must adhere
97 to certain findings made by the Commission on
98 Hurricane Loss Projection Methodology with respect to
99 certain methods, principles, standards, models, or
100 output ranges used in a rate filing; providing that
101 the requirement to adhere to such findings does not
102 limit an insurer from using straight averages of model
103 results or output ranges under specified
104 circumstances; amending s. 627.0651, F.S.; revising
105 provisions for making and use of rates for motor
106 vehicle insurance; amending s. 627.072, F.S.;
107 authorizing retrospective rating plans relating to
108 workers' compensation and employer's liability
109 insurance to allow negotiations between certain
110 employers and insurers with respect to rating factors
111 used to calculate premiums; amending ss. 627.281 and
112 627.3518, F.S.; conforming cross-references; amending
113 s. 627.311, F.S.; providing that certain dividends or
114 premium refunds shall be retained by the joint
115 underwriting plan for future use; repealing s.
116 627.3519, F.S., relating to an annual report on the

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117 aggregate report of maximum losses of the Florida
118 Hurricane Catastrophe Fund and Citizens Property
119 Insurance Corporation; amending s. 627.409, F.S.;
120 providing that a claim for residential property
121 insurance may not be denied based on certain credit
122 information; amending s. 627.4133, F.S.; extending the
123 period for prior notice required with respect to the
124 nonrenewal, cancellation, or termination of certain
125 insurance policies; deleting certain provisions that
126 require extended periods of prior notice with respect
127 to the nonrenewal, cancellation, or termination of
128 certain insurance policies; prohibiting the
129 cancellation of certain policies that have been in
130 effect for a specified amount of time, except under
131 certain circumstances; prohibiting the cancellation of
132 a policy or contract that has been in effect for a
133 specified amount of time based on certain credit
134 information; amending s. 627.4137, F.S.; adding
135 licensed company adjusters to the list of persons who
136 may respond to a claimant's written request for
137 information relating to liability insurance coverage;
138 amending s. 627.421, F.S.; authorizing a policyholder
139 of personal lines insurance to affirmatively elect
140 delivery of policy documents by electronic means;
141 amending s. 627.43141, F.S.; authorizing a notice of
142 change in policy terms to be sent in a separate
143 mailing to an insured under certain circumstances;
144 requiring an insurer to provide such notice to
145 insured's insurance agent; creating s. 627.4553, F.S.;

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146 providing requirements for the recommendation to
147 surrender an annuity or life insurance policy;
148 amending s. 627.7015, F.S.; revising the rulemaking
149 authority of the department with respect to
150 qualifications and specified types of penalties
151 covered under the property insurance mediation
152 program; creating s. 627.70151, F.S.; providing
153 criteria for an insurer or policyholder to challenge
154 the impartiality of a loss appraisal umpire for
155 purposes of disqualifying such umpire; amending s.
156 627.706, F.S.; revising the definition of the term
157 "neutral evaluator"; amending s. 627.7074, F.S.;
158 revising notification requirements for participation
159 in the neutral evaluation program; providing grounds
160 for the department to deny an application, or suspend
161 or revoke certification, of a neutral evaluator;
162 requiring the department to adopt rules relating to
163 certification of neutral evaluators; amending s.
164 627.711, F.S.; revising verification requirements for
165 uniform mitigation verification forms; amending s.
166 627.736, F.S.; revising the time period for
167 applicability of certain Medicare fee schedules or
168 payment limitations; amending s. 627.744, F.S.;
169 revising preinsurance inspection requirements for
170 private passenger motor vehicles; amending s. 627.745,
171 F.S.; revising qualifications for approval as a
172 mediator by the department; providing grounds for the
173 department to deny an application, or suspend or
174 revoke approval of a mediator or certification of a

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175 neutral evaluator; authorizing the department to adopt
176 rules; amending s. 627.782, F.S.; revising the date by
177 which title insurance agencies and certain insurers
178 must annually submit specified information to the
179 Office of Insurance Regulation; amending s. 627.841,
180 F.S.; providing that an insurance premium finance
181 company may impose a charge for payments returned,
182 declined, or unable to be processed due to
183 insufficient funds; amending s. 628.461, F.S.;

184 revising filing requirements relating to the
185 acquisition of controlling stock; revising the amount
186 of outstanding voting securities of a domestic stock
187 insurer or a controlling company that a person is
188 prohibited from acquiring unless certain requirements
189 have been met; prohibiting persons acquiring a certain
190 percentage of voting securities from acquiring certain
191 securities; providing that a presumption of control
192 may be rebutted by filing a disclaimer of control;
193 providing filing requirements for the divestiture of
194 controlling interest in a domestic insurer; deleting a
195 definition; revising the content of the statement that
196 a person must file with the office in order to acquire
197 certain outstanding voting securities; amending s.
198 634.406, F.S.; revising criteria authorizing premiums
199 of certain service warranty associations to exceed
200 their specified net assets limitations; revising
201 requirements relating to contractual liability
202 policies that insure warranty associations; providing
203 effective dates.

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

Section 1. Section 554.1021, Florida Statutes, is reordered and amended to read:

554.1021 Definitions.—As used in ss. 554.1011-554.115, the term:

(3)~~(1)~~ "Boiler" means a closed vessel in which water or other liquid is heated, steam or vapor is generated, steam is superheated, or any combination of these functions is accomplished, under pressure or vacuum, for use external to itself, by the direct application of energy from the combustion of fuels or from electricity or solar energy. The term ~~"boiler"~~ includes fired units for heating or vaporizing liquids other than water where such ~~these~~ units are separate from processing systems and are complete within themselves. The varieties of boilers are as follows:

(d)~~(a)~~ "Power boiler" means a boiler in which steam or other vapor is generated at a pressure exceeding ~~of more than~~ 15 psig.

(b) "High pressure, high temperature water boiler" means a water boiler operating at pressures exceeding 160 psig or temperatures exceeding 250 °F.

(a)~~(e)~~ "Heating boiler" means a steam or vapor boiler operating at pressures up to ~~not exceeding~~ 15 psig, or a hot water boiler operating at pressures up to ~~not exceeding~~ 160 psig or temperatures up to ~~not exceeding~~ 250 °F.

(c)~~(d)~~ "Hot water supply boiler" means a boiler or a lined storage water heater supplying heated water for use external to

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233 itself operating at a pressure up to ~~not exceeding~~ 160 psig or
234 temperature up to ~~not exceeding~~ 250 °F.

235 (e) "Secondhand boiler" means a boiler that has changed
236 ownership and location subsequent to its original installation
237 and use.

238 (8)~~(2)~~ "Public assembly locations" means ~~include~~ schools,
239 day care centers, community centers, churches, theaters,
240 hospitals, nursing and convalescent homes, stadiums, amusement
241 parks, and other locations open to the general public.

242 (4)~~(3)~~ "Certificate inspection" means an inspection the
243 report of which is used by the chief inspector to determine
244 whether or not a certificate may be issued.

245 (6)~~(4)~~ "Certificate of compliance" means a document issued
246 to the owner of a boiler which authorizes the owner to operate
247 the boiler, subject to any restrictions endorsed thereon.

248 (5) "Certificate of competency" means a document issued to
249 a person who has satisfied the minimum competency requirements
250 for boiler inspectors under this chapter ~~ss. 554.1011-554.115~~.

251 (7)~~(6)~~ "Department" means the Department of Financial
252 Services.

253 (1)~~(7)~~ "A.S.M.E." means the American Society of Mechanical
254 Engineers.

255 (2) "Authorized inspection agency" means:

256 (a) A county, a municipality, or any other governmental
257 subdivision that, at a minimum, adopts and administers Section I
258 of the A.S.M.E. Boiler and Pressure Vessel Code as a legal
259 requirement and whose inspectors hold a valid certificate of
260 competency in accordance with s. 554.113; or

261 (b) An insurance company that is licensed or registered by

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262 an appropriate authority of any state of the United States or
263 Canada and whose inspectors hold a certificate of competency in
264 accordance with s. 554.113.

265 Section 2. Section 554.107, Florida Statutes, is amended to
266 read:

267 554.107 Special inspectors.—

268 (1) Upon application by an authorized inspection agency ~~any~~
269 ~~company licensed to insure boilers in this state~~, the chief
270 inspector shall issue a certificate of competency as a special
271 inspector to an ~~any~~ inspector employed by the agency if he or
272 she ~~company, provided that such inspector~~ satisfies the
273 competency requirements for inspectors as provided in s.
274 554.113.

275 (2) The certificate of competency of a special inspector
276 remains ~~shall remain~~ in effect only so long as the special
277 inspector is employed by an authorized inspection agency ~~a~~
278 ~~company licensed to insure boilers in this state~~. Upon
279 termination of employment with such agency ~~company~~, a special
280 inspector shall, in writing, notify the chief inspector of such
281 termination. ~~Such notice shall be given~~ within 15 days following
282 the date of termination.

283 Section 3. Subsection (1) of section 554.109, Florida
284 Statutes, is amended to read:

285 554.109 Exemptions.—

286 (1) An ~~Any~~ insurance company that insures ~~insuring~~ a boiler
287 located in a public assembly location in this state shall
288 inspect or contract with an authorized inspection agency to
289 inspect such boiler ~~so insured~~, and shall annually report to the
290 department the identity of an authorized inspection agency that

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291 performs a required boiler inspection on behalf of the company.
 292 A any county, municipality ~~city~~, town, or other governmental
 293 subdivision that ~~which~~ has adopted into law the Boiler and
 294 Pressure Vessel Code of the American Society of Mechanical
 295 Engineers and the National Board Inspection Code for the
 296 construction, installation, inspection, maintenance, and repair
 297 of boilers, regulating such boilers in public assembly
 298 locations, shall inspect such boilers so regulated.; ~~provided~~
 299 ~~that~~ Such inspection shall be conducted by a special inspector
 300 licensed pursuant to ss. 554.1011-554.115. Upon filing of a
 301 report of satisfactory inspection with the department, such
 302 boiler is exempt from inspection by the department.

303 Section 4. Paragraph (b) of subsection (1) of section
 304 624.4625, Florida Statutes, is amended to read:

305 624.4625 Corporation not for profit self-insurance funds.-

306 (1) Notwithstanding any other provision of law, any two or
 307 more not-for-profit corporations ~~not for profit~~ located in and
 308 organized under the laws of this state may form a self-insurance
 309 fund for the purpose of pooling and spreading liabilities of its
 310 group members in any one or combination of property or casualty
 311 risk ~~if, provided~~ the not-for-profit corporation ~~not for profit~~
 312 self-insurance fund that is created:

313 (b) Requires for qualification that each participating
 314 member qualify as a publicly supported organization as evidenced
 315 by the participating member's most recently filed Internal
 316 Revenue Service Form 990 ~~receive at least 75 percent of its~~
 317 ~~revenues from local, state, or federal governmental sources or a~~
 318 ~~combination of such sources.~~

319 Section 5. Paragraphs (a) and (c) of subsection (6) and

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320 subsections (7) and (8) of section 624.501, Florida Statutes,
321 are amended to read:

322 624.501 Filing, license, appointment, and miscellaneous
323 fees.—The department, commission, or office, as appropriate,
324 shall collect in advance, and persons so served shall pay to it
325 in advance, fees, licenses, and miscellaneous charges as
326 follows:

327 (6) Insurance representatives, property, marine, casualty,
328 and surety insurance.

329 (a) Agent’s original appointment and biennial renewal or
330 continuation thereof, each insurer or unaffiliated agent making
331 an appointment:

332	Appointment fee.....	\$42.00
333	State tax.....	12.00
334	County tax.....	6.00
335	Total.....	\$60.00

336 (c) Nonresident agent’s original appointment and biennial
337 renewal or continuation thereof, appointment fee, each insurer
338 or unaffiliated agent making an appointment.....\$60.00

339 (7) Life insurance agents.

340 (a) Agent’s original appointment and biennial renewal or
341 continuation thereof, each insurer or unaffiliated agent making
342 an appointment:

343	Appointment fee.....	\$42.00
344	State tax.....	12.00
345	County tax.....	6.00
346	Total.....	\$60.00

347 (b) Nonresident agent’s original appointment and biennial
348 renewal or continuation thereof, appointment fee, each insurer

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349 or unaffiliated agent making an appointment.....\$60.00

350 (8) Health insurance agents.

351 (a) Agent’s original appointment and biennial renewal or
352 continuation thereof, each insurer or unaffiliated agent making
353 an appointment:

354 Appointment fee.....\$42.00

355 State tax.....12.00

356 County tax.....6.00

357 Total.....\$60.00

358 (b) Nonresident agent’s original appointment and biennial
359 renewal or continuation thereof, appointment fee, each insurer
360 or unaffiliated agent making an appointment.....\$60.00

361 Section 6. Present subsection (18) of section 626.015,
362 Florida Statutes, is renumbered as subsection (19), and a new
363 subsection (18) is added to that section, to read:

364 626.015 Definitions.—As used in this part:

365 (18) “Unaffiliated insurance agent” means a licensed
366 insurance agent, except a limited lines agent, who is self-
367 appointed and who practices as an independent consultant in the
368 business of analyzing or abstracting insurance policies,
369 providing insurance advice or counseling, or making specific
370 recommendations or comparisons of insurance products for a fee
371 established in advance by written contract signed by the
372 parties. An unaffiliated insurance agent may not be affiliated
373 with an insurer, insurer-appointed insurance agent, or insurance
374 agency contracted with or employing insurer-appointed insurance
375 agents.

376 Section 7. Section 626.0428, Florida Statutes, is amended
377 to read:

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378 626.0428 Agency personnel powers, duties, and limitations.-

379 (1) An individual employed by an agent or agency on salary
380 who devotes full time to clerical work, with incidental taking
381 of insurance applications or quoting or receiving premiums on
382 incoming inquiries in the office of the agent or agency, is not
383 deemed to be an agent or customer representative if his or her
384 compensation does not include in whole or in part any
385 commissions on such business and is not related to the
386 production of applications, insurance, or premiums.

387 (2) An employee or authorized representative located at a
388 designated branch of an agent or agency may not bind insurance
389 coverage unless licensed and appointed as an agent or customer
390 representative.

391 (3) An employee or authorized representative of an agent or
392 agency may not initiate contact with any person for the purpose
393 of soliciting insurance unless licensed and appointed as an
394 agent or customer representative. As to title insurance, an
395 employee of an agent or agency may not initiate contact with any
396 individual proposed insured for the purpose of soliciting title
397 insurance unless licensed as a title insurance agent or exempt
398 from such licensure pursuant to s. 626.8417(4).

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

404 (b) Notwithstanding paragraph (a), the licensed agent in
405 charge of an insurance agency may also be the agent in charge of
406 additional branch office locations of the agency if insurance

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407 activities requiring licensure as an insurance agent do not
408 occur at any location when the agent is not physically present
409 and unlicensed employees at the location do not engage in
410 insurance activities requiring licensure as an insurance agent
411 or customer representative.

412 (c) An insurance agency and each branch place of business
413 of an insurance agency shall designate an agent in charge and
414 file the name and license number of the agent in charge and the
415 physical address of the insurance agency location with the
416 department and the department's website. The designation of the
417 agent in charge may be changed at the option of the agency. A
418 change of the designated agent in charge is effective upon
419 notice to the department. Notice to the department must be
420 provided within 30 days after such change.

421 (d) An insurance agency location may not conduct the
422 business of insurance unless an agent in charge is designated
423 and employed by the agency at all times. If the agent in charge
424 designated with the department leaves the agency's employment
425 for any reason and the agency fails to designate another agent
426 in charge within 30 days as provided in paragraph (c) and such
427 failure continues for 90 days, the agency license shall
428 automatically expire on the 91st day after the last date of
429 employment of the last designated agent in charge.

430 (e) For purposes of this subsection, an "agent in charge"
431 is the licensed and appointed agent responsible for the
432 supervision of all individuals within an insurance agency
433 location, regardless of whether the agent in charge handles a
434 specific transaction or deals with the general public in the
435 solicitation or negotiation of insurance contracts or the

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436 collection or accounting of money.

437 (f) An agent in charge of an insurance agency is
438 accountable for the wrongful acts, misconduct, or violations of
439 this code committed by the licensee or by any person under his
440 or her supervision while acting on behalf of the agency.
441 However, an agent in charge is not criminally liable for any act
442 unless the agent in charge personally committed the act or knew
443 or should have known of the act and of the facts constituting a
444 violation of this code.

445 Section 8. Effective January 1, 2015, paragraph (b) of
446 subsection (1) and subsection (7) of section 626.112, Florida
447 Statutes, are amended to read:

448 626.112 License and appointment required; agents, customer
449 representatives, adjusters, insurance agencies, service
450 representatives, managing general agents.—

451 (1)

452 (b) Except as provided in subsection (6) or in applicable
453 department rules, and in addition to other conduct described in
454 this chapter with respect to particular types of agents, a
455 license as an insurance agent, service representative, customer
456 representative, or limited customer representative is required
457 in order to engage in the solicitation of insurance. Effective
458 October 1, 2014, limited customer representative licenses may
459 not be issued. For purposes of this requirement, as applicable
460 to ~~any of~~ the license types described in this section, the
461 solicitation of insurance is the attempt to persuade any person
462 to purchase an insurance product by:

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

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465 2. Distributing an invitation to contract to prospective
466 purchasers;

467 3. Making general or specific recommendations as to
468 insurance products;

469 4. Completing orders or applications for insurance
470 products;

471 5. Comparing insurance products, advising as to insurance
472 matters, or interpreting policies or coverages; or

473 6. Offering or attempting to negotiate on behalf of another
474 person a viatical settlement contract as defined in s. 626.9911.
475

476 However, an employee leasing company licensed under ~~pursuant to~~
477 chapter 468 which is seeking to enter into a contract with an
478 employer that identifies products and services offered to
479 employees may deliver proposals for the purchase of employee
480 leasing services to prospective clients of the employee leasing
481 company setting forth the terms and conditions of doing
482 business; classify employees as permitted by s. 468.529; collect
483 information from prospective clients and other sources as
484 necessary to perform due diligence on the prospective client and
485 to prepare a proposal for services; provide and receive
486 enrollment forms, plans, and other documents; and discuss or
487 explain in general terms the conditions, limitations, options,
488 or exclusions of insurance benefit plans available to the client
489 or employees of the employee leasing company were the client to
490 contract with the employee leasing company. Any advertising
491 materials or other documents describing specific insurance
492 coverages must identify and be from a licensed insurer or its
493 licensed agent or a licensed and appointed agent employed by the

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494 employee leasing company. The employee leasing company may not
495 advise or inform the prospective business client or individual
496 employees of specific coverage provisions, exclusions, or
497 limitations of particular plans. As to clients for which the
498 employee leasing company is providing services pursuant to s.
499 468.525(4), the employee leasing company may engage in
500 activities permitted by ss. 626.7315, 626.7845, and 626.8305,
501 subject to the restrictions specified in those sections. If a
502 prospective client requests more specific information concerning
503 the insurance provided by the employee leasing company, the
504 employee leasing company must refer the prospective business
505 client to the insurer or its licensed agent or to a licensed and
506 appointed agent employed by the employee leasing company.

507 (7) (a) An ~~Effective October 1, 2006,~~ no individual, firm,
508 partnership, corporation, association, or ~~any~~ other entity may
509 not shall act in its own name or under a trade name, directly or
510 indirectly, as an insurance agency, ~~unless it possesses~~ complies
511 ~~with s. 626.172 with respect to possessing~~ an insurance agency
512 license issued pursuant to s. 626.172 for each place of business
513 at which it engages in ~~any~~ activity that ~~which~~ may be performed
514 only by a licensed insurance agent. However, an insurance agency
515 that is owned and operated by a single licensed agent conducting
516 business in his or her individual name and not employing or
517 otherwise using the services of or appointing other licensees is
518 exempt from the agency licensing requirements of this
519 subsection.

520 (b) A branch place of business which is established by a
521 licensed agency is considered a branch agency and is not
522 required to be licensed if it transacts business under the same

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523 name and federal tax identification number as the licensed
524 agency, has designated a licensed agent in charge of the
525 location as required by s. 626.0428, and has submitted the
526 address and telephone number of the location to the department
527 for inclusion in the licensing record of the licensed agency
528 within 30 days after insurance transactions begin at the
529 location ~~Each agency engaged in business in this state before~~
530 ~~January 1, 2003, which is wholly owned by insurance agents~~
531 ~~currently licensed and appointed under this chapter, each~~
532 ~~incorporated agency whose voting shares are traded on a~~
533 ~~securities exchange, each agency designated and subject to~~
534 ~~supervision and inspection as a branch office under the rules of~~
535 ~~the National Association of Securities Dealers, and each agency~~
536 ~~whose primary function is offering insurance as a service or~~
537 ~~member benefit to members of a nonprofit corporation may file an~~
538 ~~application for registration in lieu of licensure in accordance~~
539 ~~with s. 626.172(3). Each agency engaged in business before~~
540 ~~October 1, 2006, shall file an application for licensure or~~
541 ~~registration on or before October 1, 2006.~~

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

546 ~~2. If an agency is eligible for registration but fails to~~
547 ~~file an application for registration or an application for~~
548 ~~licensure in accordance with this section, the department shall~~
549 ~~impose on the agency an administrative penalty in an amount of~~
550 ~~up to \$5,000.~~

551 (d)(b) Effective October 1, 2015, the department must

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552 automatically convert the registration of an approved a
553 registered insurance agency to shall, as a condition precedent
554 to continuing business, obtain an insurance agency license if
555 the department finds that, with respect to any majority owner,
556 partner, manager, director, officer, or other person who manages
557 or controls the agency, any person has:

558 1. ~~Been found guilty of, or has pleaded guilty or nolo~~
559 ~~contendere to, a felony in this state or any other state~~
560 ~~relating to the business of insurance or to an insurance agency,~~
561 ~~without regard to whether a judgment of conviction has been~~
562 ~~entered by the court having jurisdiction of the cases.~~

563 2. ~~Employed any individual in a managerial capacity or in a~~
564 ~~capacity dealing with the public who is under an order of~~
565 ~~revocation or suspension issued by the department. An insurance~~
566 ~~agency may request, on forms prescribed by the department,~~
567 ~~verification of any person's license status. If a request is~~
568 ~~mailed within 5 working days after an employee is hired, and the~~
569 ~~employee's license is currently suspended or revoked, the agency~~
570 ~~shall not be required to obtain a license, if the unlicensed~~
571 ~~person's employment is immediately terminated.~~

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

574 4. ~~With such frequency as to have made the operation of the~~
575 ~~agency hazardous to the insurance buying public or other~~
576 ~~persons:~~

577 a. ~~Solicited or handled controlled business. This~~
578 ~~subparagraph shall not prohibit the licensing of any lending or~~
579 ~~financing institution or creditor, with respect to insurance~~
580 ~~only, under credit life or disability insurance policies of~~

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581 ~~borrowers from the institutions, which policies are subject to~~
582 ~~part IX of chapter 627.~~

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

586 ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~
587 ~~unlawfully divided or offered to divide commissions with~~
588 ~~another.~~

589 ~~d. Misrepresented any insurance policy or annuity contract,~~
590 ~~or used deception with regard to any policy or contract, done~~
591 ~~either in person or by any form of dissemination of information~~
592 ~~or advertising.~~

593 ~~e. Violated any provision of this code or any other law~~
594 ~~applicable to the business of insurance in the course of dealing~~
595 ~~under the license.~~

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

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

600 ~~h. Violated the provision against twisting as defined in s.~~
601 ~~626.9541(1)(1).~~

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

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

606 ~~k. Engaged in fraudulent or dishonest practices in the~~
607 ~~conduct of business arising out of activities related to~~
608 ~~insurance or the insurance agency.~~

609 ~~l. Demonstrated lack of fitness or trustworthiness to~~

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610 ~~engage in the business of insurance arising out of activities~~
611 ~~related to insurance or the insurance agency.~~

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

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

617 ~~6. Willfully circumvented the requirements or prohibitions~~
618 ~~of this code.~~

619 Section 9. Subsections (2), (3), and (4) of section
620 626.172, Florida Statutes, are amended to read:

621 626.172 Application for insurance agency license.—

622 (2) An application for an insurance agency license must
623 ~~shall~~ be signed by the owner or owners of the agency. If the
624 agency is incorporated, the application must ~~shall~~ be signed by
625 the president and secretary of the corporation. An insurance
626 agency may permit a third party to complete, submit, and sign an
627 application on the insurance agency's behalf; however, the
628 insurance agency is responsible for ensuring that the
629 information on the application is true and correct and is
630 accountable for any misstatements or misrepresentations. The
631 application for an insurance agency license must ~~shall~~ include:

632 (a) The name of each majority owner, partner, officer, and
633 director of the insurance agency.

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

636 (c) The name, principal business street address, and e-mail
637 address of the insurance agency and the name, address, and e-
638 mail address of the agency's registered agent or person or

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639 company authorized to accept service on behalf of the agency ~~its~~
640 ~~principal business address.~~

641 (d) The name, physical address, e-mail address, and
642 telephone number ~~location~~ of each branch agency and the date
643 that the branch location begins transacting insurance ~~office and~~
644 ~~the name under which each agency office conducts or will conduct~~
645 ~~business.~~

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

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

650 1. A sole proprietor;

651 2. Each partner;

652 3. Each owner of an unincorporated agency;

653 4. Each owner who directs or participates in the management
654 or control of an incorporated agency whose shares are not traded
655 on a securities exchange;

656 5. The president, senior vice presidents, treasurer,
657 secretary, and directors of the agency; and

658 6. Any other person who directs or participates in the
659 management or control of the agency, whether through the
660 ownership of voting securities, by contract, by ownership of
661 agency bank accounts, or otherwise.

662
663 Fingerprints must be taken by a law enforcement agency or other
664 entity approved by the department and must be accompanied by the
665 fingerprint processing fee specified in s. 624.501. Fingerprints
666 must ~~shall~~ be processed in accordance with s. 624.34. However,
667 fingerprints need not be filed for an ~~any~~ individual who is

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668 currently licensed and appointed under this chapter. This
669 paragraph does not apply to corporations whose voting shares are
670 traded on a securities exchange.

671 (g) Such additional information as the department requires
672 by rule to ascertain the trustworthiness and competence of
673 persons required to be listed on the application and to
674 ascertain that such persons meet the requirements of this code.
675 However, the department may not require that credit or character
676 reports be submitted for persons required to be listed on the
677 application.

678 ~~(3)(h) Beginning October 1, 2005, The department must shall~~
679 ~~accept the uniform application for nonresident agency licensure.~~
680 ~~The department may adopt by rule revised versions of the uniform~~
681 ~~application.~~

682 ~~(3) The department shall issue a registration as an~~
683 ~~insurance agency to any agency that files a written application~~
684 ~~with the department and qualifies for registration. The~~
685 ~~application for registration shall require the agency to provide~~
686 ~~the same information required for an agency licensed under~~
687 ~~subsection (2), the agent identification number for each owner~~
688 ~~who is a licensed agent, proof that the agency qualifies for~~
689 ~~registration as provided in s. 626.112(7), and any other~~
690 ~~additional information that the department determines is~~
691 ~~necessary in order to demonstrate that the agency qualifies for~~
692 ~~registration. The application must be signed by the owner or~~
693 ~~owners of the agency. If the agency is incorporated, the~~
694 ~~application must be signed by the president and the secretary of~~
695 ~~the corporation. An agent who owns the agency need not file~~
696 ~~fingerprints with the department if the agent obtained a license~~

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697 ~~under this chapter and the license is currently valid.~~

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

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

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

710 (4) The department must ~~shall~~ issue a license ~~or~~
711 ~~registration~~ to each agency upon approval of the application,
712 and each agency location must ~~shall~~ display the license ~~or~~
713 ~~registration~~ prominently in a manner that makes it clearly
714 visible to any customer or potential customer who enters the
715 agency location.

716 Section 10. Present subsection (6) of section 626.311,
717 Florida Statutes, is redesignated as subsection (7), and a new
718 subsection (6) is added to that section, to read:

719 626.311 Scope of license.—

720 (6) An agent who appoints his or her license as an
721 unaffiliated insurance agent may not hold an appointment from an
722 insurer for any license he or she holds; transact, solicit, or
723 service an insurance contract on behalf of an insurer; interfere
724 with commissions received or to be received by an insurer—
725 appointed insurance agent or an insurance agency contracted with

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726 or employing insurer-appointed insurance agents; or receive
727 compensation or any other thing of value from an insurer, an
728 insurer-appointed insurance agent, or an insurance agency
729 contracted with or employing insurer-appointed insurance agents
730 for any transaction or referral occurring after the date of
731 appointment as an unaffiliated insurance agent. An unaffiliated
732 insurance agent may continue to receive commissions on sales
733 that occurred before the date of appointment as an unaffiliated
734 insurance agent if the receipt of such commissions is disclosed
735 when making recommendations or evaluating products for a client
736 that involve products of the entity from which the commissions
737 are received.

738 Section 11. Paragraph (d) of subsection (1) of section
739 626.321, Florida Statutes, is amended to read:

740 626.321 Limited licenses.—

741 (1) The department shall issue to a qualified applicant a
742 license as agent authorized to transact a limited class of
743 business in any of the following categories of limited lines
744 insurance:

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

746 1. License covering only insurance of the risks set forth
747 in this paragraph when offered, sold, or solicited with and
748 incidental to the rental or lease of a motor vehicle and which
749 applies only to the motor vehicle that is the subject of the
750 lease or rental agreement and the occupants of the motor
751 vehicle:

752 a. Excess motor vehicle liability insurance providing
753 coverage in excess of the standard liability limits provided by
754 the lessor in the lessor's lease to a person renting or leasing

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755 a motor vehicle from the licensee's employer for liability
756 arising in connection with the negligent operation of the leased
757 or rented motor vehicle.

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

760 c. Insurance covering the loss of or damage to baggage,
761 personal effects, or travel documents of a person renting or
762 leasing a motor vehicle.

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

766 2. Insurance under a motor vehicle rental insurance license
767 may be issued only if the lease or rental agreement is for up to
768 ~~no more than~~ 60 days, the lessee is not provided coverage for
769 more than 60 consecutive days per lease period, and the lessee
770 is given written notice that his or her personal insurance
771 policy providing coverage on an owned motor vehicle may provide
772 coverage of such risks and that the purchase of the insurance is
773 not required in connection with the lease or rental of a motor
774 vehicle. If the lease is extended beyond 60 days, the coverage
775 may be extended ~~one time~~ only once for up to ~~a period not to~~
776 ~~exceed an additional~~ 60 days. Insurance may be provided to the
777 lessee as an additional insured on a policy issued to the
778 licensee's employer.

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

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784 a. A license issued to a business entity that offers motor
785 vehicles for rent or lease encompasses each office, branch
786 office, employee, authorized representative located at a
787 designated branch, or place of business making use of the
788 entity's business name in order to offer, solicit, and sell
789 insurance pursuant to this paragraph.

790 b. The application for licensure must list the name,
791 address, and phone number for each office, branch office, or
792 place of business which ~~that~~ is to be covered by the license.
793 The licensee shall notify the department of the name, address,
794 and phone number of any new location that is to be covered by
795 the license before the new office, branch office, or place of
796 business engages in the sale of insurance pursuant to this
797 paragraph. The licensee must notify the department within 30
798 days after closing or terminating an office, branch office, or
799 place of business. Upon receipt of the notice, the department
800 shall delete the office, branch office, or place of business
801 from the license.

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

804 Section 12. Section 626.382, Florida Statutes, is amended
805 to read:

806 626.382 Continuation, expiration of license; insurance
807 agencies.—The license of an any insurance agency ~~shall be issued~~
808 ~~for a period of 3 years and shall continue in force until~~
809 canceled, suspended, or ~~revoked,~~ or until it is otherwise
810 terminated or becomes expired by operation of law. ~~A license may~~
811 ~~be renewed by submitting a renewal request to the department on~~
812 ~~a form adopted by department rule.~~

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813 Section 13. Section 626.601, Florida Statutes, is amended
814 to read:

815 626.601 Improper conduct; investigation inquiry;
816 fingerprinting.—

817 (1) The department or office may, upon its own motion or
818 upon a written complaint signed by an ~~any~~ interested person and
819 filed with the department or office, inquire into the ~~any~~
820 alleged improper conduct of any licensed, approved, or certified
821 licensee, insurance agency, agent, adjuster, service
822 representative, managing general agent, customer representative,
823 title insurance agent, title insurance agency, mediator, neutral
824 evaluator, navigator, continuing education course provider,
825 instructor, school official, or monitor group under this code.
826 The department or office may thereafter initiate an
827 investigation of ~~any~~ such individual or entity licensee if it
828 has reasonable cause to believe that the individual or entity
829 licensee has violated any provision of the insurance code.

830 During the course of its investigation, the department or office
831 shall contact the individual or entity licensee being
832 investigated unless it determines that contacting such
833 individual or entity ~~person~~ could jeopardize the successful
834 completion of the investigation or cause injury to the public.

835 (2) In the investigation by the department or office of the
836 alleged misconduct, the individual or entity licensee shall, if
837 ~~whenever so~~ required by the department or office, open the
838 individual's or entity's ~~cause his or her~~ books and records ~~to~~
839 ~~be open~~ for inspection for the purpose of such investigation
840 inquiries.

841 (3) ~~The~~ Complaints against an individual or entity ~~any~~

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842 ~~licensee~~ may be informally alleged and are not required to
843 include ~~need not be in any such~~ language as is necessary to
844 charge a crime on an indictment or information.

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

849 (5) If the department or office, after investigation, has
850 reason to believe that an individual ~~a licensee~~ may have been
851 found guilty of or pleaded guilty or nolo contendere to a felony
852 or a crime related to the business of insurance in this or any
853 other state or jurisdiction, the department or office may
854 require the individual licensee to file with the department or
855 office a complete set of his or her fingerprints, ~~which shall be~~
856 accompanied by the fingerprint processing fee set forth in s.
857 624.501. The fingerprints shall be taken by an authorized law
858 enforcement agency or other department-approved entity.

859 (6) The complaint and any information obtained pursuant to
860 the investigation by the department or office are confidential
861 and ~~are exempt from the provisions of s. 119.07,~~ unless the
862 department or office files a formal administrative complaint,
863 emergency order, or consent order against the individual or
864 entity licensee. ~~Nothing in~~ This subsection does not shall be
865 ~~construed to~~ prevent the department or office from disclosing
866 the complaint or such information as it deems necessary to
867 conduct the investigation, to update the complainant as to the
868 status and outcome of the complaint, or to share such
869 information with any law enforcement agency or other regulatory
870 body.

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871 Section 14. Effective January 1, 2015, section 626.747,
872 Florida Statutes, is repealed.

873 Section 15. Effective January 1, 2015, subsection (1) of
874 section 626.8411, Florida Statutes, is amended to read:

875 626.8411 Application of Florida Insurance Code provisions
876 to title insurance agents or agencies.—

877 (1) The following provisions ~~of part II~~ applicable to
878 general lines agents or agencies also apply to title insurance
879 agents or agencies:

880 (a) Section 626.734, relating to liability of certain
881 agents.

882 (b) Section 626.0428(4) (a) and (b) 626.747, relating to
883 branch agencies.

884 (c) Section 626.749, relating to place of business in
885 residence.

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

887 (e) Section 626.754, relating to rights of agent following
888 termination of appointment.

889 Section 16. Paragraph (c) of subsection (2) and subsection
890 (3) of section 626.8805, Florida Statutes, are amended to read:

891 626.8805 Certificate of authority to act as administrator.—

892 (2) The administrator shall file with the office an
893 application for a certificate of authority upon a form to be
894 adopted by the commission and furnished by the office, which
895 application shall include or have attached the following
896 information and documents:

897 (c) The names, addresses, official positions, and
898 professional qualifications of the individuals employed or
899 retained by the administrator who are responsible for the

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900 conduct of the affairs of the administrator, including all
901 members of the board of directors, board of trustees, executive
902 committee, or other governing board or committee, and the
903 principal officers in the case of a corporation or, the partners
904 or members in the case of a partnership or association, ~~and any~~
905 ~~other person who exercises control or influence over the affairs~~
906 of the administrator.

907 (3) The applicant shall make available for inspection by
908 the office copies of all contracts relating to services provided
909 by the administrator to ~~with~~ insurers or other persons using
910 ~~utilizing~~ the services of the administrator.

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

913 626.8817 Responsibilities of insurance company with respect
914 to administration of coverage insured.-

915 (1) If an insurer uses the services of an administrator,
916 the insurer is responsible for determining the benefits, premium
917 rates, underwriting criteria, and claims payment procedures
918 applicable to the coverage and for securing reinsurance, if any.
919 The rules pertaining to these matters shall be provided, in
920 writing, by the insurer or its designee to the administrator.
921 The responsibilities of the administrator as to any of these
922 matters shall be set forth in a ~~the~~ written agreement binding
923 upon ~~between~~ the administrator and the insurer.

924 (3) ~~If In cases in which~~ an administrator administers
925 benefits for more than 100 certificateholders on behalf of an
926 insurer, the insurer shall, at least semiannually, conduct a
927 review of the operations of the administrator. At least one such
928 review must be an onsite audit of the operations of the

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929 administrator. The insurer may contract with a qualified third
930 party to conduct such review.

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

933 626.882 Agreement between administrator and insurer;
934 required provisions; maintenance of records.—

935 (1) A ~~No~~ person may not act as an administrator without a
936 written agreement, as required under s. 626.8817, which
937 specifies the rights, duties, and obligations of the ~~between~~
938 ~~such person as~~ administrator and ~~an~~ insurer.

939 (4) If a policy is issued to a trustee or trustees, a copy
940 of the trust agreement and any amendments to that agreement
941 shall be furnished to the insurer or its designee by the
942 administrator and shall be retained as part of the official
943 records of both the administrator and the insurer for the
944 duration of the policy and for 5 years thereafter.

945 Section 19. Subsections (3), (4), and (5) of section
946 626.883, Florida Statutes, are amended to read:

947 626.883 Administrator as intermediary; collections held in
948 fiduciary capacity; establishment of account; disbursement;
949 payments on behalf of insurer.—

950 (3) If charges or premiums deposited in a fiduciary account
951 have been collected on behalf of or for more than one insurer,
952 the administrator shall keep records clearly recording the
953 deposits in and withdrawals from such account on behalf of or
954 for each insurer. The administrator shall, upon request of an
955 insurer or its designee, furnish such insurer or designee with
956 copies of records pertaining to deposits and withdrawals on
957 behalf of or for such insurer.

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958 (4) The administrator may not pay any claim by withdrawals
959 from a fiduciary account. Withdrawals from such account shall be
960 made as provided in the written agreement required under ss.
961 626.8817 and 626.882 ~~between the administrator and the insurer~~
962 for any of the following:

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

964 (b) Deposit in an account maintained in the name of such
965 insurer.

966 (c) Transfer to and deposit in a claims-paying account,
967 with claims to be paid as provided by such insurer.

968 (d) Payment to a group policyholder for remittance to the
969 insurer entitled to such remittance.

970 (e) Payment to the administrator of the commission, fees,
971 or charges of the administrator.

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

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

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

979 626.884 Maintenance of records by administrator; access;
980 confidentiality.-

981 (3) The insurer shall retain the right of continuing access
982 to books and records maintained by the administrator sufficient
983 to permit the insurer to fulfill all of its contractual
984 obligations to insured persons, subject to any restrictions in
985 the written agreement pertaining to ~~between the insurer and the~~
986 ~~administrator~~ on the proprietary rights of the parties in such

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987 books and records.

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

990 626.89 Annual financial statement and filing fee; notice of
991 change of ownership.—

992 (1) Each authorized administrator shall file with the
993 office a full and true statement of its financial condition,
994 transactions, and affairs. The statement shall be filed annually
995 on or before April ~~March~~ 1 or within such extension of time
996 ~~therefor~~ as the office for good cause may have granted and shall
997 be for the preceding calendar year or for the preceding fiscal
998 year if the administrator's accounting is on a fiscal-year
999 basis. The statement shall be in such form and contain such
1000 matters as the commission prescribes and shall be verified by at
1001 least two officers of the ~~such~~ administrator. ~~An administrator~~
1002 ~~whose sole stockholder is an association representing health~~
1003 ~~care providers which is not an affiliate of an insurer, an~~
1004 ~~administrator of a pooled governmental self-insurance program,~~
1005 ~~or an administrator that is a university may submit the~~
1006 ~~preceding fiscal year's statement within 2 months after its~~
1007 ~~fiscal year end.~~

1008 (2) Each authorized administrator shall also file an
1009 audited financial statement performed by an independent
1010 certified public accountant. The audited financial statement
1011 shall be filed with the office on or before July ~~June~~ 1 for the
1012 preceding calendar or fiscal year ending ~~December 31~~. ~~An~~
1013 ~~administrator whose sole stockholder is an association~~
1014 ~~representing health care providers which is not an affiliate of~~
1015 ~~an insurer, an administrator of a pooled governmental self-~~

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1016 ~~insurance program, or an administrator that is a university may~~
1017 ~~submit the preceding fiscal year's audited financial statement~~
1018 ~~within 5 months after the end of its fiscal year.~~ An audited
1019 financial statement prepared on a consolidated basis must
1020 include a columnar consolidating or combining worksheet that
1021 must be filed with the statement and must comply with the
1022 following:

1023 (a) Amounts shown on the consolidated audited financial
1024 statement must be shown on the worksheet;

1025 (b) Amounts for each entity must be stated separately; and

1026 (c) Explanations of consolidating and eliminating entries
1027 must be included.

1028 Section 22. Section 626.931, Florida Statutes, is amended
1029 to read:

1030 626.931 ~~Agent affidavit and Insurer reporting~~
1031 requirements.-

1032 ~~(1) Each surplus lines agent shall on or before the 45th~~
1033 ~~day following each calendar quarter file with the Florida~~
1034 ~~Surplus Lines Service Office an affidavit, on forms as~~
1035 ~~prescribed and furnished by the Florida Surplus Lines Service~~
1036 ~~Office, stating that all surplus lines insurance transacted by~~
1037 ~~him or her during such calendar quarter has been submitted to~~
1038 ~~the Florida Surplus Lines Service Office as required.~~

1039 ~~(2) The affidavit of the surplus lines agent shall include~~
1040 ~~efforts made to place coverages with authorized insurers and the~~
1041 ~~results thereof.~~

1042 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on or
1043 before the end of the month following each calendar quarter,
1044 file with the Florida Surplus Lines Service Office a verified

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1045 report of all surplus lines insurance transacted by such insurer
 1046 for insurance risks located in this state during the ~~such~~
 1047 calendar quarter.

1048 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or
 1049 before June 30 of each year, file with the Florida Surplus Lines
 1050 Service Office a verified report of all surplus lines insurance
 1051 transacted by such insurer for insurance risks located in this
 1052 state during the preceding calendar year.

1053 (3)~~(5)~~ The department may waive the filing requirements
 1054 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

1055 (4)~~(6)~~ Each insurer's report and supporting information
 1056 shall be in a computer-readable format as determined by the
 1057 Florida Surplus Lines Service Office or ~~shall~~ be submitted on
 1058 forms prescribed by the Florida Surplus Lines Service Office and
 1059 ~~shall~~ show for each applicable agent:

1060 (a) A listing of all policies, certificates, cover notes,
 1061 or other forms of confirmation of insurance coverage or any
 1062 substitutions thereof or endorsements thereto and the
 1063 identifying number; and

1064 (b) Any additional information required by the department
 1065 or Florida Surplus Lines Service Office.

1066 Section 23. Paragraph (a) of subsection (2) of section
 1067 626.932, Florida Statutes, is amended to read:

1068 626.932 Surplus lines tax.—

1069 (2) (a) The surplus lines agent shall make payable to the
 1070 department the tax related to each calendar quarter's business
 1071 as reported to the Florida Surplus Lines Service Office, and
 1072 remit the tax to the Florida Surplus Lines Service Office on or
 1073 before the 45th day after each calendar quarter ~~at the same time~~

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1074 ~~as provided for the filing of the quarterly affidavit, under s.~~
 1075 ~~626.931.~~ The Florida Surplus Lines Service Office shall forward
 1076 to the department the taxes and any interest collected pursuant
 1077 to paragraph (b)~~7~~ within 10 days after ~~of~~ receipt.

1078 Section 24. Subsection (1) of section 626.935, Florida
 1079 Statutes, is amended to read:

1080 626.935 Suspension, revocation, or refusal of surplus lines
 1081 agent's license.—

1082 (1) The department shall deny an application for, suspend,
 1083 revoke, or refuse to renew the appointment of a surplus lines
 1084 agent and all other licenses and appointments held by the
 1085 licensee under this code~~7~~ on any of the following grounds:

1086 (a) Removal of the licensee's office from the licensee's
 1087 state of residence.

1088 (b) Removal of the accounts and records of his or her
 1089 surplus lines business from this state or the licensee's state
 1090 of residence during the period when such accounts and records
 1091 are required to be maintained under s. 626.930.

1092 (c) Closure of the licensee's office for more than 30
 1093 consecutive days.

1094 ~~(d) Failure to make and file his or her affidavit or~~
 1095 ~~reports when due as required by s. 626.931.~~

1096 (d) ~~(e)~~ Failure to pay the tax or service fee on surplus
 1097 lines premiums~~7~~, as provided in the Surplus Lines Law.

1098 (e) ~~(f)~~ Suspension, revocation, or refusal to renew or
 1099 continue the license or appointment as a general lines agent,
 1100 service representative, or managing general agent.

1101 (f) ~~(g)~~ Lack of qualifications as for an original surplus
 1102 lines agent's license.

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1103 (g)~~(h)~~ Violation of this Surplus Lines Law.

1104 (h)~~(i)~~ For Any other applicable cause for which the license
1105 of a general lines agent could be suspended, revoked, or refused
1106 under s. 626.611 or s. 626.621.

1107 Section 25. Subsection (1) of section 626.936, Florida
1108 Statutes, is amended to read:

1109 626.936 Failure to file reports or pay tax or service fee;
1110 administrative penalty.—

1111 (1) A Any licensed surplus lines agent who neglects to file
1112 a report ~~or an affidavit~~ in the form and within the time
1113 required under ~~or provided for in~~ the Surplus Lines Law may be
1114 fined up to \$50 per day for each day the neglect continues,
1115 beginning the day after the report ~~or affidavit~~ was due until
1116 the date the report ~~or affidavit~~ is received. All sums collected
1117 under this section shall be deposited into the Insurance
1118 Regulatory Trust Fund.

1119 Section 26. Paragraph (b) of subsection (2) of section
1120 627.062, Florida Statutes, is amended to read:

1121 627.062 Rate standards.—

1122 (2) As to all such classes of insurance:

1123 (b) Upon receiving a rate filing, the office shall review
1124 the filing to determine whether the ~~if a~~ rate is excessive,
1125 inadequate, or unfairly discriminatory. In making that
1126 determination, the office shall, in accordance with generally
1127 accepted and reasonable actuarial techniques, consider the
1128 following factors:

1129 1. Past and prospective loss experience within and without
1130 this state.

1131 2. Past and prospective expenses.

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1132 3. The degree of competition among insurers for the risk
1133 insured.

1134 4. Investment income reasonably expected by the insurer,
1135 consistent with the insurer's investment practices, from
1136 investable premiums anticipated in the filing, plus any other
1137 expected income from currently invested assets representing the
1138 amount expected on unearned premium reserves and loss reserves.
1139 The commission may adopt rules using reasonable techniques of
1140 actuarial science and economics to specify the manner in which
1141 insurers calculate investment income attributable to classes of
1142 insurance written in this state and the manner in which
1143 investment income is used to calculate insurance rates. Such
1144 manner must contemplate allowances for an underwriting profit
1145 factor and full consideration of investment income that ~~which~~
1146 produce a reasonable rate of return; however, investment income
1147 from invested surplus may not be considered.

1148 5. The reasonableness of the judgment reflected in the
1149 filing.

1150 6. Dividends, savings, or unabsorbed premium deposits
1151 allowed or returned to Florida policyholders, members, or
1152 subscribers.

1153 7. The adequacy of loss reserves.

1154 8. The cost of reinsurance. The office may not disapprove a
1155 rate as excessive solely due to the insurer's ~~insurer~~ having
1156 obtained catastrophic reinsurance to cover the insurer's
1157 estimated 250-year probable maximum loss or any lower level of
1158 loss.

1159 9. Trend factors, including trends in actual losses per
1160 insured unit for the insurer making the filing.

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1161 10. Conflagration and catastrophe hazards, if applicable.

1162 11. Projected hurricane losses, if applicable, which must

1163 be estimated using a model or method, or a straight average of

1164 model results or output ranges, which are independently found to

1165 be acceptable or reliable by the Florida Commission on Hurricane

1166 Loss Projection Methodology~~7~~ and as further provided in s.

1167 627.0628.

1168 12. A reasonable margin for underwriting profit and

1169 contingencies.

1170 13. The cost of medical services, if applicable.

1171 14. Other relevant factors that affect the frequency or

1172 severity of claims or expenses.

1173 Section 27. Paragraph (d) of subsection (3) of section

1174 627.0628, Florida Statutes, is amended to read:

1175 627.0628 Florida Commission on Hurricane Loss Projection

1176 Methodology; public records exemption; public meetings

1177 exemption.—

1178 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1179 (d) With respect to a rate filing under s. 627.062, an

1180 insurer shall employ and may not modify or adjust actuarial

1181 methods, principles, standards, models, or output ranges found

1182 by the commission to be accurate or reliable in determining

1183 hurricane loss factors for use in a rate filing under s.

1184 627.062. An insurer shall employ and may not modify or adjust

1185 models found by the commission to be accurate or reliable in

1186 determining probable maximum loss levels pursuant to paragraph

1187 (b) with respect to a rate filing under s. 627.062 made more

1188 than 180 ~~60~~ days after the commission has made such findings.

1189 This paragraph does not prohibit an insurer from using a

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1190 straight average of model results or output ranges or using
1191 straight averages for the purposes of a rate filing under s.
1192 627.062.

1193 Section 28. Subsection (8) of section 627.0651, Florida
1194 Statutes, is amended to read:

1195 627.0651 Making and use of rates for motor vehicle
1196 insurance.—

1197 (8) Rates are not unfairly discriminatory if averaged
1198 broadly among members of a group; nor are rates unfairly
1199 discriminatory even though they are lower than rates for
1200 nonmembers of the group. However, such rates are unfairly
1201 discriminatory if they are not actuarially measurable and
1202 credible and sufficiently related to actual or expected loss and
1203 expense experience of the group so as to ensure ~~assure~~ that
1204 nonmembers of the group are not unfairly discriminated against.
1205 New programs or changes to existing programs which result in at
1206 least ~~Use of~~ a single United States Postal Service zip code as a
1207 rating territory shall be deemed submitted pursuant to paragraph
1208 (1) (a). A rating territory must incorporate sufficient actual or
1209 expected loss and loss adjustment expense experience so as to be
1210 actuarially measurable and credible and not unfairly
1211 discriminatory.

1212 Section 29. Present subsections (2) through (4) of section
1213 627.072, Florida Statutes, are redesignated as subsections (3)
1214 through (5), respectively, and a new subsection (2) is added to
1215 that section, to read:

1216 627.072 Making and use of rates.—

1217 (2) A retrospective rating plan may contain a provision
1218 that allows for the negotiation of premium between the employer

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1219 and the insurer for employers having exposure in more than one
 1220 state, an estimated annual standard premium in this state of
 1221 \$175,000, and an estimated annual countrywide standard premium
 1222 of \$1 million or more for workers' compensation.

1223 Section 30. Subsection (2) of section 627.281, Florida
 1224 Statutes, is amended to read:

1225 627.281 Appeal from rating organization; workers'
 1226 compensation and employer's liability insurance filings.—

1227 (2) If the ~~such~~ appeal is based on ~~upon~~ the failure of the
 1228 rating organization to make a filing on behalf of a ~~such~~ member
 1229 or subscriber which is based on a system of expense provisions
 1230 which ~~differs~~, in accordance with the right granted in s.
 1231 627.072(3) ~~627.072(2)~~, differs from the system of expense
 1232 provisions included in a filing made by the rating organization,
 1233 the office shall, if it grants the appeal, order the rating
 1234 organization to make the requested filing for use by the
 1235 appellant. In deciding such appeal, the office shall apply the
 1236 applicable standards set forth in ss. 627.062 and 627.072.

1237 Section 31. Paragraph (h) of subsection (5) of section
 1238 627.311, Florida Statutes, is amended to read:

1239 627.311 Joint underwriters and joint reinsurers; public
 1240 records and public meetings exemptions.—

1241 (5)

1242 (h) Any premium or assessments collected by the plan in
 1243 excess of the amount necessary to fund projected ultimate
 1244 incurred losses and expenses of the plan and not paid to
 1245 insureds of the plan in conjunction with loss prevention or
 1246 dividend programs shall be retained by the plan for future use.
 1247 Any state funds received by the plan in excess of the amount

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1248 necessary to fund deficits in subplan D or any tier shall be
1249 returned to the state. Any dividend or premium refund that
1250 cannot be paid to a former insured of the plan because the
1251 former insured cannot be reasonably located shall be retained by
1252 the plan for future use.

1253 Section 32. Subsection (9) of section 627.3518, Florida
1254 Statutes, is amended to read:

1255 627.3518 Citizens Property Insurance Corporation
1256 policyholder eligibility clearinghouse program.—The purpose of
1257 this section is to provide a framework for the corporation to
1258 implement a clearinghouse program by January 1, 2014.

1259 (9) The 45-day notice of nonrenewal requirement set forth
1260 in s. 627.4133(2)(b)4. ~~627.4133(2)(b)4.b.~~ applies when a policy
1261 is nonrenewed by the corporation because the risk has received
1262 an offer of coverage pursuant to this section which renders the
1263 risk ineligible for coverage by the corporation.

1264 Section 33. Section 627.3519, Florida Statutes, is
1265 repealed.

1266 Section 34. Section 627.409, Florida Statutes, is amended
1267 to read:

1268 627.409 Representations in applications; warranties.—

1269 (1) Any statement or description made by or on behalf of an
1270 insured or annuitant in an application for an insurance policy
1271 or annuity contract, or in negotiations for a policy or
1272 contract, is a representation and ~~is~~ not a warranty. Except as
1273 provided in subsection (3), a misrepresentation, omission,
1274 concealment of fact, or incorrect statement may prevent recovery
1275 under the contract or policy only if any of the following apply:

1276 (a) The misrepresentation, omission, concealment, or

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1277 statement is fraudulent or is material ~~either~~ to the acceptance
1278 of the risk or to the hazard assumed by the insurer.

1279 (b) If the true facts had been known to the insurer
1280 pursuant to a policy requirement or other requirement, the
1281 insurer in good faith would not have issued the policy or
1282 contract, would not have issued it at the same premium rate,
1283 would not have issued a policy or contract in as large an
1284 amount, or would not have provided coverage with respect to the
1285 hazard resulting in the loss.

1286 (2) A breach or violation by the insured of a ~~any~~ warranty,
1287 condition, or provision of a ~~any~~ wet marine or transportation
1288 insurance policy, contract of insurance, endorsement, or
1289 application ~~therefor~~ does not void the policy or contract, or
1290 constitute a defense to a loss thereon, unless such breach or
1291 violation increased the hazard by any means within the control
1292 of the insured.

1293 (3) For residential property insurance, if a policy or
1294 contract is in effect for more than 90 days, a claim filed by
1295 the insured may not be denied based on credit information
1296 available in public records.

1297 Section 35. Paragraph (b) of subsection (2) of section
1298 627.4133, Florida Statutes, is amended to read:

1299 627.4133 Notice of cancellation, nonrenewal, or renewal
1300 premium.—

1301 (2) With respect to a ~~any~~ personal lines or commercial
1302 residential property insurance policy, including a, ~~but not~~
1303 ~~limited to,~~ ~~any~~ homeowner's, mobile home owner's, farmowner's,
1304 condominium association, condominium unit owner's, apartment
1305 building, or other policy covering a residential structure or

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1306 its contents:

1307 (b) The insurer shall give the first-named insured written
1308 notice of nonrenewal, cancellation, or termination at least 120
1309 ~~100~~ days before the effective date of the nonrenewal,
1310 cancellation, or termination. ~~However, the insurer shall give at~~
1311 ~~least 100 days' written notice, or written notice by June 1,~~
1312 ~~whichever is earlier, for any nonrenewal, cancellation, or~~
1313 ~~termination that would be effective between June 1 and November~~
1314 ~~30.~~ The notice must include the reason or reasons for the
1315 nonrenewal, cancellation, or termination, except that:

1316 ~~1. The insurer shall give the first-named insured written~~
1317 ~~notice of nonrenewal, cancellation, or termination at least 120~~
1318 ~~days prior to the effective date of the nonrenewal,~~
1319 ~~cancellation, or termination for a first-named insured whose~~
1320 ~~residential structure has been insured by that insurer or an~~
1321 ~~affiliated insurer for at least a 5-year period immediately~~
1322 ~~prior to the date of the written notice.~~

1323 1.2. If cancellation is for nonpayment of premium, at least
1324 10 days' written notice of cancellation accompanied by the
1325 reason therefor must be given. As used in this subparagraph, the
1326 term "nonpayment of premium" means failure of the named insured
1327 to discharge when due her or his obligations for paying the
1328 premium ~~in connection with the payment of premiums~~ on a policy
1329 or an ~~any~~ installment of such premium, whether the premium is
1330 payable directly to the insurer or its agent or indirectly under
1331 any premium finance plan or extension of credit, or failure to
1332 maintain membership in an organization if such membership is a
1333 condition precedent to insurance coverage. The term also means
1334 the failure of a financial institution to honor an insurance

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1335 applicant's check after delivery to a licensed agent for payment
1336 of a premium, even if the agent has previously delivered or
1337 transferred the premium to the insurer. If a dishonored check
1338 represents the initial premium payment, the contract and all
1339 contractual obligations are void ab initio unless the nonpayment
1340 is cured within the earlier of 5 days after actual notice by
1341 certified mail is received by the applicant or 15 days after
1342 notice is sent to the applicant by certified mail or registered
1343 mail, ~~and~~ If the contract is void, any premium received by the
1344 insurer from a third party must be refunded to that party in
1345 full.

1346 2.3. If ~~such~~ cancellation or termination occurs during the
1347 first 90 days the insurance is in force and the insurance is
1348 canceled or terminated for reasons other than nonpayment of
1349 premium, at least 20 days' written notice of cancellation or
1350 termination accompanied by the reason therefor must be given
1351 unless there has been a material misstatement or
1352 misrepresentation or failure to comply with the underwriting
1353 requirements established by the insurer.

1354 3. After the policy has been in effect for 90 days, the
1355 insurer may not cancel the policy unless there has been a
1356 material misstatement, a nonpayment of premium, a failure to
1357 comply with underwriting requirements established by the insurer
1358 within 90 days after the date of effectuation of coverage, or a
1359 substantial change in the risk covered by the policy or the
1360 cancellation is for all insureds under such policies for a class
1361 of insureds. This subparagraph does not apply to individually
1362 rated risks having a policy term of less than 90 days.

1363 4. After a policy or contract has been in effect for 90

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1364 days, the insurer may not cancel or terminate the policy or
1365 contract based on credit information available in public
1366 records. The requirement for providing written notice by June 1
1367 of any nonrenewal that would be effective between June 1 and
1368 November 30 does not apply to the following situations, but the
1369 insurer remains subject to the requirement to provide such
1370 notice at least 100 days before the effective date of
1371 nonrenewal:

1372 a. ~~A policy that is nonrenewed due to a revision in the~~
1373 ~~coverage for sinkhole losses and catastrophic ground cover~~
1374 ~~collapse pursuant to s. 627.706.~~

1375 5.b. A policy that is nonrenewed by Citizens Property
1376 Insurance Corporation, pursuant to s. 627.351(6), for a policy
1377 that has been assumed by an authorized insurer offering
1378 replacement coverage to the policyholder is exempt from the
1379 notice requirements of paragraph (a) and this paragraph. In such
1380 cases, the corporation must give the named insured written
1381 notice of nonrenewal at least 45 days before the effective date
1382 of the nonrenewal.

1383
1384 ~~After the policy has been in effect for 90 days, the policy may~~
1385 ~~not be canceled by the insurer unless there has been a material~~
1386 ~~misstatement, a nonpayment of premium, a failure to comply with~~
1387 ~~underwriting requirements established by the insurer within 90~~
1388 ~~days after the date of effectuation of coverage, or a~~
1389 ~~substantial change in the risk covered by the policy or if the~~
1390 ~~cancellation is for all insureds under such policies for a given~~
1391 ~~class of insureds. This paragraph does not apply to individually~~
1392 ~~rated risks having a policy term of less than 90 days.~~

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1393 ~~6.5.~~ Notwithstanding any other ~~provision of~~ law, an insurer
1394 may cancel or nonrenew a property insurance policy after at
1395 least 45 days' notice if the office finds that the early
1396 cancellation of some or all of the insurer's policies is
1397 necessary to protect the best interests of the public or
1398 policyholders and the office approves the insurer's plan for
1399 early cancellation or nonrenewal of some or all of its policies.
1400 The office may base such finding upon the financial condition of
1401 the insurer, lack of adequate reinsurance coverage for hurricane
1402 risk, or other relevant factors. The office may condition its
1403 finding on the consent of the insurer to be placed under
1404 administrative supervision pursuant to s. 624.81 or to the
1405 appointment of a receiver under chapter 631.

1406 ~~7.6.~~ A policy covering both a home and a motor vehicle may
1407 be nonrenewed for any reason applicable to ~~either~~ the property
1408 or motor vehicle insurance after providing 90 days' notice.

1409 Section 36. Subsection (1) of section 627.4137, Florida
1410 Statutes, is amended to read:

1411 627.4137 Disclosure of certain information required.—

1412 (1) Each insurer that provides ~~which does~~ or may provide
1413 liability insurance coverage to pay all or a portion of a ~~any~~
1414 claim that ~~which~~ might be made shall ~~provide~~, within 30 days
1415 after ~~of~~ the written request of the claimant, provide a
1416 statement, under oath, of a corporate officer or the insurer's
1417 claims manager, ~~or~~ superintendent, or licensed company adjuster
1418 setting forth the following information with regard to each
1419 known policy of insurance, including excess or umbrella
1420 insurance:

1421 (a) The name of the insurer.

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- 1422 (b) The name of each insured.
- 1423 (c) The limits of the liability coverage.
- 1424 (d) A statement of any policy or coverage defense that the
 1425 ~~which such~~ insurer reasonably believes is available to the such
 1426 insurer at the time of filing such statement.
- 1427 (e) A copy of the policy.

1428

1429 ~~In addition,~~ The insured, or her or his insurance agent, upon
 1430 written request of the claimant or the claimant's attorney,
 1431 shall also disclose the name and coverage of each known insurer
 1432 to the claimant and ~~shall~~ forward the such request for
 1433 information ~~as~~ required by this subsection to all affected
 1434 insurers. The insurer shall ~~then~~ supply the required information
 1435 ~~required in this subsection~~ to the claimant within 30 days after
 1436 ~~of~~ receipt of such request.

1437 Section 37. Subsection (1) of section 627.421, Florida
 1438 Statutes, is amended to read:

1439 627.421 Delivery of policy.—

1440 (1) Subject to the insurer's requirement as to payment of
 1441 premium, every policy shall be mailed, delivered, or
 1442 electronically transmitted to the insured or to the person
 1443 entitled thereto within not later than 60 days after the
 1444 effectuation of coverage. Notwithstanding any other provision of
 1445 law, an insurer may allow a policyholder of personal lines
 1446 insurance to affirmatively elect delivery of the policy
 1447 documents, including policies, endorsements, notices, or other
 1448 documents, by electronic means in lieu of delivery by mail.
 1449 Electronic transmission of a policy for commercial risks,
 1450 including, but not limited to, workers' compensation and

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1451 employers' liability, commercial automobile liability,
1452 commercial automobile physical damage, commercial lines
1453 residential property, commercial nonresidential property, farm
1454 owners' insurance, and the types of commercial lines risks set
1455 forth in s. 627.062(3)(d), constitute ~~shall constitute~~ delivery
1456 to the insured or to the person entitled to delivery, unless the
1457 insured or the person entitled to delivery communicates to the
1458 insurer in writing or electronically that he or she does not
1459 agree to delivery by electronic means. Electronic transmission
1460 must ~~shall~~ include a notice to the insured or to the person
1461 entitled to delivery of a policy of his or her right to receive
1462 the policy via United States mail rather than via electronic
1463 transmission. A paper copy of the policy shall be provided to
1464 the insured or to the person entitled to delivery at his or her
1465 request.

1466 Section 38. Subsection (2) of section 627.43141, Florida
1467 Statutes, is amended to read:

1468 627.43141 Notice of change in policy terms.—

1469 (2) A renewal policy may contain a change in policy terms.
1470 If a renewal policy contains ~~does contain~~ such change, the
1471 insurer must give the named insured written notice of the
1472 change, which may ~~must~~ be enclosed along with the written notice
1473 of renewal premium required by ss. 627.4133 and 627.728 or be
1474 sent in a separate notice that complies with the nonrenewal
1475 mailing time requirement for that particular line of business.
1476 The insurer must also provide a sample copy of the notice to the
1477 insured's insurance agent before or at the same time that notice
1478 is given to the insured. Such notice shall be entitled "Notice
1479 of Change in Policy Terms."

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1480 Section 39. Section 627.4553, Florida Statutes, is created
1481 to read:

1482 627.4553 Recommendations to surrender.—If an insurance
1483 agent recommends the surrender of an annuity or life insurance
1484 policy containing a cash value and is not recommending that the
1485 proceeds from the surrender be used to fund or purchase another
1486 annuity or life insurance policy, before execution of the
1487 surrender, the insurance agent, or the insurance company if no
1488 agent is involved, shall provide, on a form adopted by rule by
1489 the department, information concerning the annuity or policy to
1490 be surrendered, including the amount of any surrender charge,
1491 the loss of any minimum interest rate guarantees, the amount of
1492 any tax consequences resulting from the surrender, the amount of
1493 any forfeited death benefit, and the value of any other
1494 investment performance guarantees being forfeited as a result of
1495 the surrender. This section also applies to a person performing
1496 insurance agent activities pursuant to an exemption from
1497 licensure under this part.

1498 Section 40. Paragraph (b) of subsection (4) of section
1499 627.7015, Florida Statutes, is amended to read:

1500 627.7015 Alternative procedure for resolution of disputed
1501 property insurance claims.—

1502 (4) The department shall adopt by rule a property insurance
1503 mediation program to be administered by the department or its
1504 designee. The department may also adopt special rules which are
1505 applicable in cases of an emergency within the state. The rules
1506 shall be modeled after practices and procedures set forth in
1507 mediation rules of procedure adopted by the Supreme Court. The
1508 rules must ~~shall~~ provide ~~for~~:

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1509 (b) Qualifications, denial of application, suspension,
 1510 revocation of approval, and other penalties for ~~of~~ mediators as
 1511 provided in s. 627.745 and in the Florida Rules for ~~of~~ Certified
 1512 and Court-Appointed ~~Court Appointed~~ Mediators, ~~and for such~~
 1513 ~~other individuals as are qualified by education, training, or~~
 1514 ~~experience as the department determines to be appropriate.~~

1515 Section 41. Section 627.70151, Florida Statutes, is created
 1516 to read:

1517 627.70151 Appraisal; conflicts of interest.—An insurer that
 1518 offers residential coverage, as defined in s. 627.4025, or a
 1519 policyholder that uses an appraisal clause in the property
 1520 insurance contract to establish a process for estimating or
 1521 evaluating the amount of the loss through the use of an
 1522 impartial umpire may challenge the umpire’s impartiality and
 1523 disqualify the proposed umpire only if:

1524 (1) A familial relationship within the third degree exists
 1525 between the umpire and a party or a representative of a party;

1526 (2) The umpire has previously represented a party or a
 1527 representative of a party in a professional capacity in the same
 1528 or a substantially related matter;

1529 (3) The umpire has represented another person in a
 1530 professional capacity on the same or a substantially related
 1531 matter, which includes the claim, same property, or an adjacent
 1532 property and that other person’s interests are materially
 1533 adverse to the interests of any party; or

1534 (4) The umpire has worked as an employer or employee of a
 1535 party within the preceding 5 years.

1536 Section 42. Paragraph (c) of subsection (2) of section
 1537 627.706, Florida Statutes, is amended to read:

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1538 627.706 Sinkhole insurance; catastrophic ground cover
1539 collapse; definitions.—

1540 (2) As used in ss. 627.706-627.7074, and as used in
1541 connection with any policy providing coverage for a catastrophic
1542 ground cover collapse or for sinkhole losses, the term:

1543 (c) "Neutral evaluator" means a professional engineer or a
1544 professional geologist who has completed a course of study in
1545 alternative dispute resolution designed or approved by the
1546 department for use in the neutral evaluation process, ~~and~~ who is
1547 determined by the department to be fair and impartial, and who
1548 is not otherwise ineligible for certification as provided in s.
1549 627.7074.

1550 Section 43. Subsections (3), (7), and (18) of section
1551 627.7074, Florida Statutes, are amended to read:

1552 627.7074 Alternative procedure for resolution of disputed
1553 sinkhole insurance claims.—

1554 (3) Following the receipt of the report required ~~provided~~
1555 under s. 627.7073 or the denial of a claim for a sinkhole loss,
1556 the insurer shall notify the policyholder of his or her right to
1557 participate in the neutral evaluation program under this section
1558 if coverage is available under the policy and the claim was
1559 submitted within the timeframe provided in s. 627.706(5).

1560 Neutral evaluation supersedes the alternative dispute resolution
1561 process under s. 627.7015 but does not invalidate the appraisal
1562 clause of the insurance policy. The insurer shall provide to the
1563 policyholder the consumer information pamphlet prepared by the
1564 department pursuant to subsection (1) electronically or by
1565 United States mail.

1566 (7) Upon receipt of a request for neutral evaluation, the

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1567 department shall provide the parties a list of certified neutral
1568 evaluators. The department shall allow the parties to submit
1569 requests for disqualifying ~~to disqualify~~ evaluators on the list
1570 for cause.

1571 (a) The department shall disqualify neutral evaluators for
1572 cause based only on any of the following grounds:

1573 1. A familial relationship exists between the neutral
1574 evaluator and either party or a representative of either party
1575 within the third degree.

1576 2. The proposed neutral evaluator has, in a professional
1577 capacity, previously represented either party or a
1578 representative of either party, in the same or a substantially
1579 related matter.

1580 3. The proposed neutral evaluator has, in a professional
1581 capacity, represented another person in the same or a
1582 substantially related matter and that person's interests are
1583 materially adverse to the interests of the parties. The term
1584 "substantially related matter" means participation by the
1585 neutral evaluator on the same claim, property, or adjacent
1586 property.

1587 4. The proposed neutral evaluator has, within the preceding
1588 5 years, worked as an employer or employee of a ~~any~~ party to the
1589 case.

1590 (b) The department shall deny an application, or suspend or
1591 revoke the certification, of a neutral evaluator to serve in the
1592 neutral evaluator capacity if the department finds that one or
1593 more of the following grounds exist:

1594 1. Lack of one or more of the qualifications for
1595 certification specified in this section.

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1596 2. Material misstatement, misrepresentation, or fraud in
1597 obtaining or attempting to obtain the certification.

1598 3. Demonstrated lack of fitness or trustworthiness to act
1599 as a neutral evaluator.

1600 4. Fraudulent or dishonest practices in the conduct of an
1601 evaluation or in the conduct of business in the financial
1602 services industry.

1603 5. Violation of any provision of this code or of a lawful
1604 order or rule of the department or aiding, instructing, or
1605 encouraging another party to commit such violation.

1606 ~~(c)~~ ~~(b)~~ The parties shall appoint a neutral evaluator from
1607 the department list and promptly inform the department. If the
1608 parties cannot agree to a neutral evaluator within 14 business
1609 days, the department shall appoint a neutral evaluator from the
1610 list of certified neutral evaluators. The department shall allow
1611 each party to disqualify two neutral evaluators without cause.
1612 Upon selection or appointment, the department shall promptly
1613 refer the request to the neutral evaluator.

1614 ~~(d)~~ ~~(e)~~ Within 14 business days after the referral, the
1615 neutral evaluator shall notify the policyholder and the insurer
1616 of the date, time, and place of the neutral evaluation
1617 conference. The conference may be held by telephone, if feasible
1618 and desirable. The neutral evaluator shall make reasonable
1619 efforts to hold the conference within 90 days after the receipt
1620 of the request by the department. Failure of the neutral
1621 evaluator to hold the conference within 90 days does not
1622 invalidate either party's right to neutral evaluation or to a
1623 neutral evaluation conference held outside this timeframe.

1624 (18) The department shall adopt rules of procedure for the

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1625 neutral evaluation process and for certifying, denying or
1626 suspending the certification of, and revoking certification as,
1627 a neutral evaluator.

1628 Section 44. Subsection (8) of section 627.711, Florida
1629 Statutes, is amended to read:

1630 627.711 Notice of premium discounts for hurricane loss
1631 mitigation; uniform mitigation verification inspection form.—

1632 (8) At its expense, the insurer may require that a uniform
1633 mitigation verification form provided by a policyholder, a
1634 policyholder's agent, or an authorized mitigation inspector or
1635 inspection company be independently verified by an inspector, an
1636 inspection company, or an independent third-party quality
1637 assurance provider that ~~which~~ possesses a quality assurance
1638 program before accepting the uniform mitigation verification
1639 form as valid. The insurer may exempt from additional
1640 independent verification any uniform mitigation verification
1641 form provided by a policyholder, a policyholder's agent, an
1642 authorized mitigation inspector, or an inspection company that
1643 possesses a quality assurance program that meets the standards
1644 established by the insurer. A uniform mitigation verification
1645 form provided by a policyholder, a policyholder's agent, an
1646 authorized mitigation inspector, or an inspection company to
1647 Citizens Property Insurance Corporation is not subject to
1648 additional verification, and the property is not subject to
1649 reinspection by the corporation, absent material changes to the
1650 structure for the term stated on the form if the form signed by
1651 a qualified inspector was submitted to, reviewed, and verified
1652 by a quality assurance program approved by the corporation
1653 before submission to the corporation.

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1654 Section 45. Paragraph (a) of subsection (5) of section
 1655 627.736, Florida Statutes, is amended to read:

1656 627.736 Required personal injury protection benefits;
 1657 exclusions; priority; claims.—

1658 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1659 (a) A physician, hospital, clinic, or other person or
 1660 institution lawfully rendering treatment to an injured person
 1661 for a bodily injury covered by personal injury protection
 1662 insurance may charge the insurer and injured party only a
 1663 reasonable amount pursuant to this section for the services and
 1664 supplies rendered, and the insurer providing such coverage may
 1665 directly pay ~~for~~ such charges directly to the ~~such~~ person or
 1666 institution lawfully rendering ~~such~~ treatment if the insured
 1667 receiving such treatment or his or her guardian has
 1668 countersigned the properly completed invoice, bill, or claim
 1669 form approved by the office upon which such charges are to be
 1670 paid ~~for~~ as having actually been rendered, to the best knowledge
 1671 of the insured or his or her guardian. However, such a charge
 1672 may not exceed the amount the person or institution customarily
 1673 charges for like services or supplies. In determining whether a
 1674 charge for a particular service, treatment, or otherwise is
 1675 reasonable, consideration may be given to evidence of usual and
 1676 customary charges and payments accepted by the provider involved
 1677 in the dispute, reimbursement levels in the community and
 1678 various federal and state medical fee schedules applicable to
 1679 motor vehicle and other insurance coverages, and other
 1680 information relevant to the reasonableness of the reimbursement
 1681 ~~for the service, treatment, or supply.~~

1682 1. The insurer may limit reimbursement to 80 percent of the

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1683 following schedule of maximum charges:

1684 a. For emergency transport and treatment by providers
1685 licensed under chapter 401, 200 percent of Medicare.

1686 b. For emergency services and care provided by a hospital
1687 licensed under chapter 395, 75 percent of the hospital's usual
1688 and customary charges.

1689 c. For emergency services and care as defined by s. 395.002
1690 provided in a facility licensed under chapter 395 rendered by a
1691 physician or dentist, and related hospital inpatient services
1692 rendered by a physician or dentist, the usual and customary
1693 charges in the community.

1694 d. For hospital inpatient services, other than emergency
1695 services and care, 200 percent of the Medicare Part A
1696 prospective payment applicable to the specific hospital
1697 providing the inpatient services.

1698 e. For hospital outpatient services, other than emergency
1699 services and care, 200 percent of the Medicare Part A Ambulatory
1700 Payment Classification for the specific hospital providing the
1701 outpatient services.

1702 f. For all other medical services, supplies, and care, 200
1703 percent of the allowable amount under:

1704 (I) The participating physicians fee schedule of Medicare
1705 Part B, except as provided in sub-sub-subparagraphs (II) and
1706 (III).

1707 (II) Medicare Part B, in the case of services, supplies,
1708 and care provided by ambulatory surgical centers and clinical
1709 laboratories.

1710 (III) The Durable Medical Equipment Prosthetics/Orthotics
1711 and Supplies fee schedule of Medicare Part B, in the case of

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1712 durable medical equipment.

1713

1714 However, if such services, supplies, or care is not reimbursable
1715 under Medicare Part B, as provided in this sub-subparagraph, the
1716 insurer may limit reimbursement to 80 percent of the maximum
1717 reimbursable allowance under workers' compensation, as
1718 determined under s. 440.13 and rules adopted thereunder which
1719 are in effect at the time such services, supplies, or care is
1720 provided. Services, supplies, or care that is not reimbursable
1721 under Medicare or workers' compensation is not required to be
1722 reimbursed by the insurer.

1723 2. For purposes of subparagraph 1., the applicable fee
1724 schedule or payment limitation under Medicare is the fee
1725 schedule or payment limitation in effect on March 1 of the year
1726 in which the services, supplies, or care is rendered and for the
1727 area in which such services, supplies, or care is rendered, and
1728 the applicable fee schedule or payment limitation applies from
1729 March 1 until the last day of February ~~throughout the remainder~~
1730 ~~of the following~~ that year, notwithstanding any subsequent
1731 change made to the fee schedule or payment limitation, except
1732 that it may not be less than the allowable amount under the
1733 applicable schedule of Medicare Part B for 2007 for medical
1734 services, supplies, and care subject to Medicare Part B.

1735 3. Subparagraph 1. does not allow the insurer to apply a
1736 ~~any~~ limitation on the number of treatments or other utilization
1737 limits that apply under Medicare or workers' compensation. An
1738 insurer that applies the allowable payment limitations of
1739 subparagraph 1. must reimburse a provider who lawfully provided
1740 care or treatment under the scope of his or her license,

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1741 regardless of whether such provider is entitled to reimbursement
1742 under Medicare due to restrictions or limitations on the types
1743 or discipline of health care providers who may be reimbursed for
1744 particular procedures or procedure codes. However, subparagraph
1745 1. does not prohibit an insurer from using the Medicare coding
1746 policies and payment methodologies of the federal Centers for
1747 Medicare and Medicaid Services, including applicable modifiers,
1748 to determine the appropriate amount of reimbursement for medical
1749 services, supplies, or care if the coding policy or payment
1750 methodology does not constitute a utilization limit.

1751 4. If an insurer limits payment as authorized by
1752 subparagraph 1., the person providing such services, supplies,
1753 or care may not bill or attempt to collect from the insured any
1754 amount in excess of such limits, except for amounts that are not
1755 covered by the insured's personal injury protection coverage due
1756 to the coinsurance amount or maximum policy limits.

1757 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as
1758 authorized by this paragraph only if the insurance policy
1759 includes a notice at the time of issuance or renewal that the
1760 insurer may limit payment pursuant to the schedule of charges
1761 specified in this paragraph. A policy form approved by the
1762 office satisfies this requirement. If a provider submits a
1763 charge for an amount less than the amount allowed under
1764 subparagraph 1., the insurer may pay the amount of the charge
1765 submitted.

1766 Section 46. Subsection (1) and paragraphs (a) and (b) of
1767 subsection (2) of section 627.744, Florida Statutes, are amended
1768 to read:

1769 627.744 Required preinsurance inspection of private

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1770 passenger motor vehicles.-

1771 (1) A private passenger motor vehicle insurance policy
 1772 providing physical damage coverage, including collision or
 1773 comprehensive coverage, may not be issued in this state unless
 1774 the insurer has inspected the motor vehicle in accordance with
 1775 this section. Physical damage coverage on a motor vehicle may
 1776 not be suspended during the term of the policy due to the
 1777 applicant's failure to provide required documents. However,
 1778 payment of a claim may be conditioned upon the insurer's receipt
 1779 of the required documents, and physical damage loss occurring
 1780 after the effective date of coverage is not payable until the
 1781 documents are provided to the insurer.

1782 (2) This section does not apply:

1783 (a) To a policy for a policyholder who has been insured for
 1784 2 years or longer, without interruption, under a private
 1785 passenger motor vehicle policy that ~~which~~ provides physical
 1786 damage coverage for any vehicle, if the agent of the insurer
 1787 verifies the previous coverage.

1788 (b) To a new, unused motor vehicle purchased or leased from
 1789 a licensed motor vehicle dealer or leasing company, if the
 1790 insurer is provided with:

1791 1. A bill of sale, ~~or~~ buyer's order, or lease agreement
 1792 that ~~which~~ contains a full description of the motor vehicle,
 1793 ~~including all options and accessories;~~ or

1794 2. A copy of the title or registration that ~~which~~
 1795 establishes transfer of ownership from the dealer or leasing
 1796 company to the customer and a copy of the window sticker ~~or the~~
 1797 ~~dealer invoice showing the itemized options and equipment and~~
 1798 ~~the total retail price of the vehicle.~~

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1799

1800 ~~For the purposes of this paragraph, the physical damage coverage~~
1801 ~~on the motor vehicle may not be suspended during the term of the~~
1802 ~~policy due to the applicant's failure to provide the required~~
1803 ~~documents. However, payment of a claim is conditioned upon the~~
1804 ~~receipt by the insurer of the required documents, and no~~
1805 ~~physical damage loss occurring after the effective date of the~~
1806 ~~coverage is payable until the documents are provided to the~~
1807 ~~insurer.~~

1808 Section 47. Paragraph (b) of subsection (3) of section
1809 627.745, Florida Statutes, is amended, present subsections (4)
1810 and (5) of that section are redesignated as subsections (5) and
1811 (6), respectively, and a new subsection (4) is added to that
1812 section, to read:

1813 627.745 Mediation of claims.—

1814 (3)

1815 (b) To qualify for approval as a mediator, an individual a
1816 ~~person~~ must meet one of the following qualifications:

1817 1. Possess an active certification as a Florida Supreme
1818 Court certified circuit court mediator. A circuit court mediator
1819 whose certification is in a lapsed, suspended, or decertified
1820 status is not eligible to participate in the program a masters
1821 or doctorate degree in psychology, counseling, business,
1822 accounting, or economics, be a member of The Florida Bar, be
1823 licensed as a certified public accountant, or demonstrate that
1824 the applicant for approval has been actively engaged as a
1825 qualified mediator for at least 4 years prior to July 1, 1990.

1826 2. Be an approved department mediator as of July 1, 2014,
1827 and have conducted at least one mediation on behalf of the

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1828 ~~department within the 4 years immediately preceding that the~~
1829 ~~date the application for approval is filed with the department,~~
1830 ~~have completed a minimum of a 40-hour training program approved~~
1831 ~~by the department and successfully passed a final examination~~
1832 ~~included in the training program and approved by the department.~~
1833 ~~The training program shall include and address all of the~~
1834 ~~following:~~

- 1835 ~~a. Mediation theory.~~
- 1836 ~~b. Mediation process and techniques.~~
- 1837 ~~c. Standards of conduct for mediators.~~
- 1838 ~~d. Conflict management and intervention skills.~~
- 1839 ~~e. Insurance nomenclature.~~

1840 (4) The department shall deny an application, or suspend or
1841 revoke its approval of a mediator or certification of a neutral
1842 evaluator to serve in such capacity, if the department finds
1843 that any of the following grounds exist:

1844 (a) Lack of one or more of the qualifications for approval
1845 or certification specified in this section.

1846 (b) Material misstatement, misrepresentation, or fraud in
1847 obtaining, or attempting to obtain, the approval or
1848 certification.

1849 (c) Demonstrated lack of fitness or trustworthiness to act
1850 as a mediator or neutral evaluator.

1851 (d) Fraudulent or dishonest practices in the conduct of
1852 mediation or neutral evaluation or in the conduct of business in
1853 the financial services industry.

1854 (e) Violation of any provision of this code or of a lawful
1855 order or rule of the department, violation of the Florida Rules
1856 of Certified and Court Appointed Mediators, or aiding,

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1857 instructing, or encouraging another party in committing such a
 1858 violation.

1859
 1860 The department may adopt rules to administer this subsection.

1861 Section 48. Subsection (8) of section 627.782, Florida
 1862 Statutes, is amended to read:

1863 627.782 Adoption of rates.—

1864 (8) Each title insurance agency and insurer licensed to do
 1865 business in this state and each insurer's direct or retail
 1866 business in this state shall maintain and submit information,
 1867 including revenue, loss, and expense data, as the office
 1868 determines necessary to assist in the analysis of title
 1869 insurance premium rates, title search costs, and the condition
 1870 of the title insurance industry in this state. This information
 1871 must be transmitted to the office annually by May ~~March~~ 31 of
 1872 the year after the reporting year. The commission shall adopt
 1873 rules regarding the collection and analysis of the data from the
 1874 title insurance industry.

1875 Section 49. Subsection (4) of section 627.841, Florida
 1876 Statutes, is amended to read:

1877 627.841 Delinquency, collection, cancellation, and payment
 1878 ~~check~~ return charge ~~charges~~; attorney ~~attorney's~~ fees.—

1879 (4) If ~~In the event that~~ a payment is made to a premium
 1880 finance company by debit, credit, electronic funds transfer,
 1881 check, or draft and such payment ~~the instrument~~ is returned,
 1882 declined, or cannot be processed due to ~~because of~~ insufficient
 1883 funds ~~to pay it~~, the premium finance company may, if the premium
 1884 finance agreement so provides, impose a return payment charge of
 1885 \$15.

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1886 Section 50. Subsections (1), (3), (10), and (12) of section
1887 628.461, Florida Statutes, are amended to read:

1888 628.461 Acquisition of controlling stock.—

1889 (1) A person may not, individually or in conjunction with
1890 an ~~any~~ affiliated person of such person, acquire directly or
1891 indirectly, conclude a tender offer or exchange offer for, enter
1892 into any agreement to exchange securities for, or otherwise
1893 finally acquire 10 ~~5~~ percent or more of the outstanding voting
1894 securities of a domestic stock insurer or of a controlling
1895 company, unless:

1896 (a) The person or affiliated person has filed with the
1897 office and sent to the insurer and controlling company a letter
1898 of notification regarding the transaction or proposed
1899 transaction within ~~no later than~~ 5 days after any form of tender
1900 offer or exchange offer is proposed, or within ~~no later than~~ 5
1901 days after the acquisition of the securities if no tender offer
1902 or exchange offer is involved. The notification must be provided
1903 on forms prescribed by the commission containing information
1904 determined necessary to understand the transaction and identify
1905 all purchasers and owners involved;

1906 (b) The person or affiliated person has filed with the
1907 office a statement as specified in subsection (3). The statement
1908 must be completed and filed within 30 days after:

1909 1. Any definitive acquisition agreement is entered;
1910 2. Any form of tender offer or exchange offer is proposed;

1911 or

1912 3. The acquisition of the securities, if no definitive
1913 acquisition agreement, tender offer, or exchange offer is
1914 involved; and

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1915 (c) The office has approved the tender or exchange offer,
1916 or acquisition if no tender offer or exchange offer is involved,
1917 and approval is in effect.

1918
1919 ~~In lieu of a filing as required under this subsection, a party~~
1920 ~~acquiring less than 10 percent of the outstanding voting~~
1921 ~~securities of an insurer may file a disclaimer of affiliation~~
1922 ~~and control. The disclaimer shall fully disclose all material~~
1923 ~~relationships and basis for affiliation between the person and~~
1924 ~~the insurer as well as the basis for disclaiming the affiliation~~
1925 ~~and control. After a disclaimer has been filed, the insurer~~
1926 ~~shall be relieved of any duty to register or report under this~~
1927 ~~section which may arise out of the insurer's relationship with~~
1928 ~~the person unless and until the office disallows the disclaimer.~~
1929 ~~The office shall disallow a disclaimer only after furnishing all~~
1930 ~~parties in interest with notice and opportunity to be heard and~~
1931 ~~after making specific findings of fact to support the~~
1932 ~~disallowance.~~ A filing as required under this subsection must be
1933 made as to any acquisition that equals or exceeds 10 percent of
1934 the outstanding voting securities.

1935 (3) The statement to be filed with the office under
1936 subsection (1) and furnished to the insurer and controlling
1937 company must ~~shall~~ contain the following information and any
1938 additional information ~~as~~ the office deems necessary to
1939 determine the character, experience, ability, and other
1940 qualifications of the person or affiliated person of such person
1941 for the protection of the policyholders and shareholders of the
1942 insurer and the public:

1943 (a) The identity of, and the background information

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1944 specified in subsection (4) on, each natural person by whom, or
1945 on whose behalf, the acquisition is to be made; and, if the
1946 acquisition is to be made by, or on behalf of, a corporation,
1947 association, or trust, as to the corporation, association, or
1948 trust and as to any person who ~~controls either~~ directly or
1949 indirectly controls the corporation, association, or trust, the
1950 identity of, and the background information specified in
1951 subsection (4) on, each director, officer, trustee, or other
1952 natural person performing duties similar to those of a director,
1953 officer, or trustee for the corporation, association, or trust;

1954 (b) The source and amount of the funds or other
1955 consideration used, or to be used, in making the acquisition;

1956 (c) Any plans or proposals that ~~which~~ such persons may have
1957 made to liquidate such insurer, to sell any of its assets or
1958 merge or consolidate it with any person, or to make any other
1959 major change in its business or corporate structure or
1960 management; and any plans or proposals that ~~which~~ such persons
1961 may have made to liquidate any controlling company of such
1962 insurer, to sell any of its assets or merge or consolidate it
1963 with any person, or to make any other major change in its
1964 business or corporate structure or management;

1965 (d) The number of shares or other securities which the
1966 person or affiliated person of such person proposes to acquire,
1967 the terms of the proposed acquisition, and the manner in which
1968 the securities are to be acquired; ~~and~~

1969 (e) Information as to any contract, arrangement, or
1970 understanding with any party with respect to any of the
1971 securities of the insurer or controlling company, including, but
1972 not limited to, information relating to the transfer of any of

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1973 the securities, option arrangements, puts or calls, or the
1974 giving or withholding of proxies, which information names the
1975 party with whom the contract, arrangement, or understanding has
1976 been entered into and gives the details thereof;

1977 (f) Effective January 1, 2015, an agreement by the person
1978 required to file the statement that the person will provide the
1979 annual report specified in s. 628.801(2) if control exists; and

1980 (g) Effective January 1, 2015, an acknowledgement by the
1981 person required to file the statement that the person and all
1982 subsidiaries within the person's control in the insurance
1983 holding company system shall provide, as necessary, information
1984 to the office upon a request to evaluate enterprise risk to the
1985 insurer.

1986 (10) Upon notification to the office by the domestic stock
1987 insurer or a controlling company that any person or any
1988 affiliated person of such person has acquired 10 ~~5~~ percent or
1989 more of the outstanding voting securities of the domestic stock
1990 insurer or controlling company without complying with ~~the~~
1991 ~~provisions~~ of this section, the office shall order that the
1992 person and any affiliated person of such person cease
1993 acquisition of any further securities of the domestic stock
1994 insurer or controlling company; however, the person or any
1995 affiliated person of such person may request a proceeding, which
1996 ~~proceeding~~ shall be convened within 7 days after the rendering
1997 of the order for the sole purpose of determining whether the
1998 person, individually or in connection with an ~~any~~ affiliated
1999 person of such person, has acquired 10 ~~5~~ percent or more of the
2000 outstanding voting securities of a domestic stock insurer or
2001 controlling company. Upon the failure of the person or

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2002 affiliated person to request a hearing within 7 days, or upon a
2003 determination at a hearing convened pursuant to this subsection
2004 that the person or affiliated person has acquired voting
2005 securities of a domestic stock insurer or controlling company in
2006 violation of this section, the office may order the person and
2007 affiliated person to divest themselves of any voting securities
2008 so acquired.

2009 (12) (a) A presumption of control may be rebutted by filing
2010 a disclaimer of control. Any person may file a disclaimer of
2011 control with the office. The disclaimer must fully disclose all
2012 material relationships and bases for affiliation between the
2013 person and the insurer as well as the basis for disclaiming the
2014 affiliation. After a disclaimer is filed, the insurer is
2015 relieved of any duty to register or report under this section,
2016 which may arise out of the insurer's relationship with the
2017 person, unless the office disallows the disclaimer. An
2018 affiliated person of a party acquiring less than 20 percent of
2019 the outstanding voting securities of an insurer that has filed a
2020 Schedule 13G with the Securities and Exchange Commission
2021 pursuant to Rules 13d-1(b) or 13d-1(c) under the Securities
2022 Exchange Act of 1934, as amended, with respect to the securities
2023 of the party acquiring voting securities of an insurer shall
2024 automatically, without further action of the department, be
2025 deemed to have filed a disclaimer of affiliation and control
2026 pursuant to this paragraph. For the purpose of this section, the
2027 term "affiliated person" of another person means:

- 2028 1. ~~The spouse of such other person;~~
2029 2. ~~The parents of such other person and their lineal~~
2030 ~~descendants and the parents of such other person's spouse and~~

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2031 ~~their lineal descendants;~~

2032 ~~3. Any person who directly or indirectly owns or controls,~~
2033 ~~or holds with power to vote, 5 percent or more of the~~
2034 ~~outstanding voting securities of such other person;~~

2035 ~~4. Any person 5 percent or more of the outstanding voting~~
2036 ~~securities of which are directly or indirectly owned or~~
2037 ~~controlled, or held with power to vote, by such other person;~~

2038 ~~5. Any person or group of persons who directly or~~
2039 ~~indirectly control, are controlled by, or are under common~~
2040 ~~control with such other person;~~

2041 ~~6. Any officer, director, partner, copartner, or employee~~
2042 ~~of such other person;~~

2043 ~~7. If such other person is an investment company, any~~
2044 ~~investment adviser of such company or any member of an advisory~~
2045 ~~board of such company;~~

2046 ~~8. If such other person is an unincorporated investment~~
2047 ~~company not having a board of directors, the depositor of such~~
2048 ~~company; or~~

2049 ~~9. Any person who has entered into an agreement, written or~~
2050 ~~unwritten, to act in concert with such other person in acquiring~~
2051 ~~or limiting the disposition of securities of a domestic stock~~
2052 ~~insurer or controlling company.~~

2053 (b) Any controlling person of a domestic insurer who seeks
2054 to divest the person's controlling interest in the domestic
2055 insurer in any manner shall file with the office, with a copy to
2056 the insurer, of the person's proposed divestiture at least 30
2057 days before the cessation of control. The office shall determine
2058 those instances in which the party seeking to divest or to
2059 acquire a controlling interest in an insurer must file for and

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2060 obtain approval of the transaction. The information remains
2061 confidential until the conclusion of the transaction unless the
2062 office, in its discretion, determines that confidential
2063 treatment interferes with enforcement of this section. If the
2064 statement required under subsection (1) is otherwise filed, this
2065 paragraph does not apply. For the purposes of this section, the
2066 term "controlling company" means any corporation, trust, or
2067 association owning, directly or indirectly, 25 percent or more
2068 of the voting securities of one or more domestic stock insurance
2069 companies.

2070 Section 51. Subsections (6) and (7) of section 634.406,
2071 Florida Statutes, are amended to read:

2072 634.406 Financial requirements.—

2073 (6) An association that ~~which~~ holds a license under this
2074 part and ~~which does not hold any other license under this~~
2075 ~~chapter~~ may allow its premiums for service warranties written
2076 under this part to exceed the ratio to net assets limitations of
2077 this section if the association meets all of the following
2078 conditions:

2079 (a) Maintains net assets of at least \$750,000.

2080 (b) Uses ~~Utilizes~~ a contractual liability insurance policy
2081 approved by the office that: ~~which~~

2082 1. Reimburses the service warranty association for 100
2083 percent of its claims liability and is issued by an insurer that
2084 maintains a policyholder surplus of at least \$100 million; or

2085 2. Complies with subsection (3) and is issued by an insurer
2086 that maintains a policyholder surplus of at least \$200 million.

2087 (c) The insurer issuing the contractual liability insurance
2088 policy:

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2089 ~~1. Maintains a policyholder surplus of at least \$100~~
2090 ~~million.~~

2091 ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an
2092 equivalent rating by another national rating service acceptable
2093 to the office.

2094 ~~3. Is in no way affiliated with the warranty association.~~

2095 ~~2.4.~~ In conjunction with the warranty association's filing
2096 of the quarterly and annual reports, provides, on a form
2097 prescribed by the commission, a statement certifying the gross
2098 written premiums in force reported by the warranty association
2099 and a statement that all of the warranty association's gross
2100 written premium in force is covered under the contractual
2101 liability policy, regardless of whether ~~or not~~ it has been
2102 reported.

2103 ~~(7) A contractual liability policy must insure 100 percent~~
2104 ~~of an association's claims exposure under all of the~~
2105 ~~association's service warranty contracts, wherever written,~~
2106 ~~unless all of the following are satisfied:~~

2107 ~~(a) The contractual liability policy contains a clause that~~
2108 ~~specifically names the service warranty contract holders as sole~~
2109 ~~beneficiaries of the contractual liability policy and claims are~~
2110 ~~paid directly to the person making a claim under the contract;~~

2111 ~~(b) The contractual liability policy meets all other~~
2112 ~~requirements of this part, including subsection (3) of this~~
2113 ~~section, which are not inconsistent with this subsection;~~

2114 ~~(c) The association has been in existence for at least 5~~
2115 ~~years or the association is a wholly owned subsidiary of a~~
2116 ~~corporation that has been in existence and has been licensed as~~
2117 ~~a service warranty association in the state for at least 5~~

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2118 years, and:

2119 ~~1. Is listed and traded on a recognized stock exchange; is~~
2120 ~~listed in NASDAQ (National Association of Security Dealers~~
2121 ~~Automated Quotation system) and publicly traded in the over-the-~~
2122 ~~counter securities market; is required to file either of Form~~
2123 ~~10-K, Form 100, or Form 20-G with the United States Securities~~
2124 ~~and Exchange Commission; or has American Depository Receipts~~
2125 ~~listed on a recognized stock exchange and publicly traded or is~~
2126 ~~the wholly owned subsidiary of a corporation that is listed and~~
2127 ~~traded on a recognized stock exchange; is listed in NASDAQ~~
2128 ~~(National Association of Security Dealers Automated Quotation~~
2129 ~~system) and publicly traded in the over-the-counter securities~~
2130 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~
2131 ~~with the United States Securities and Exchange Commission; or~~
2132 ~~has American Depository Receipts listed on a recognized stock~~
2133 ~~exchange and is publicly traded;~~

2134 ~~2. Maintains outstanding debt obligations, if any, rated in~~
2135 ~~the top four rating categories by a recognized rating service;~~

2136 ~~3. Has and maintains at all times a minimum net worth of~~
2137 ~~not less than \$10 million as evidenced by audited financial~~
2138 ~~statements prepared by an independent certified public~~
2139 ~~accountant in accordance with generally accepted accounting~~
2140 ~~principles and submitted to the office annually; and~~

2141 ~~4. Is authorized to do business in this state; and~~

2142 ~~(d) The insurer issuing the contractual liability policy:~~

2143 ~~1. Maintains and has maintained for the preceding 5 years,~~
2144 ~~policyholder surplus of at least \$100 million and is rated "A"~~
2145 ~~or higher by A.M. Best Company or has an equivalent rating by~~
2146 ~~another rating company acceptable to the office;~~

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2147 ~~2. Holds a certificate of authority to do business in this~~
2148 ~~state and is approved to write this type of coverage; and~~

2149 ~~3. Acknowledges to the office quarterly that it insures all~~
2150 ~~of the association's claims exposure under contracts delivered~~
2151 ~~in this state.~~

2152
2153 ~~If all the preceding conditions are satisfied, then the scope of~~
2154 ~~coverage under a contractual liability policy shall not be~~
2155 ~~required to exceed an association's claims exposure under~~
2156 ~~service warranty contracts delivered in this state.~~

2157 Section 52. Except as otherwise expressly provided in this
2158 act, this act shall take effect July 1, 2014.