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1                   A bill to be entitled  
2           An act relating to property insurance; amending s.  
3           626.621, F.S.; providing additional grounds for  
4           refusing, suspending, or revoking a license or  
5           appointment of an insurance agent, adjuster, customer  
6           representative, or managing general agent based on the  
7           acceptance of payment for certain referrals; amending  
8           s. 626.854, F.S.; prohibiting a public adjuster or  
9           public adjuster apprentice from choosing the persons  
10          or entities that will perform repair work; amending s.  
11          627.351, F.S.; postponing the date that new  
12          construction or substantial improvement is not  
13          eligible for coverage by the corporation; deleting  
14          reference to the Residential Property and Casualty  
15          Joint Underwriting Association with respect to issuing  
16          certain residential or commercial policies; requiring  
17          the corporation to cease offering new commercial  
18          residential policies providing multiperil coverage  
19          after a certain date and continue offering commercial  
20          residential wind-only policies; authorizing the  
21          corporation to offer commercial residential policies  
22          excluding wind; providing exceptions; specifying the  
23          amount of the surcharge to be assessed against  
24          personal lines, commercial lines, and coastal accounts  
25          to cover a projected deficit; requiring the  
26          corporation's board to contract with the Division of  
27          Administrative Hearings to hear protests of the  
28          corporation's decisions regarding the purchase of  
29          commodities and contractual services and issue a

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30 recommended order; requiring the board to take final  
31 action in a public meeting; revising the date for  
32 submitting the annual loss-ratio report for  
33 residential coverage; amending s. 627.3518, F.S.;  
34 defining the term "surplus lines insurer"; requiring  
35 the corporation to implement procedures for diverting  
36 ineligible applicants and existing policyholders for  
37 commercial residential coverage from the corporation  
38 by a certain date; deleting the requirement that the  
39 corporation report such procedures to the Legislature;  
40 authorizing eligible surplus lines insurers to  
41 participate in the corporation's clearinghouse program  
42 and providing criteria for such eligibility;  
43 conforming cross-references; providing that certain  
44 applicants who accept an offer from a surplus lines  
45 insurer are considered to be renewing; repealing s.  
46 627.3519, F.S., relating to an annual report  
47 requirement for aggregate net probable maximum losses;  
48 amending s. 627.35191, F.S.; requiring the corporation  
49 to annually provide certain estimates for the next 12-  
50 month period to the Legislature and the Financial  
51 Services Commission; amending s. 627.711, F.S.;  
52 prohibiting a mitigation inspector from offering or  
53 delivering compensation, and an insurance agency,  
54 agent, customer representative, or employee from  
55 accepting compensation for referring an owner to the  
56 inspector or inspection company; authorizing an  
57 insurer to exempt a uniform mitigation verification  
58 form from independent verification under certain

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59 circumstances; providing that the form provided to the  
60 corporation is not subject to verification and the  
61 property is not subject to reinspection under certain  
62 circumstances; amending s. 817.234, F.S.; prohibiting  
63 a contractor from paying, waiving, or rebating a  
64 property insurance deductible; providing penalties;  
65 providing effective dates.

66  
67 Be It Enacted by the Legislature of the State of Florida:

68  
69 Section 1. Subsection (15) is added to section 626.621,  
70 Florida Statutes, to read:

71 626.621 Grounds for discretionary refusal, suspension, or  
72 revocation of agent's, adjuster's, customer representative's,  
73 service representative's, or managing general agent's license or  
74 appointment.—The department may, in its discretion, deny an  
75 application for, suspend, revoke, or refuse to renew or continue  
76 the license or appointment of any applicant, agent, adjuster,  
77 customer representative, service representative, or managing  
78 general agent, and it may suspend or revoke the eligibility to  
79 hold a license or appointment of any such person, if it finds  
80 that as to the applicant, licensee, or appointee any one or more  
81 of the following applicable grounds exist under circumstances  
82 for which such denial, suspension, revocation, or refusal is not  
83 mandatory under s. 626.611:

84 (15) Directly or indirectly accepting any compensation,  
85 inducement, or reward from an inspector for the referral of the  
86 owner of the inspected property to the inspector or inspection  
87 company. This prohibition applies to an inspection intended for

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88 submission to a carrier in order to obtain insurance coverage or  
89 establish the applicable insurance premium.

90 Section 2. Subsection (18) of section 626.854, Florida  
91 Statutes, is redesignated as subsection (19) and amended, and  
92 subsection (18) is added to that section, to read:

93 626.854 "Public adjuster" defined; prohibitions.—The  
94 Legislature finds that it is necessary for the protection of the  
95 public to regulate public insurance adjusters and to prevent the  
96 unauthorized practice of law.

97 (18) A public adjuster, a public adjuster apprentice, or a  
98 person acting on behalf of an adjuster or apprentice may not  
99 enter into a contract or accept a power of attorney that vests  
100 in the public adjuster, the public adjuster apprentice, or the  
101 person acting on behalf of the adjuster or apprentice the  
102 effective authority to choose the persons or entities that will  
103 perform repair work.

104 ~~(19)~~ ~~(18)~~ ~~The provisions of Subsections (5)-(18) (5)-(17)~~  
105 apply only to residential property insurance policies and  
106 condominium unit owner policies as described ~~defined~~ in s.  
107 718.111(11).

108 Section 3. Paragraphs (a), (b), (e), and (hh) of subsection  
109 (6) of section 627.351, Florida Statutes, are amended to read:

110 627.351 Insurance risk apportionment plans.—

111 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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117 coverage in this state to the extent sought and needed. The  
118 absence of affordable property insurance threatens the public  
119 health, safety, and welfare and ~~likewise threatens~~ the economic  
120 health of the state. The state, therefore, has a compelling  
121 public interest and a public purpose to assist in assuring that  
122 property in the state is insured ~~and that it is insured~~ at  
123 affordable rates so as to facilitate the remediation,  
124 reconstruction, and replacement of damaged or destroyed property  
125 in order to reduce or avoid ~~the~~ negative effects on ~~otherwise~~  
126 ~~resulting to~~ the public health, safety, and welfare, to the  
127 economy of the state, and to the revenues of the state and local  
128 governments which are needed to provide for the public welfare.  
129 It is necessary, therefore, to provide affordable property  
130 insurance to applicants who are in good faith entitled to  
131 procure insurance through the voluntary market but are unable to  
132 do so. The Legislature intends, therefore, that affordable  
133 property insurance be provided and that it continue to be  
134 provided, as long as necessary, through Citizens Property  
135 Insurance Corporation, a government entity that is an integral  
136 part of the state, ~~and that is~~ not a private insurance company.  
137 To that end, the corporation shall strive to increase the  
138 availability of affordable property insurance in this state,  
139 while achieving efficiencies and economies, and while providing  
140 service to policyholders, applicants, and agents which is no  
141 less than the quality generally provided in the voluntary  
142 market, for the achievement of the foregoing public purposes.  
143 Because it is essential for this government entity to have the  
144 maximum financial resources to pay claims following a  
145 catastrophic hurricane, it is further the intent of the

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146 Legislature that the corporation continue to be an integral part  
147 of the state, and that the income of the corporation be exempt  
148 from federal income taxation, and that interest on the debt  
149 obligations issued by the corporation be exempt from federal  
150 income taxation.

151 2. The Residential Property and Casualty Joint Underwriting  
152 Association originally created by this statute shall be known as  
153 the Citizens Property Insurance Corporation. The corporation  
154 shall provide insurance for residential and commercial property,  
155 for applicants who are entitled, but, in good faith, are unable  
156 to procure insurance through the voluntary market. The  
157 corporation shall operate pursuant to a plan of operation  
158 approved by order of the Financial Services Commission. The plan  
159 is subject to continuous review by the commission. The  
160 commission may, by order, withdraw approval of all or part of a  
161 plan if the commission determines that conditions have changed  
162 since approval was granted and that the purposes of the plan  
163 require changes in the plan. For the purposes of this  
164 subsection, residential coverage includes both personal lines  
165 residential coverage, which consists of the type of coverage  
166 provided by homeowner's, mobile home owner's, dwelling,  
167 tenant's, condominium unit owner's, and similar policies; and  
168 commercial lines residential coverage, which consists of the  
169 type of coverage provided by condominium association, apartment  
170 building, and similar policies.

171 3. With respect to coverage for personal lines residential  
172 structures:

173 a. Effective January 1, 2014, a structure that has a  
174 dwelling replacement cost of \$1 million or more, or a single

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175 condominium unit that has a combined dwelling and contents  
176 replacement cost of \$1 million or more is not eligible for  
177 coverage by the corporation. Such dwellings insured by the  
178 corporation on December 31, 2013, may continue to be covered by  
179 the corporation until the end of the policy term. The office  
180 shall approve the method used by the corporation for valuing the  
181 dwelling replacement costs under ~~cost for the purposes of~~ this  
182 subparagraph. If a policyholder is insured by the corporation  
183 before being determined to be ineligible pursuant to this  
184 subparagraph and such policyholder files a lawsuit challenging  
185 the determination, the policyholder may remain insured by the  
186 corporation until the conclusion of the litigation.

187 b. Effective January 1, 2015, a structure that has a  
188 dwelling replacement cost of \$900,000 or more, or a single  
189 condominium unit that has a combined dwelling and contents  
190 replacement cost of \$900,000 or more, is not eligible for  
191 coverage by the corporation. Such dwellings insured by the  
192 corporation on December 31, 2014, may continue to be covered by  
193 the corporation only until the end of the policy term.

194 c. Effective January 1, 2016, a structure that has a  
195 dwelling replacement cost of \$800,000 or more, or a single  
196 condominium unit that has a combined dwelling and contents  
197 replacement cost of \$800,000 or more, is not eligible for  
198 coverage by the corporation. Such dwellings insured by the  
199 corporation on December 31, 2015, may continue to be covered by  
200 the corporation until the end of the policy term.

201 d. Effective January 1, 2017, a structure that has a  
202 dwelling replacement cost of \$700,000 or more, or a single  
203 condominium unit that has a combined dwelling and contents

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204 replacement cost of \$700,000 or more, is not eligible for  
205 coverage by the corporation. Such dwellings insured by the  
206 corporation on December 31, 2016, may continue to be covered by  
207 the corporation until the end of the policy term.

208  
209 The requirements of sub-subparagraphs b.-d. do not apply in  
210 counties where the office determines there is not a reasonable  
211 degree of competition. In such counties a personal lines  
212 residential structure that has a dwelling replacement cost of  
213 less than \$1 million, or a single condominium unit that has a  
214 combined dwelling and contents replacement cost of less than \$1  
215 million, is eligible for coverage by the corporation.

216 4. It is the intent of the Legislature that policyholders,  
217 applicants, and agents of the corporation receive service and  
218 treatment of the highest possible level but never less than that  
219 generally provided in the voluntary market. It is also intended  
220 that the corporation be held to service standards no less than  
221 those applied to insurers in the voluntary market by the office  
222 with respect to responsiveness, timeliness, customer courtesy,  
223 and overall dealings with policyholders, applicants, or agents  
224 of the corporation.

225 5.a. Effective January 1, 2009, a personal lines  
226 residential structure that is located in the "wind-borne debris  
227 region," as defined in s. 1609.2, International Building Code  
228 (2006), and that has an insured value on the structure of  
229 \$750,000 or more is not eligible for coverage by the corporation  
230 unless the structure has opening protections as required under  
231 the Florida Building Code for a newly constructed residential  
232 structure in that area. A residential structure is deemed to



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233 comply with this subparagraph if it has shutters or opening  
234 protections on all openings and if such opening protections  
235 complied with the Florida Building Code at the time they were  
236 installed.

237 b. Any major structure as defined in s. 161.54(6)(a) for  
238 which a permit is applied on or after July 1, 2015 ~~2014~~, for new  
239 construction or substantial improvement as defined in s.  
240 161.54~~(12)~~ is not eligible for coverage by the corporation if  
241 the structure is seaward of the coastal construction control  
242 line established pursuant to s. 161.053 or is within the Coastal  
243 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
244 3510.

245 (b)1. All insurers authorized to write one or more subject  
246 lines of business in this state are subject to assessment by the  
247 corporation and, for the purposes of this subsection, are  
248 referred to collectively as "assessable insurers." Insurers  
249 writing one or more subject lines of business in this state  
250 pursuant to part VIII of chapter 626 are not assessable  
251 insurers; however, ~~but~~ insureds who procure one or more subject  
252 lines of business in this state pursuant to part VIII of chapter  
253 626 are subject to assessment by the corporation and are  
254 referred to collectively as "assessable insureds." An insurer's  
255 assessment liability begins on the first day of the calendar  
256 year following the year in which the insurer was issued a  
257 certificate of authority to transact insurance for subject lines  
258 of business in this state and terminates 1 year after the end of  
259 the first calendar year during which the insurer no longer holds  
260 a certificate of authority to transact insurance for subject  
261 lines of business in this state.

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262           2.a. All revenues, assets, liabilities, losses, and  
263 expenses of the corporation shall be divided into three separate  
264 accounts as follows:

265           (I) A personal lines account for personal residential  
266 policies issued by the corporation, ~~or issued by the Residential~~  
267 ~~Property and Casualty Joint Underwriting Association and renewed~~  
268 ~~by the corporation,~~ which provides comprehensive, multiperil  
269 coverage on risks that are not located in areas eligible for  
270 coverage by the Florida Windstorm Underwriting Association as  
271 those areas were defined on January 1, 2002, and for policies  
272 that do not provide coverage for the peril of wind on risks that  
273 are located in such areas;

274           (II) A commercial lines account for commercial residential  
275 and commercial nonresidential policies issued by the  
276 corporation, ~~or issued by the Residential Property and Casualty~~  
277 ~~Joint Underwriting Association and renewed by the corporation,~~  
278 which provides coverage for basic property perils on risks that  
279 are not located in areas eligible for coverage by the Florida  
280 Windstorm Underwriting Association as those areas were defined  
281 on January 1, 2002, and for policies that do not provide  
282 coverage for the peril of wind on risks that are located in such  
283 areas; and

284           (III) A coastal account for personal residential policies  
285 and commercial residential and commercial nonresidential  
286 property policies issued by the corporation, ~~or transferred to~~  
287 ~~the corporation,~~ which provides coverage for the peril of wind  
288 on risks that are located in areas eligible for coverage by the  
289 Florida Windstorm Underwriting Association as those areas were  
290 defined on January 1, 2002. The corporation may offer policies

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291 that provide multiperil coverage and ~~the corporation~~ shall  
292 ~~continue to~~ offer policies that provide coverage only for the  
293 peril of wind for risks located in areas eligible for coverage  
294 in the coastal account. Effective July 1, 2014, the corporation  
295 shall cease offering new commercial residential policies  
296 providing multiperil coverage and shall instead continue to  
297 offer commercial residential wind-only policies, and may offer  
298 commercial residential policies excluding wind. The corporation  
299 may, however, continue to renew a commercial residential  
300 multiperil policy on a building that is insured by the  
301 corporation on June 30, 2014, under a multiperil policy. In  
302 issuing multiperil coverage, the corporation may use its  
303 approved policy forms and rates for the personal lines account.  
304 An applicant or insured who is eligible to purchase a multiperil  
305 policy from the corporation may purchase a multiperil policy  
306 from an authorized insurer without prejudice to the applicant's  
307 or insured's eligibility to prospectively purchase a policy that  
308 provides coverage only for the peril of wind from the  
309 corporation. An applicant or insured who is eligible for a  
310 corporation policy that provides coverage only for the peril of  
311 wind may elect to purchase or retain such policy and also  
312 purchase or retain coverage excluding wind from an authorized  
313 insurer without prejudice to the applicant's or insured's  
314 eligibility to prospectively purchase a policy that provides  
315 multiperil coverage from the corporation. It is the goal of the  
316 Legislature that there be an overall average savings of 10  
317 percent or more for a policyholder who currently has a wind-only  
318 policy with the corporation, and an ex-wind policy with a  
319 voluntary insurer or the corporation, and who obtains a

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320 multiperil policy from the corporation. It is the intent of the  
321 Legislature that the offer of multiperil coverage in the coastal  
322 account be made and implemented in a manner that does not  
323 adversely affect the tax-exempt status of the corporation or  
324 creditworthiness of or security for currently outstanding  
325 financing obligations or credit facilities of the coastal  
326 account, the personal lines account, or the commercial lines  
327 account. The coastal account must also include quota share  
328 primary insurance under subparagraph (c)2. The area eligible for  
329 coverage under the coastal account also includes the area within  
330 Port Canaveral, which is bordered on the south by the City of  
331 Cape Canaveral, bordered on the west by the Banana River, and  
332 bordered on the north by Federal Government property.

333       b. The three separate accounts must be maintained as long  
334 as financing obligations entered into by the Florida Windstorm  
335 Underwriting Association or Residential Property and Casualty  
336 Joint Underwriting Association are outstanding, in accordance  
337 with the terms of the corresponding financing documents. If the  
338 financing obligations are no longer outstanding, the corporation  
339 may use a single account for all revenues, assets, liabilities,  
340 losses, and expenses of the corporation. Consistent with this  
341 subparagraph and prudent investment policies that minimize the  
342 cost of carrying debt, the board shall exercise its best efforts  
343 to retire existing debt or obtain the approval of necessary  
344 parties to amend the terms of existing debt, so as to structure  
345 the most efficient plan for consolidating ~~to consolidate~~ the  
346 three separate accounts into a single account.

347       c. Creditors of the Residential Property and Casualty Joint  
348 Underwriting Association and the accounts specified in sub-sub-

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349 subparagraphs a.(I) and (II) may have a claim against, and  
350 recourse to, those accounts and no claim against, or recourse  
351 to, the account referred to in sub-sub-subparagraph a.(III).  
352 Creditors of the Florida Windstorm Underwriting Association have  
353 a claim against, and recourse to, the account referred to in  
354 sub-sub-subparagraph a.(III) and no claim against, or recourse  
355 to, the accounts referred to in sub-sub-subparagraphs a.(I) and  
356 (II).

357 d. Revenues, assets, liabilities, losses, and expenses not  
358 attributable to particular accounts shall be prorated among the  
359 accounts.

360 e. The Legislature finds that the revenues of the  
361 corporation are revenues that are necessary to meet the  
362 requirements set forth in documents authorizing the issuance of  
363 bonds under this subsection.

364 f. The income of the corporation may not inure to the  
365 benefit of any private person.

366 3. With respect to a deficit in an account:

367 a. After accounting for the Citizens policyholder surcharge  
368 imposed under sub-subparagraph i., if the remaining projected  
369 deficit incurred in the coastal account in a particular calendar  
370 year:

371 (I) Is not greater than 2 percent of the aggregate  
372 statewide direct written premium for the subject lines of  
373 business for the prior calendar year, the entire deficit shall  
374 be recovered through regular assessments of assessable insurers  
375 under paragraph (q) and assessable insureds.

376 (II) Exceeds 2 percent of the aggregate statewide direct  
377 written premium for the subject lines of business for the prior

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378 calendar year, the corporation shall levy regular assessments on  
379 assessable insurers under paragraph (q) and on assessable  
380 insureds in an amount equal to the greater of 2 percent of the  
381 projected deficit or 2 percent of the aggregate statewide direct  
382 written premium for the subject lines of business for the prior  
383 calendar year. Any remaining projected deficit shall be  
384 recovered through emergency assessments under sub-subparagraph  
385 d.

386 b. Each assessable insurer's share of the amount being  
387 assessed under sub-subparagraph a. must be in the proportion  
388 that the assessable insurer's direct written premium for the  
389 subject lines of business for the year preceding the assessment  
390 bears to the aggregate statewide direct written premium for the  
391 subject lines of business for that year. The assessment  
392 percentage applicable to each assessable insured is the ratio of  
393 the amount being assessed under sub-subparagraph a. to the  
394 aggregate statewide direct written premium for the subject lines  
395 of business for the prior year. Assessments levied by the  
396 corporation on assessable insurers under sub-subparagraph a.  
397 must be paid as required by the corporation's plan of operation  
398 and paragraph (q). Assessments levied by the corporation on  
399 assessable insureds under sub-subparagraph a. shall be collected  
400 by the surplus lines agent at the time the surplus lines agent  
401 collects the surplus lines tax required by s. 626.932, and paid  
402 to the Florida Surplus Lines Service Office at the time the  
403 surplus lines agent pays the surplus lines tax to that office.  
404 Upon receipt of regular assessments from surplus lines agents,  
405 the Florida Surplus Lines Service Office shall transfer the  
406 assessments directly to the corporation as determined by the

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407 corporation.

408 c. After accounting for the Citizens policyholder surcharge  
409 imposed under sub-subparagraph i., the remaining projected  
410 deficits in the personal lines account and in the commercial  
411 lines account in a particular calendar year shall be recovered  
412 through emergency assessments under sub-subparagraph d.

413 d. Upon a determination by the board of governors that a  
414 projected deficit in an account exceeds the amount that is  
415 expected to be recovered through regular assessments under sub-  
416 subparagraph a., plus the amount that is expected to be  
417 recovered through surcharges under sub-subparagraph i., the  
418 board, after verification by the office, shall levy emergency  
419 assessments for as many years as necessary to cover the  
420 deficits, to be collected by assessable insurers and the  
421 corporation and collected from assessable insureds upon issuance  
422 or renewal of policies for subject lines of business, excluding  
423 National Flood Insurance policies. The amount collected in a  
424 particular year must be a uniform percentage of that year's  
425 direct written premium for subject lines of business and all  
426 accounts of the corporation, excluding National Flood Insurance  
427 Program policy premiums, as annually determined by the board and  
428 verified by the office. The office shall verify the arithmetic  
429 calculations involved in the board's determination within 30  
430 days after receipt of the information on which the determination  
431 was based. The office shall notify assessable insurers and the  
432 Florida Surplus Lines Service Office of the date on which  
433 assessable insurers shall begin to collect and assessable  
434 insureds shall begin to pay such assessment. The date must be at  
435 least ~~may be not less than~~ 90 days after the date the

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436 corporation levies emergency assessments pursuant to this sub-  
437 subparagraph. Notwithstanding any other provision of law, the  
438 corporation and each assessable insurer that writes subject  
439 lines of business shall collect emergency assessments from its  
440 policyholders without such obligation being affected by any  
441 credit, limitation, exemption, or deferment. Emergency  
442 assessments levied by the corporation on assessable insureds  
443 shall be collected by the surplus lines agent at the time the  
444 surplus lines agent collects the surplus lines tax required by  
445 s. 626.932 and paid to the Florida Surplus Lines Service Office  
446 at the time the surplus lines agent pays the surplus lines tax  
447 to that office. The emergency assessments collected shall be  
448 transferred directly to the corporation on a periodic basis as  
449 determined by the corporation and held by the corporation solely  
450 in the applicable account. The aggregate amount of emergency  
451 assessments levied for an account ~~under this sub-subparagraph~~ in  
452 any calendar year may be less than but may not exceed the  
453 greater of 10 percent of the amount needed to cover the deficit,  
454 plus interest, fees, commissions, required reserves, and other  
455 costs associated with financing the original deficit, or 10  
456 percent of the aggregate statewide direct written premium for  
457 subject lines of business and all accounts of the corporation  
458 for the prior year, plus interest, fees, commissions, required  
459 reserves, and other costs associated with financing the deficit.

460 e. The corporation may pledge the proceeds of assessments,  
461 projected recoveries from the Florida Hurricane Catastrophe  
462 Fund, other insurance and reinsurance recoverables, policyholder  
463 surcharges and other surcharges, and other funds available to  
464 the corporation as the source of revenue for and to secure bonds



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465 issued under paragraph (q), bonds or other indebtedness issued  
466 under subparagraph (c)3., or lines of credit or other financing  
467 mechanisms issued or created under this subsection, or to retire  
468 any other debt incurred as a result of deficits or events giving  
469 rise to deficits, or in any other way that the board determines  
470 will efficiently recover such deficits. The purpose of the lines  
471 of credit or other financing mechanisms is to provide additional  
472 resources to assist the corporation in covering claims and  
473 expenses attributable to a catastrophe. As used in this  
474 subsection, the term "assessments" includes regular assessments  
475 under sub-subparagraph a. or subparagraph (q)1. and emergency  
476 assessments under sub-subparagraph d. Emergency assessments  
477 collected under sub-subparagraph d. are not part of an insurer's  
478 rates, are not premium, and are not subject to premium tax,  
479 fees, or commissions; however, failure to pay the emergency  
480 assessment shall be treated as failure to pay premium. The  
481 emergency assessments ~~under sub-subparagraph d.~~ shall continue  
482 as long as any bonds issued or other indebtedness incurred with  
483 respect to a deficit for which the assessment was imposed remain  
484 outstanding, unless adequate provision has been made for the  
485 payment of such bonds or other indebtedness pursuant to the  
486 documents governing such bonds or indebtedness.

487 f. As used in this subsection for purposes of any deficit  
488 incurred on or after January 25, 2007, the term "subject lines  
489 of business" means insurance written by assessable insurers or  
490 procured by assessable insureds for all property and casualty  
491 lines of business in this state, but not including workers'  
492 compensation or medical malpractice. As used in this sub-  
493 subparagraph, the term "property and casualty lines of business"

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494 includes all lines of business identified on Form 2, Exhibit of  
495 Premiums and Losses, in the annual statement required of  
496 authorized insurers under s. 624.424 and any rule adopted under  
497 this section, except for those lines identified as accident and  
498 health insurance and except for policies written under the  
499 National Flood Insurance Program or the Federal Crop Insurance  
500 Program. For purposes of this sub-subparagraph, the term  
501 "workers' compensation" includes both workers' compensation  
502 insurance and excess workers' compensation insurance.

503 g. The Florida Surplus Lines Service Office shall determine  
504 annually the aggregate statewide written premium in subject  
505 lines of business procured by assessable insureds and report  
506 that information to the corporation in a form and at a time the  
507 corporation specifies to ensure that the corporation can meet  
508 the requirements of this subsection and the corporation's  
509 financing obligations.

510 h. The Florida Surplus Lines Service Office shall verify  
511 the proper application by surplus lines agents of assessment  
512 percentages for regular assessments and emergency assessments  
513 levied under this subparagraph on assessable insureds and assist  
514 the corporation in ensuring the accurate, timely collection and  
515 payment of assessments by surplus lines agents as required by  
516 the corporation.

517 i. ~~In 2008 or thereafter,~~ Upon a determination by the board  
518 of governors that an account has a projected deficit, the board  
519 shall levy a Citizens policyholder surcharge against all  
520 policyholders of the corporation.

521 (I) The surcharge shall be levied as a uniform percentage  
522 of the premium for all corporation policyholders ~~for the policy~~

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523 of up to 10 percent of the policy premium for deficits in the  
524 personal lines account, up to 15 percent of the policy such  
525 premium for deficits in the commercial lines account, and up to  
526 20 percent of the policy premium for deficits in the coastal  
527 account, which funds shall be used to offset the deficit.

528 (II) The surcharge is payable upon cancellation or  
529 termination of the policy, upon renewal of the policy, or upon  
530 issuance of a new policy by the corporation within the first 12  
531 months after the date of the levy or the period of time  
532 necessary to fully collect the surcharge amount.

533 (III) The corporation may not levy any regular assessments  
534 under paragraph (q) pursuant to sub-subparagraph a. or sub-  
535 subparagraph b. with respect to a particular year's deficit  
536 until the corporation has first levied the full amount of the  
537 surcharge authorized by this sub-subparagraph.

538 (IV) The surcharge is not considered premium and is not  
539 subject to commissions, fees, or premium taxes. However, failure  
540 to pay the surcharge shall be treated as failure to pay premium.

541 j. If the amount of any assessments or surcharges collected  
542 from corporation policyholders, assessable insurers or their  
543 policyholders, or assessable insureds exceeds the amount of the  
544 deficits, such excess amounts shall be remitted to and retained  
545 by the corporation in a reserve to be used by the corporation,  
546 as determined by the board of governors and approved by the  
547 office, to pay claims or reduce any past, present, or future  
548 plan-year deficits or to reduce outstanding debt.

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

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552 tradepersons or technical experts to assist a licensed adjuster  
553 in the evaluation of individual claims are not subject to the  
554 procurement requirements of this section. Additionally, the  
555 procurement of financial services providers and underwriters  
556 must be made pursuant to s. 627.3513. Contracts for goods or  
557 services valued at or more than \$100,000 are subject to approval  
558 by the board.

559 1. The corporation is an agency for purposes of s. 287.057,  
560 except that, for purposes of s. 287.057(22), the corporation is  
561 an eligible user.

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

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

568 2. The corporation must provide notice of a decision or  
569 intended decision concerning a solicitation, contract award, or  
570 exceptional purchase by electronic posting. Such notice must  
571 contain the following statement: "Failure to file a protest  
572 within the time prescribed in this section constitutes a waiver  
573 of proceedings."

574 a. A person adversely affected by the corporation's  
575 decision or intended decision to award a contract pursuant to s.  
576 287.057(1) or (3)(c) who elects to challenge the decision must  
577 file a written notice of protest with the executive director of  
578 the corporation within 72 hours after the corporation posts a  
579 notice of its decision or intended decision. For a protest of  
580 the terms, conditions, and specifications contained in a

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581 solicitation, including ~~any~~ provisions governing the methods for  
582 ranking bids, proposals, replies, awarding contracts, reserving  
583 rights of further negotiation, or modifying or amending any  
584 contract, the notice of protest must be filed in writing within  
585 72 hours after ~~the~~ posting ~~of~~ the solicitation. Saturdays,  
586 Sundays, and state holidays are excluded in the computation of  
587 the 72-hour time period.

588 b. A formal written protest must be filed within 10 days  
589 after the date the notice of protest is filed. The formal  
590 written protest must state with particularity the facts and law  
591 upon which the protest is based. Upon receipt of a formal  
592 written protest that has been timely filed, the corporation must  
593 stop the solicitation or contract award process until the  
594 subject of the protest is resolved by final board action unless  
595 the executive director sets forth in writing particular facts  
596 and circumstances that require the continuance of the  
597 solicitation or contract award process without delay in order to  
598 avoid an immediate and serious danger to the public health,  
599 safety, or welfare.

600 (I) The corporation must provide an opportunity to resolve  
601 the protest by mutual agreement between the parties within 7  
602 business days after receipt of the formal written protest.

603 (II) If the subject of a protest is not resolved by mutual  
604 agreement within 7 business days, the corporation's board must  
605 transmit the protest to the Division of Administrative Hearings  
606 and contract with the division to conduct a hearing to determine  
607 the merits of the protest and to issue a recommended order ~~place~~  
608 ~~the protest on the agenda and resolve it at its next regularly~~  
609 ~~scheduled meeting.~~ The contract must provide for the corporation

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610 to reimburse the division for any costs incurred by the division  
611 for court reporters, transcript preparation, travel, facility  
612 rental, and other customary hearing costs in the manner set  
613 forth in s. 120.65(9). The division has jurisdiction to  
614 determine the facts and law concerning the protest and to issue  
615 a recommended order. The division's rules and procedures apply  
616 to these proceedings; the division's applicable bond  
617 requirements do not apply. The protest must be heard by the  
618 division ~~board~~ at a publicly noticed meeting in accordance with  
619 procedures established by the division ~~board~~.

620 c. In a protest of an invitation-to-bid or request-for-  
621 proposals procurement, submissions made after the bid or  
622 proposal opening which amend or supplement the bid or proposal  
623 may not be considered. In protesting an invitation-to-negotiate  
624 procurement, submissions made after the corporation announces  
625 its intent to award a contract, reject all replies, or withdraw  
626 the solicitation that amends or supplements the reply may not be  
627 considered. Unless otherwise provided by law, the burden of  
628 proof rests with the party protesting the corporation's action.  
629 In a competitive-procurement protest, other than a rejection of  
630 all bids, proposals, or replies, the administrative law judge  
631 ~~corporation's board~~ must conduct a de novo proceeding to  
632 determine whether the corporation's proposed action is contrary  
633 to the corporation's governing statutes, the corporation's rules  
634 or policies, or the solicitation specifications. The standard of  
635 proof for the proceeding is whether the corporation's action was  
636 clearly erroneous, contrary to competition, arbitrary, or  
637 capricious. In any bid-protest proceeding contesting an intended  
638 corporation action to reject all bids, proposals, or replies,

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639 the standard of review by the board is whether the corporation's  
640 intended action is illegal, arbitrary, dishonest, or fraudulent.

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

643 3. The board, acting as agency head, shall consider the  
644 recommended order of an administrative law judge in a public  
645 meeting and take final action on the protest. ~~Contract actions~~  
646 ~~and decisions by the board under this paragraph are final.~~ Any  
647 further legal remedy lies with the First District Court of  
648 Appeal ~~must be made in the Circuit Court of Leon County.~~

649 (hh) The corporation shall ~~must~~ prepare a report for each  
650 calendar year outlining both the statewide average and county-  
651 specific details of the loss ratio attributable to losses that  
652 are not catastrophic losses for residential coverage provided by  
653 the corporation, which information must be presented to the  
654 office and available for public inspection on the Internet  
655 website of the corporation by March 1 ~~January 15th~~ of the  
656 following calendar year.

657 Section 4. Paragraph (e) is added to subsection (1) of  
658 section 627.3518, Florida Statutes, subsection (2) and paragraph  
659 (e) of subsection (4) of that section are amended, present  
660 subsections (5) through (10) of that section are redesignated as  
661 subsections (6) through (11), respectively, present subsection  
662 (11) is redesignated as subsection (13), new subsections (5) and  
663 (12) are added to that section, and present subsections (5)  
664 through (7) of that section are amended, to read:

665 627.3518 Citizens Property Insurance Corporation  
666 policyholder eligibility clearinghouse program.—The purpose of  
667 this section is to provide a framework for the corporation to

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668 implement a clearinghouse program by January 1, 2014.

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

670 (e) "Surplus lines insurer" means an unauthorized insurer  
671 that has been made eligible by the office to issue coverage  
672 under the Surplus Lines Law.

673 (2) In order to confirm eligibility with the corporation  
674 and to enhance the access of new applicants for coverage and  
675 existing policyholders of the corporation to offers of coverage  
676 from authorized insurers and surplus lines insurers, the  
677 corporation shall establish a program for personal residential  
678 risks in order to facilitate the diversion of ineligible  
679 applicants and existing policyholders ~~from the corporation~~ into  
680 the voluntary insurance market. The corporation shall also  
681 develop appropriate procedures for facilitating the diversion of  
682 ineligible applicants and existing policyholders for commercial  
683 residential coverage into the private insurance market and  
684 implement these procedures by October 1, 2015 ~~shall report such~~  
685 ~~procedures to the President of the Senate and the Speaker of the~~  
686 ~~House of Representatives by January 1, 2014.~~

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

691 (e) May participate through their single-designated  
692 managing general agent or broker; however, the provisions of  
693 paragraph (7) (a) ~~(6) (a)~~ regarding ownership, control, and use of  
694 the expirations continue to apply.

695 (5) Effective January 1, 2015, an eligible surplus lines  
696 insurer may make an offer of similar coverage on a risk



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697 submitted though the clearinghouse program if no offers of  
698 coverage were submitted by authorized insurers participating in  
699 the program and the office determines that the eligible surplus  
700 lines insurer:

701 (a) Maintains a surplus of \$50 million on a company or  
702 pooled basis;

703 (b) Is rated as having a superior, excellent, exceptional,  
704 or equally comparable financial strength by a rating agency  
705 acceptable to the office;

706 (c) Maintains reserves, surplus, reinsurance, and  
707 reinsurance equivalents to cover the eligible surplus lines  
708 insurer's 100-year probable maximum hurricane loss at least  
709 twice in a single hurricane season, and submits such reinsurance  
710 to the office for review for purposes of participation in the  
711 program; and

712 (d) Provides prominent notice to the policyholder:

713 1. That the policyholder does not have to accept an offer  
714 of coverage from a surplus lines insurer;

715 2. That an offer of coverage from a surplus lines insurer  
716 does not affect whether the policyholder is eligible for  
717 coverage from the corporation;

718 3. That a policyholder who accepts an offer of coverage  
719 from a surplus lines insurer may, at any time, submit a new  
720 application for coverage to the corporation;

721 4. That surplus lines policies are not covered by the  
722 Florida Insurance Guaranty Association;

723 5. That rates for surplus lines insurance are not subject  
724 to review by the office; and

725 6. Of any additional information required by the office.

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726  
727 Such notice must be signed by the policyholder and kept on file  
728 with the surplus lines insurer for as long as the policyholder  
729 remains insured by the surplus lines insurer.

730 ~~(6)~~ ~~(5)~~ Notwithstanding s. 627.3517, an ~~any~~ applicant for  
731 new coverage from the corporation is not eligible for coverage  
732 from the corporation if provided an offer of coverage from an  
733 authorized insurer through the program at a premium that is at  
734 or below the eligibility threshold established in s.  
735 627.351(6)(c)5.a. or b. Whenever an offer of coverage for a  
736 personal lines or commercial lines residential risk is received  
737 for a policyholder of the corporation at renewal from an  
738 authorized insurer through the program, if the offer is equal to  
739 or less than the corporation's renewal premium for comparable  
740 coverage, the risk is not eligible for coverage with the  
741 corporation. If ~~In the event~~ an offer of coverage for a new  
742 applicant is received from an authorized insurer through the  
743 program, and the premium offered exceeds the eligibility  
744 threshold contained in s. 627.351(6)(c)5.a. or b., the applicant  
745 or insured may elect to accept such coverage, or may elect to  
746 accept or continue coverage with the corporation. If ~~In the~~  
747 ~~event~~ an offer of coverage for a personal lines or commercial  
748 lines residential risk is received from an authorized insurer at  
749 renewal through the program, and if the premium offered is more  
750 than the corporation's renewal premium for comparable coverage,  
751 the insured may elect to accept such coverage, or may elect to  
752 accept or continue coverage with the corporation. Section  
753 627.351(6)(c)5.a.(I) or b.(I) does not apply to an offer of  
754 coverage from an authorized insurer obtained through the

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755 program. An applicant for personal lines residential coverage  
756 from the corporation who was declared ineligible for coverage at  
757 renewal by the corporation in the previous 36 months due to an  
758 offer of coverage pursuant to this subsection is ~~shall be~~  
759 considered a renewal under this section if the corporation  
760 determines that the authorized insurer making the offer of  
761 coverage pursuant to this subsection continues to insure the  
762 applicant and increased the rate on the policy in excess of the  
763 increase allowed for the corporation under s. 627.351(6)(n)6.

764 (7)(6) Independent insurance agents submitting new  
765 applications for coverage or that are the agent of record on a  
766 renewal policy submitted to the program:

767 (a) Are granted and must maintain ownership and the  
768 exclusive use of expirations, records, or other written or  
769 electronic information directly related to such applications or  
770 renewals written through the corporation or through an insurer  
771 participating in the program, notwithstanding s.

772 627.351(6)(c)5.a.(I)(B) and (II)(B) and b.(I)(B) and (II)(B).

773 Such ownership is granted for as long as the insured remains  
774 with the agency or until sold or surrendered in writing by the  
775 agent. Contracts with the corporation or required by the  
776 corporation must not amend, modify, interfere with, or limit  
777 such rights of ownership. Such expirations, records, or other  
778 written or electronic information may be used to review an  
779 application, issue a policy, or for any other purpose necessary  
780 for placing such business through the program.

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

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784 (c) May accept an appointment from an ~~any~~ insurer  
785 participating in the program.

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

788

789 Applicants ineligible for coverage in accordance with subsection  
790 (6) ~~(5)~~ remain ineligible if their independent agent is  
791 unwilling or unable to enter into a standard or limited agency  
792 agreement with an insurer participating in the program.

793 (8) ~~(7)~~ Exclusive agents submitting new applications for  
794 coverage or that are the agent of record on a renewal policy  
795 submitted to the program:

796 (a) Must maintain ownership and the exclusive use of  
797 expirations, records, or other written or electronic information  
798 directly related to such applications or renewals written  
799 through the corporation or through an insurer participating in  
800 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and  
801 (II)(B) and b.(I)(B) and (II)(B). Contracts with the corporation  
802 or required by the corporation must not amend, modify, interfere  
803 with, or limit such rights of ownership. Such expirations,  
804 records, or other written or electronic information may be used  
805 to review an application, issue a policy, or for any other  
806 purpose necessary for placing such business through the program.

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

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

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813 (d) May enter into a limited servicing agreement with the  
814 insurer making an offer of coverage, and only after the  
815 exclusive agent's insurer has approved the limited servicing  
816 agreement terms. The exclusive agent's insurer must approve a  
817 limited service agreement for the program for an ~~any~~ insurer for  
818 which it has approved a service agreement for other purposes.

819

820 Applicants ineligible for coverage in accordance with subsection  
821 (6) ~~(5)~~ remain ineligible if their exclusive agent is unwilling  
822 or unable to enter into a standard or limited agency agreement  
823 with an insurer making an offer of coverage to that applicant.

824 (12) An applicant for coverage from the corporation who was  
825 a policyholder of the corporation within the previous 36 months  
826 and who subsequently accepted an offer of coverage from a  
827 surplus lines insurer is considered a renewal under this  
828 section.

829 Section 5. Section 627.3519, Florida Statutes, is repealed.

830 Section 6. Section 627.35191, Florida Statutes, is amended  
831 to read:

832 627.35191 Required reports ~~Annual report of aggregate net~~  
833 ~~probable maximum losses, financing options, and potential~~  
834 ~~assessments.-~~

835 (1) By ~~No later than~~ February 1 of each year, the Florida  
836 Hurricane Catastrophe Fund and Citizens Property Insurance  
837 Corporation shall each submit a report to the Legislature and  
838 the Financial Services Commission identifying their respective  
839 aggregate net probable maximum losses, financing options, and  
840 potential assessments. The report issued by the fund and the  
841 corporation must include their respective 50-year, 100-year, and

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842 250-year probable maximum losses; analysis of all reasonable  
843 financing strategies for each such probable maximum loss,  
844 including the amount and term of debt instruments; specification  
845 of the percentage assessments that would be needed to support  
846 each of the financing strategies; and calculations of the  
847 aggregate assessment burden on Florida property and casualty  
848 policyholders for each of the probable maximum losses.

849 (2) In May of each year, Citizens Property Insurance  
850 Corporation shall also provide to the Legislature and the  
851 Financial Services Commission a statement of the estimated  
852 borrowing capacity of the corporation for the next 12-month  
853 period, the estimated claims-paying capacity of the corporation,  
854 and the corporation's estimated balance as of December 31 of the  
855 current calendar year. Such estimates must take into account  
856 that the corporation, the Florida Hurricane Catastrophe Fund,  
857 and the Florida Insurance Guaranty Association may all be  
858 concurrently issuing debt instruments following a catastrophic  
859 event.

860 Section 7. Present subsections (6) through (8) of section  
861 627.711, Florida Statutes, are redesignated as subsections (7)  
862 through (9), respectively, a new subsection (6) is added to that  
863 section, and present subsection (8) of that section is amended,  
864 to read:

865 627.711 Notice of premium discounts for hurricane loss  
866 mitigation; uniform mitigation verification inspection form.—

867 (6) (a) An authorized mitigation inspector may not directly  
868 or indirectly offer or deliver any compensation, inducement, or  
869 reward to an insurance agency, insurance agent, customer  
870 representative, or an employee of an insurance agency for the

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871 referral of the owner of the inspected property to the inspector  
872 or the inspection company. Section 455.227(1)(k) applies to  
873 applicable licensees in violation of this paragraph.

874 (b) An insurance agency, insurance agent, customer  
875 representative, or an employee of an insurance agency may not  
876 directly or indirectly receive or accept any compensation,  
877 inducement, or reward from an authorized mitigation inspector  
878 for the referral of the owner of the inspected property to the  
879 inspector or the inspection company. Sections 626.621(2) and  
880 626.6215(5)(d) apply to a violation of this paragraph.

881 (9)~~(8)~~ At its expense, the insurer may require that a  
882 uniform mitigation verification form provided by a policyholder,  
883 a policyholder's agent, or an authorized mitigation inspector or  
884 inspection company be independently verified by an inspector, an  
885 inspection company, or an independent third-party quality  
886 assurance provider that ~~which~~ possesses a quality assurance  
887 program before accepting the uniform mitigation verification  
888 form as valid. At its option, the insurer may exempt from  
889 independent verification a uniform mitigation verification form  
890 completed by an authorized mitigation inspector or inspection  
891 company that possesses a quality assurance program approved by  
892 the insurer. A uniform mitigation verification form provided by  
893 a policyholder, a policyholder's agent, or an authorized  
894 mitigation inspector or inspection company to Citizens Property  
895 Insurance Corporation is not subject to independent verification  
896 and the property is not subject to reinspection by the  
897 corporation, absent material changes to the structure during the  
898 term stated on the form, if the form was signed by an authorized  
899 mitigation inspector and submitted to, reviewed by, and verified

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900 by a quality assurance program approved by the corporation  
901 before submission of the form to the corporation.

902 Section 8. Paragraph (d) is added to subsection (7) of  
903 section 817.234, Florida Statutes, to read:

904 817.234 False and fraudulent insurance claims.—

905 (7)

906 (d) A contractor, or a person acting on behalf of a  
907 contractor, may not knowingly or willfully and with intent to  
908 injure, defraud, or deceive, pay, waive, or rebate all or part  
909 of an insurance deductible applicable to payment to the  
910 contractor, or a person acting on behalf of a contractor, for  
911 repairs to property covered by a property insurance policy. A  
912 person who violates this paragraph commits a third degree  
913 felony, punishable as provided in s. 775.082, s. 775.083, or s.  
914 775.084.

915 Section 9. Except as otherwise expressly provided in this  
916 act, this act shall take effect July 1, 2014.