

1 A bill to be entitled

2 An act relating to insurance; amending s. 554.1021,
3 F.S.; defining the term "authorized inspection
4 agency"; amending s. 554.107, F.S.; requiring the
5 chief inspector of the state boiler inspection program
6 to issue a certificate of competency as a special
7 inspector to certain individuals; specifying the
8 duration of such certificate; amending s. 554.109,
9 F.S.; authorizing specified insurers to contract with
10 an authorized inspection agency for boiler
11 inspections; requiring such insurers to annually
12 report the identity of contracted authorized
13 inspection agencies to the Department of Financial
14 Services; amending s. 624.501, F.S.; revising original
15 appointment and renewal fees related to certain
16 insurance representatives; amending s. 626.015, F.S.;
17 defining the term "unaffiliated insurance agent";
18 amending s. 626.0428, F.S.; requiring a branch place
19 of business to have an agent in charge; authorizing an
20 agent to be in charge of more than one branch office
21 under certain circumstances; providing requirements
22 relating to the designation of an agent in charge;
23 providing that the agent in charge is accountable for
24 misconduct and violations committed by the licensee
25 and any person under his or her supervision;
26 prohibiting an insurance agency from conducting

27 insurance business at a location without a designated
28 agent in charge; amending s. 626.112, F.S.; providing
29 licensure exemptions that allow specified individuals
30 or entities to conduct insurance business at specified
31 locations under certain circumstances; revising
32 licensure requirements and penalties with respect to
33 registered insurance agencies; providing that the
34 registration of an approved registered insurance
35 agency automatically converts to an insurance agency
36 license on a specified date; amending s. 626.172,
37 F.S.; revising requirements relating to applications
38 for insurance agency licenses; conforming provisions
39 to changes made by the act; amending s. 626.311, F.S.;
40 limiting the types of business that may be transacted
41 by certain agents; amending s. 626.321, F.S.;
42 providing that a limited license to offer motor
43 vehicle rental insurance issued to a business that
44 rents or leases motor vehicles encompasses the
45 employees of such business; amending s. 626.382, F.S.;
46 providing that an insurance agency license continues
47 in force until canceled, suspended, revoked, or
48 terminated or expired; amending s. 626.601, F.S.;
49 revising terminology relating to investigations
50 conducted by the Department of Financial Services and
51 the Office of Insurance Regulation with respect to
52 individuals and entities involved in the insurance

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

79 Office; amending s. 626.932, F.S.; revising the due
80 date of surplus lines tax; amending ss. 626.935 and
81 626.936, F.S.; conforming provisions to changes made
82 by the act; amending s. 627.062, F.S.; requiring the
83 Office of Insurance Regulation to use certain models
84 or methods to estimate hurricane losses when
85 determining whether the rates in a rate filing are
86 excessive, inadequate, or unfairly discriminatory;
87 amending s. 627.0628, F.S.; increasing the length of
88 time during which an insurer must adhere to certain
89 findings made by the Commission on Hurricane Loss
90 Projection Methodology with respect to certain
91 methods, principles, standards, models, or output
92 ranges used in a rate finding; providing that the
93 requirement to adhere to such findings does not limit
94 an insurer from using an average of results of certain
95 models or output ranges under specified circumstances;
96 amending s. 627.0651, F.S.; revising provisions for
97 making and use of rates for motor vehicle insurance;
98 amending s. 627.072, F.S.; authorizing retrospective
99 rating plans relating to workers' compensation and
100 employer's liability insurance to allow negotiations
101 between certain employers and insurers with respect to
102 rating factors used to calculate premiums; amending
103 ss. 627.281 and 627.3518, F.S.; conforming cross-
104 references; amending s. 627.311, F.S.; providing that

105 certain dividends or premium refunds shall be retained
106 by the joint underwriting plan for future use;
107 amending s. 627.3519, F.S.; requiring the Florida
108 Hurricane Catastrophe Fund and Citizens Property
109 Insurance Corporation to provide an annual report to
110 the Legislature and the Financial Services Commission
111 of their respective aggregate net probable maximum
112 losses, financing options, and potential assessments;
113 amending s. 627.4133, F.S.; increasing the amount of
114 prior notice required with respect to the nonrenewal,
115 cancellation, or termination of certain insurance
116 policies; deleting certain provisions that require
117 extended periods of prior notice with respect to the
118 nonrenewal, cancellation, or termination of certain
119 insurance policies; prohibiting the cancellation of
120 certain policies that have been in effect for a
121 specified amount of time except under certain
122 circumstances; amending s. 627.4137, F.S.; adding
123 licensed company adjusters to the list of persons who
124 may respond to a claimant's written request for
125 information relating to liability insurance coverage;
126 amending s. 627.421, F.S.; authorizing a policyholder
127 of personal lines insurance to affirmatively elect
128 delivery of policy documents by electronic means;
129 amending s. 627.43141, F.S.; authorizing a notice of
130 change in policy terms to be sent in a separate

131 mailing to an insured under certain circumstances;
132 requiring an insurer to provide such notice to
133 insured's insurance agent; creating s. 627.4553, F.S.;
134 providing requirements for the recommendation to
135 surrender an annuity or life insurance policy;
136 amending s. 627.7015, F.S.; revising the rulemaking
137 authority of the department with respect to
138 qualifications and specified types of penalties
139 covered under the property insurance mediation
140 program; creating s. 627.70151, F.S.; providing
141 criteria for an insurer or policyholder to challenge
142 the impartiality of a loss appraisal umpire for
143 purposes of disqualifying such umpire; amending s.
144 627.706, F.S.; revising the definition of the term
145 "neutral evaluator"; amending s. 627.7074, F.S.;
146 requiring the department to adopt rules relating to
147 certification of neutral evaluators; revising
148 notification requirements for participation in the
149 neutral evaluation program; amending s. 627.711, F.S.;
150 revising verification requirements for uniform
151 mitigation verification forms; amending s. 627.736,
152 F.S.; revising the time period for applicability of
153 certain Medicare fee schedules or payment limitations;
154 amending s. 627.744, F.S.; revising preinsurance
155 inspection requirements for private passenger motor
156 vehicles; amending s. 627.745, F.S.; revising

157 | qualifications for approval as a mediator by the
158 | department; providing grounds for the department to
159 | deny an application, or suspend or revoke approval of
160 | a mediator or certification of a neutral evaluator;
161 | authorizing the department to adopt rules; amending s.
162 | 627.782, F.S.; revising the date by which title
163 | insurance agencies and certain insurers must annually
164 | submit specified information to the Office of
165 | Insurance Regulation; amending s. 627.841, F.S.;;
166 | providing that an insurance premium finance company
167 | may impose a charge for payments returned, declined,
168 | or unable to be processed due to insufficient funds;
169 | amending s. 628.461, F.S.; revising filing
170 | requirements relating to the acquisition of
171 | controlling stock; revising the amount of outstanding
172 | voting securities of a domestic stock insurer or a
173 | controlling company that a person is prohibited from
174 | acquiring unless certain requirements have been met;
175 | prohibiting persons acquiring a certain percentage of
176 | voting securities from acquiring certain securities;
177 | providing that a presumption of control may be
178 | rebutted by filing a disclaimer of control; deleting a
179 | definition; amending s. 634.406, F.S.; revising
180 | criteria authorizing premiums of certain service
181 | warranty associations to exceed their specified net
182 | assets limitations; revising requirements relating to

183 contractual liability policies that insure warranty
 184 associations; providing an effective date.

185

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

187

188 Section 1. Subsection (8) is added to section 554.1021,
 189 Florida Statutes, to read:

190 554.1021 Definitions.—As used in ss. 554.1011-554.115:

191 (8) "Authorized inspection agency" means:

192 (a) A county, city, town, or other governmental
 193 subdivision that has adopted and administers, at a minimum,
 194 Section I of the A.S.M.E. Boiler and Pressure Vessel Code as a
 195 legal requirement and whose inspectors hold valid certificates
 196 of competency in accordance with s. 554.113; or

197 (b) An insurance company that is licensed or registered by
 198 an appropriate authority of any state of the United States or
 199 province of Canada and whose inspectors hold valid certificates
 200 of competency in accordance with s. 554.113.

201 Section 2. Section 554.107, Florida Statutes, is amended
 202 to read:

203 554.107 Special inspectors.—

204 (1) Upon application by an authorized inspection agency
 205 ~~any company licensed to insure boilers in this state,~~ the chief
 206 inspector shall issue a certificate of competency as a special
 207 inspector to an any inspector employed by the agency if he or
 208 she company, ~~provided that such inspector~~ satisfies the

209 competency requirements for inspectors as provided in s.
 210 554.113.

211 (2) The certificate of competency of a special inspector
 212 remains ~~shall remain~~ in effect only so long as the special
 213 inspector is employed by an authorized inspection agency a
 214 ~~company licensed to insure boilers in this state.~~ Upon
 215 termination of employment with such agency ~~company~~, a special
 216 inspector shall, in writing, notify the chief inspector of such
 217 termination. Such notice shall be given within 15 days following
 218 the date of termination.

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

221 554.109 Exemptions.—

222 (1) An ~~Any~~ insurance company that insures ~~insuring~~ a
 223 boiler located in a public assembly location in this state shall
 224 inspect or contract with an authorized inspection agency to
 225 inspect such boiler ~~so insured~~, and shall annually report to the
 226 department the identity of any authorized inspection agency that
 227 performs a required boiler inspection on behalf of the company.
 228 A ~~any~~ county, city, town, or other governmental subdivision that
 229 ~~which~~ has adopted into law the Boiler and Pressure Vessel Code
 230 of the American Society of Mechanical Engineers and the National
 231 Board Inspection Code for the construction, installation,
 232 inspection, maintenance, and repair of boilers, regulating such
 233 boilers in public assembly locations, shall inspect such boilers
 234 so regulated, ~~provided that~~ Such inspection shall be conducted

235 by a special inspector licensed pursuant to ss. 554.1011-
 236 554.115. Upon filing of a report of satisfactory inspection with
 237 the department, such boiler is exempt from inspection by the
 238 department.

239 Section 4. Paragraphs (a) and (c) of subsection (6) and
 240 subsection (8) of section 624.501, Florida Statutes, are amended
 241 to read:

242 624.501 Filing, license, appointment, and miscellaneous
 243 fees.—The department, commission, or office, as appropriate,
 244 shall collect in advance, and persons so served shall pay to it
 245 in advance, fees, licenses, and miscellaneous charges as
 246 follows:

247 (6) Insurance representatives, property, marine, casualty,
 248 and surety insurance.

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

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

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

259 (8) Health insurance agents.

260 (a) Agent's original appointment and biennial renewal or

261 continuation thereof, each insurer or agent making an
 262 appointment:

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

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

270 Section 5. Subsection (18) of section 626.015, Florida
 271 Statutes, is renumbered as subsection (19), and a new subsection
 272 (18) is added to that section to read:

273 626.015 Definitions.—As used in this part:

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

285 Section 6. Subsection (4) is added to section 626.0428,
 286 Florida Statutes, to read:

287 626.0428 Agency personnel powers, duties, and
288 limitations.-

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

294 (b) Notwithstanding paragraph (a), the licensed agent in
295 charge of an insurance agency may also be the agent in charge of
296 additional branch office locations of the agency if insurance
297 activities requiring licensure as an insurance agent do not
298 occur at any location when the agent is not physically present
299 and unlicensed employees at the location do not engage in
300 insurance activities requiring licensure as an insurance agent
301 or customer representative.

302 (c) An insurance agency and each branch place of business
303 of an insurance agency shall designate an agent in charge and
304 file the name and license number of the agent in charge and the
305 physical address of the insurance agency location with the
306 department at the department's designated website. The
307 designation of the agent in charge may be changed at the option
308 of the agency. A change of the designated agent in charge is
309 effective upon notice to the department. Notice to the
310 department must be provided within 30 days after such change.

311 (d) An insurance agency location may not conduct the
312 business of insurance unless an agent in charge is designated

313 and employed by the agency at all times. If the agent in charge
314 designated with the department leaves the agency's employment
315 for any reason and the agency fails to designate another agent
316 in charge within 30 days as provided in paragraph (c) and such
317 failure continues for 90 days, the agency license shall
318 automatically expire on the 91st day after the last date of
319 employment of the last designated agent in charge.

320 (e) For purposes of this subsection, an "agent in charge"
321 is the licensed and appointed agent responsible for the
322 supervision of all individuals within an insurance agency
323 location, regardless of whether the agent in charge handles a
324 specific transaction or deals with the general public in the
325 solicitation or negotiation of insurance contracts or the
326 collection or accounting of money.

327 (f) An agent in charge of an insurance agency is
328 accountable for the wrongful acts, misconduct, or violations of
329 this code committed by the licensee or by any person under his
330 or her supervision while acting on behalf of the agency.
331 However, an agent in charge is not criminally liable for any act
332 unless the agent in charge personally committed the act or knew
333 or should have known of the act and of the facts constituting a
334 violation of this code.

335 Section 7. Subsection (7) of section 626.112, Florida
336 Statutes, is amended to read:

337 626.112 License and appointment required; agents, customer
338 representatives, adjusters, insurance agencies, service

339 representatives, managing general agents.-

340 (7) (a) An ~~Effective October 1, 2006,~~ no individual, firm,
341 partnership, corporation, association, or ~~any~~ other entity shall
342 not act in its own name or under a trade name, directly or
343 indirectly, as an insurance agency, ~~unless it complies with s.~~
344 626.172 with respect to possessing an insurance agency license
345 for each place of business at which it engages in an ~~any~~
346 activity that ~~which~~ may be performed only by a licensed
347 insurance agent. However, an insurance agency that is owned and
348 operated by a single licensed agent conducting business in his
349 or her individual name and not employing or otherwise using the
350 services of or appointing other licensees is exempt from the
351 agency licensing requirements of this subsection.

352 (b) A branch place of business that is established by a
353 licensed agency is considered a branch agency and is not
354 required to be licensed so long as it transacts business under
355 the same name and federal tax identification number as the
356 licensed agency, has designated a licensed agent in charge of
357 the location as required by s. 626.0428, and has submitted the
358 address and telephone number of the location to the department
359 for inclusion in the licensing record of the licensed agency
360 within 30 days after insurance transactions begin at the
361 location ~~Each agency engaged in business in this state before~~
362 ~~January 1, 2003, which is wholly owned by insurance agents~~
363 ~~currently licensed and appointed under this chapter, each~~
364 ~~incorporated agency whose voting shares are traded on a~~

365 ~~securities exchange, each agency designated and subject to~~
366 ~~supervision and inspection as a branch office under the rules of~~
367 ~~the National Association of Securities Dealers, and each agency~~
368 ~~whose primary function is offering insurance as a service or~~
369 ~~member benefit to members of a nonprofit corporation may file an~~
370 ~~application for registration in lieu of licensure in accordance~~
371 ~~with s. 626.172(3). Each agency engaged in business before~~
372 ~~October 1, 2006, shall file an application for licensure or~~
373 ~~registration on or before October 1, 2006.~~

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

378 ~~2. If an agency is eligible for registration but fails to~~
379 ~~file an application for registration or an application for~~
380 ~~licensure in accordance with this section, the department shall~~
381 ~~impose on the agency an administrative penalty in an amount of~~
382 ~~up to \$5,000.~~

383 (d)(b) Effective October 1, 2014, the department must
384 automatically convert the registration of an approved a
385 registered insurance agency to shall, as a condition precedent
386 to continuing business, obtain an insurance agency license if
387 the department finds that, with respect to any majority owner,
388 partner, manager, director, officer, or other person who manages
389 or controls the agency, any person has:

390 ~~1. Been found guilty of, or has pleaded guilty or nolo~~

391 ~~contendere to, a felony in this state or any other state~~
 392 ~~relating to the business of insurance or to an insurance agency,~~
 393 ~~without regard to whether a judgment of conviction has been~~
 394 ~~entered by the court having jurisdiction of the cases.~~

395 ~~2. Employed any individual in a managerial capacity or in~~
 396 ~~a capacity dealing with the public who is under an order of~~
 397 ~~revocation or suspension issued by the department. An insurance~~
 398 ~~agency may request, on forms prescribed by the department,~~
 399 ~~verification of any person's license status. If a request is~~
 400 ~~mailed within 5 working days after an employee is hired, and the~~
 401 ~~employee's license is currently suspended or revoked, the agency~~
 402 ~~shall not be required to obtain a license, if the unlicensed~~
 403 ~~person's employment is immediately terminated.~~

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

406 ~~4. With such frequency as to have made the operation of~~
 407 ~~the agency hazardous to the insurance-buying public or other~~
 408 ~~persons:~~

409 ~~a. Solicited or handled controlled business. This~~
 410 ~~subparagraph shall not prohibit the licensing of any lending or~~
 411 ~~financing institution or creditor, with respect to insurance~~
 412 ~~only, under credit life or disability insurance policies of~~
 413 ~~borrowers from the institutions, which policies are subject to~~
 414 ~~part IX of chapter 627.~~

415 ~~b. Misappropriated, converted, or unlawfully withheld~~
 416 ~~moneys belonging to insurers, insureds, beneficiaries, or others~~

417 ~~and received in the conduct of business under the license.~~
 418 ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~
 419 ~~unlawfully divided or offered to divide commissions with~~
 420 ~~another.~~
 421 ~~d. Misrepresented any insurance policy or annuity~~
 422 ~~contract, or used deception with regard to any policy or~~
 423 ~~contract, done either in person or by any form of dissemination~~
 424 ~~of information or advertising.~~
 425 ~~e. Violated any provision of this code or any other law~~
 426 ~~applicable to the business of insurance in the course of dealing~~
 427 ~~under the license.~~
 428 ~~f. Violated any lawful order or rule of the department.~~
 429 ~~g. Failed or refused, upon demand, to pay over to any~~
 430 ~~insurer he or she represents or has represented any money coming~~
 431 ~~into his or her hands belonging to the insurer.~~
 432 ~~h. Violated the provision against twisting as defined in~~
 433 ~~s. 626.9541(1)(1).~~
 434 ~~i. In the conduct of business, engaged in unfair methods~~
 435 ~~of competition or in unfair or deceptive acts or practices, as~~
 436 ~~prohibited under part IX of this chapter.~~
 437 ~~j. Willfully overinsured any property insurance risk.~~
 438 ~~k. Engaged in fraudulent or dishonest practices in the~~
 439 ~~conduct of business arising out of activities related to~~
 440 ~~insurance or the insurance agency.~~
 441 ~~l. Demonstrated lack of fitness or trustworthiness to~~
 442 ~~engage in the business of insurance arising out of activities~~

443 ~~related to insurance or the insurance agency.~~

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

446 ~~5. Knowingly employed any person who within the preceding~~
447 ~~3 years has had his or her relationship with an agency~~
448 ~~terminated in accordance with paragraph (d).~~

449 ~~6. Willfully circumvented the requirements or prohibitions~~
450 ~~of this code.~~

451 Section 8. Subsections (2), (3), and (4) of section
452 626.172, Florida Statutes, are amended to read:

453 626.172 Application for insurance agency license.—

454 (2) An application for an insurance agency license must
455 ~~shall~~ be signed by the owner or owners of the agency. If the
456 agency is incorporated, the application must ~~shall~~ be signed by
457 the president and secretary of the corporation. An insurance
458 agency may permit a third party to complete, submit, and sign an
459 application on the insurance agency's behalf, but the insurance
460 agency is responsible for ensuring that the information on the
461 application is true and correct and is accountable for any
462 misstatements or misrepresentations. The application for an
463 insurance agency license must ~~shall~~ include:

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

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

468 (c) The name, principal business street address, and valid

469 e-mail address of the insurance agency and the name, address,
 470 and e-mail address of the agency's registered agent or person or
 471 company authorized to accept service on behalf of the agency ~~its~~
 472 ~~principal business address.~~

473 (d) The physical address ~~location~~ of each branch agency,
 474 including its name, e-mail address, and telephone number, and
 475 the date that the branch location began transacting insurance
 476 ~~office and the name under which each agency office conducts or~~
 477 ~~will conduct business.~~

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

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

- 482 1. A sole proprietor;
- 483 2. Each partner;
- 484 3. Each owner of an unincorporated agency;
- 485 4. Each owner who directs or participates in the
 486 management or control of an incorporated agency whose shares are
 487 not traded on a securities exchange;
- 488 5. The president, senior vice presidents, treasurer,
 489 secretary, and directors of the agency; and
- 490 6. Any other person who directs or participates in the
 491 management or control of the agency, whether through the
 492 ownership of voting securities, by contract, by ownership of any
 493 agency bank accounts, or otherwise.

494

495 Fingerprints must be taken by a law enforcement agency or other
496 entity approved by the department and must be accompanied by the
497 fingerprint processing fee specified in s. 624.501. Fingerprints
498 must ~~shall~~ be processed in accordance with s. 624.34. However,
499 fingerprints need not be filed for an ~~any~~ individual who is
500 currently licensed and appointed under this chapter. This
501 paragraph does not apply to corporations whose voting shares are
502 traded on a securities exchange.

503 (g) Such additional information as the department requires
504 by rule to ascertain the trustworthiness and competence of
505 persons required to be listed on the application and to
506 ascertain that such persons meet the requirements of this code.
507 However, the department may not require that credit or character
508 reports be submitted for persons required to be listed on the
509 application.

510 ~~(3)(h) Beginning October 1, 2005, The department must~~
511 ~~shall~~ accept the uniform application for nonresident agency
512 licensure. ~~The department may adopt by rule revised versions of~~
513 ~~the uniform application.~~

514 ~~(3) The department shall issue a registration as an~~
515 ~~insurance agency to any agency that files a written application~~
516 ~~with the department and qualifies for registration. The~~
517 ~~application for registration shall require the agency to provide~~
518 ~~the same information required for an agency licensed under~~
519 ~~subsection (2), the agent identification number for each owner~~
520 ~~who is a licensed agent, proof that the agency qualifies for~~

521 ~~registration as provided in s. 626.112(7), and any other~~
522 ~~additional information that the department determines is~~
523 ~~necessary in order to demonstrate that the agency qualifies for~~
524 ~~registration. The application must be signed by the owner or~~
525 ~~owners of the agency. If the agency is incorporated, the~~
526 ~~application must be signed by the president and the secretary of~~
527 ~~the corporation. An agent who owns the agency need not file~~
528 ~~fingerprints with the department if the agent obtained a license~~
529 ~~under this chapter and the license is currently valid.~~

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

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

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

542 (4) The department must ~~shall~~ issue a license ~~or~~
543 ~~registration~~ to each agency upon approval of the application,
544 and each agency location must ~~shall~~ display the license ~~or~~
545 ~~registration~~ prominently in a manner that makes it clearly
546 visible to any customer or potential customer who enters the

547 agency location.

548 Section 9. Subsection (6) of section 626.311, Florida
549 Statutes, is renumbered as subsection (7), and a new subsection
550 (6) is added to that section to read:

551 626.311 Scope of license.—

552 (6) An agent who appoints his or her license as an
553 unaffiliated insurance agent may not hold an appointment from an
554 insurer for any license he or she holds; transact, solicit, or
555 service an insurance contract on behalf of an insurer; interfere
556 with commissions received or to be received by an insurer-
557 appointed insurance agent or an insurance agency contracted with
558 or employing insurer-appointed insurance agents; or receive
559 compensation or any other thing of value from an insurer, an
560 insurer-appointed insurance agent, or an insurance agency
561 contracted with or employing insurer-appointed insurance agents
562 for any transaction or referral occurring after the date of
563 appointment as an unaffiliated insurance agent. An unaffiliated
564 insurance agent may continue to receive commissions on sales
565 that occurred before the date of appointment as an unaffiliated
566 insurance agent if the receipt of such commissions is disclosed
567 when making recommendations or evaluating products for a client
568 that involve products of the entity from which the commissions
569 are received.

570 Section 10. Paragraph (d) of subsection (1) of section
571 626.321, Florida Statutes, is amended to read:

572 626.321 Limited licenses.—

573 (1) The department shall issue to a qualified applicant a
574 license as agent authorized to transact a limited class of
575 business in any of the following categories of limited lines
576 insurance:

577 (d) Motor vehicle rental insurance.—

578 1. License covering only insurance of the risks set forth
579 in this paragraph when offered, sold, or solicited with and
580 incidental to the rental or lease of a motor vehicle and which
581 applies only to the motor vehicle that is the subject of the
582 lease or rental agreement and the occupants of the motor
583 vehicle:

584 a. Excess motor vehicle liability insurance providing
585 coverage in excess of the standard liability limits provided by
586 the lessor in the lessor's lease to a person renting or leasing
587 a motor vehicle from the licensee's employer for liability
588 arising in connection with the negligent operation of the leased
589 or rented motor vehicle.

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

592 c. Insurance covering the loss of or damage to baggage,
593 personal effects, or travel documents of a person renting or
594 leasing a motor vehicle.

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

598 2. Insurance under a motor vehicle rental insurance

599 license may be issued only if the lease or rental agreement is
600 for no more than 60 days, the lessee is not provided coverage
601 for more than 60 consecutive days per lease period, and the
602 lessee is given written notice that his or her personal
603 insurance policy providing coverage on an owned motor vehicle
604 may provide coverage of such risks and that the purchase of the
605 insurance is not required in connection with the lease or rental
606 of a motor vehicle. If the lease is extended beyond 60 days, the
607 coverage may be extended one time only for a period not to
608 exceed an additional 60 days. Insurance may be provided to the
609 lessee as an additional insured on a policy issued to the
610 licensee's employer.

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

617 a. A license issued to a business entity that offers motor
618 vehicles for rent or lease encompasses each office, branch
619 office, employee, or place of business making use of the
620 entity's business name in order to offer, solicit, and sell
621 insurance pursuant to this paragraph.

622 b. The application for licensure must list the name,
623 address, and phone number for each office, branch office, or
624 place of business that is to be covered by the license. The

625 licensee shall notify the department of the name, address, and
 626 phone number of any new location that is to be covered by the
 627 license before the new office, branch office, or place of
 628 business engages in the sale of insurance pursuant to this
 629 paragraph. The licensee must notify the department within 30
 630 days after closing or terminating an office, branch office, or
 631 place of business. Upon receipt of the notice, the department
 632 shall delete the office, branch office, or place of business
 633 from the license.

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

636 Section 11. Section 626.382, Florida Statutes, is amended
 637 to read:

638 626.382 Continuation, expiration of license; insurance
 639 agencies.—The license of an ~~any~~ insurance agency ~~shall be issued~~
 640 ~~for a period of 3 years and~~ shall continue in force until
 641 canceled, suspended, or ~~revoked,~~ or until it is otherwise
 642 terminated or becomes expired by operation of law. ~~A license may~~
 643 ~~be renewed by submitting a renewal request to the department on~~
 644 ~~a form adopted by department rule.~~

645 Section 12. Section 626.601, Florida Statutes, is amended
 646 to read:

647 626.601 Improper conduct; inquiry; fingerprinting.—

648 (1) The department or office may, upon its own motion or
 649 upon a written complaint signed by any interested person and
 650 filed with the department or office, inquire into any alleged

651 improper conduct of any licensed, approved, or certified
 652 licensee, insurance agency, agent, adjuster, service
 653 representative, managing general agent, customer representative,
 654 title insurance agent, title insurance agency, mediator, neutral
 655 evaluator, navigator, continuing education course provider,
 656 instructor, school official, or monitor group under this code.

657 The department or office may thereafter initiate an
 658 investigation of any such individual or entity ~~licensee~~ if it
 659 has reasonable cause to believe that the individual or entity
 660 ~~licensee~~ has violated any provision of the insurance code.

661 During the course of its investigation, the department or office
 662 shall contact the individual or entity ~~licensee~~ being
 663 investigated unless it determines that contacting such
 664 individual or entity ~~person~~ could jeopardize the successful
 665 completion of the investigation or cause injury to the public.

666 (2) In the investigation by the department or office of
 667 the alleged misconduct, the individual or entity ~~licensee~~ shall,
 668 whenever so required by the department or office, cause the
 669 individual's or entity's ~~his or her~~ books and records to be open
 670 for inspection for the purpose of such investigation ~~inquiries~~.

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

675 (4) The expense for any hearings or investigations
 676 conducted under this law, as well as the fees and mileage of

677 witnesses, may be paid out of the appropriate fund.

678 (5) If the department or office, after investigation, has
 679 reason to believe that an individual ~~a licensee~~ may have been
 680 found guilty of or pleaded guilty or nolo contendere to a felony
 681 or a crime related to the business of insurance in this or any
 682 other state or jurisdiction, the department or office may
 683 require the individual ~~licensee~~ to file with the department or
 684 office a complete set of his or her fingerprints, which shall be
 685 accompanied by the fingerprint processing fee set forth in s.
 686 624.501. The fingerprints shall be taken by an authorized law
 687 enforcement agency or other department-approved entity.

688 (6) The complaint and any information obtained pursuant to
 689 the investigation by the department or office are confidential
 690 and are exempt from ~~the provisions of~~ s. 119.07, unless the
 691 department or office files a formal administrative complaint,
 692 emergency order, or consent order against the individual or
 693 entity ~~licensee~~. ~~Nothing in~~ This subsection does not ~~shall be~~
 694 ~~construed to~~ prevent the department or office from disclosing
 695 the complaint or such information as it deems necessary to
 696 conduct the investigation, to update the complainant as to the
 697 status and outcome of the complaint, or to share such
 698 information with any law enforcement agency or other regulatory
 699 body.

700 Section 13. Section 626.747, Florida Statutes, is
 701 repealed.

702 Section 14. Subsection (1) of section 626.8411, Florida

703 Statutes, is amended to read:

704 626.8411 Application of Florida Insurance Code provisions
705 to title insurance agents or agencies.—

706 (1) The following provisions ~~of part II~~ applicable to
707 general lines agents or agencies also apply to title insurance
708 agents or agencies:

709 (a) Section 626.734, relating to liability of certain
710 agents.

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

713 (c) Section 626.749, relating to place of business in
714 residence.

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

716 (e) Section 626.754, relating to rights of agent following
717 termination of appointment.

718 Section 15. Paragraph (c) of subsection (2) and subsection
719 (3) of section 626.8805, Florida Statutes, are amended to read:

720 626.8805 Certificate of authority to act as
721 administrator.—

722 (2) The administrator shall file with the office an
723 application for a certificate of authority upon a form to be
724 adopted by the commission and furnished by the office, which
725 application shall include or have attached the following
726 information and documents:

727 (c) The names, addresses, official positions, and
728 professional qualifications of the individuals employed or

729 retained by the administrator and who are responsible for the
 730 conduct of the affairs of the administrator, including all
 731 members of the board of directors, board of trustees, executive
 732 committee, or other governing board or committee, and the
 733 principal officers in the case of a corporation or, the partners
 734 or members in the case of a partnership or association, ~~and any~~
 735 ~~other person who exercises control or influence over the affairs~~
 736 of the administrator.

737 (3) The applicant shall make available for inspection by
 738 the office copies of all contracts relating to services provided
 739 by the administrator to ~~with~~ insurers or other persons using
 740 ~~utilizing~~ the services of the administrator.

741 Section 16. Subsections (1) and (3) of section 626.8817,
 742 Florida Statutes, are amended to read:

743 626.8817 Responsibilities of insurance company with
 744 respect to administration of coverage insured.—

745 (1) If an insurer uses the services of an administrator,
 746 the insurer is responsible for determining the benefits, premium
 747 rates, underwriting criteria, and claims payment procedures
 748 applicable to the coverage and for securing reinsurance, if any.
 749 The rules pertaining to these matters shall be provided, in
 750 writing, by the insurer or its designee to the administrator.
 751 The responsibilities of the administrator as to any of these
 752 matters shall be set forth in a ~~the~~ written agreement binding
 753 upon ~~between~~ the administrator and the insurer.

754 (3) In cases in which an administrator administers

755 benefits for more than 100 certificateholders on behalf of an
756 insurer, the insurer shall, at least semiannually, conduct a
757 review of the operations of the administrator. At least one such
758 review must be an onsite audit of the operations of the
759 administrator. The insurer may contract with a qualified third
760 party to conduct such review.

761 Section 17. Subsections (1) and (4) of section 626.882,
762 Florida Statutes, is amended to read:

763 626.882 Agreement between administrator and insurer;
764 required provisions; maintenance of records.—

765 (1) A ~~No~~ person may not act as an administrator without a
766 written agreement, as required under s. 626.8817, that specifies
767 the rights, duties, and obligations of the ~~between such person~~
768 ~~as~~ administrator and ~~an~~ insurer.

769 (4) If a policy is issued to a trustee or trustees, a copy
770 of the trust agreement and any amendments to that agreement
771 shall be furnished to the insurer or its designee by the
772 administrator and shall be retained as part of the official
773 records of both the administrator and the insurer for the
774 duration of the policy and for 5 years thereafter.

775 Section 18. Subsections (3), (4), and (5) of section
776 626.883, Florida Statutes, are amended to read:

777 626.883 Administrator as intermediary; collections held in
778 fiduciary capacity; establishment of account; disbursement;
779 payments on behalf of insurer.—

780 (3) If charges or premiums deposited in a fiduciary

781 account have been collected on behalf of or for more than one
782 insurer, the administrator shall keep records clearly recording
783 the deposits in and withdrawals from such account on behalf of
784 or for each insurer. The administrator shall, upon request of an
785 insurer or its designee, furnish such insurer or designee with
786 copies of records pertaining to deposits and withdrawals on
787 behalf of or for such insurer.

788 (4) The administrator may not pay any claim by withdrawals
789 from a fiduciary account. Withdrawals from such account shall be
790 made as provided in the written agreement required under ss.
791 626.8817 and 626.882 ~~between the administrator and the insurer~~
792 for any of the following:

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

794 (b) Deposit in an account maintained in the name of such
795 insurer.

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

798 (d) Payment to a group policyholder for remittance to the
799 insurer entitled to such remittance.

800 (e) Payment to the administrator of the commission, fees,
801 or charges of the administrator.

802 (f) Remittance of return premium to the person or persons
803 entitled to such return premium.

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

807 Section 19. Subsection (3) of section 626.884, Florida
 808 Statutes, is amended to read:

809 626.884 Maintenance of records by administrator; access;
 810 confidentiality.-

811 (3) The insurer shall retain the right of continuing
 812 access to books and records maintained by the administrator
 813 sufficient to permit the insurer to fulfill all of its
 814 contractual obligations to insured persons, subject to any
 815 restrictions in the written agreement pertaining to ~~between the~~
 816 ~~insurer and the administrator on~~ the proprietary rights of the
 817 parties in such books and records.

818 Section 20. Subsections (1) and (2) of section 626.89,
 819 Florida Statutes, are amended to read:

820 626.89 Annual financial statement and filing fee; notice
 821 of change of ownership.-

822 (1) Each authorized administrator shall file with the
 823 office a full and true statement of its financial condition,
 824 transactions, and affairs. The statement shall be filed annually
 825 on or before April ~~March~~ 1 or within such extension of time
 826 therefor as the office for good cause may have granted and shall
 827 be for the preceding calendar year or for the preceding fiscal
 828 year if the administrator's accounting is on a fiscal-year
 829 basis. The statement shall be in such form and contain such
 830 matters as the commission prescribes and shall be verified by at
 831 least two officers of such administrator. ~~An administrator whose~~
 832 ~~sole stockholder is an association representing health care~~

833 ~~providers which is not an affiliate of an insurer, an~~
834 ~~administrator of a pooled governmental self-insurance program,~~
835 ~~or an administrator that is a university may submit the~~
836 ~~preceding fiscal year's statement within 2 months after its~~
837 ~~fiscal year end.~~

838 (2) Each authorized administrator shall also file an
839 audited financial statement performed by an independent
840 certified public accountant. The audited financial statement
841 shall be filed with the office on or before July ~~June~~ 1 for the
842 preceding calendar or fiscal year ending ~~December 31~~. An
843 ~~administrator whose sole stockholder is an association~~
844 ~~representing health care providers which is not an affiliate of~~
845 ~~an insurer, an administrator of a pooled governmental self-~~
846 ~~insurance program, or an administrator that is a university may~~
847 ~~submit the preceding fiscal year's audited financial statement~~
848 ~~within 5 months after the end of its fiscal year.~~ An audited
849 financial statement prepared on a consolidated basis must
850 include a columnar consolidating or combining worksheet that
851 must be filed with the statement and must comply with the
852 following:

- 853 (a) Amounts shown on the consolidated audited financial
854 statement must be shown on the worksheet;
- 855 (b) Amounts for each entity must be stated separately; and
- 856 (c) Explanations of consolidating and eliminating entries
857 must be included.

858 Section 21. Section 626.931, Florida Statutes, is amended

859 to read:

860 626.931 ~~Agent affidavit and~~ Insurer reporting
861 requirements.—

862 ~~(1) Each surplus lines agent shall on or before the 45th~~
863 ~~day following each calendar quarter file with the Florida~~
864 ~~Surplus Lines Service Office an affidavit, on forms as~~
865 ~~prescribed and furnished by the Florida Surplus Lines Service~~
866 ~~Office, stating that all surplus lines insurance transacted by~~
867 ~~him or her during such calendar quarter has been submitted to~~
868 ~~the Florida Surplus Lines Service Office as required.~~

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

872 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on
873 or before the end of the month following each calendar quarter,
874 file with the Florida Surplus Lines Service Office a verified
875 report of all surplus lines insurance transacted by such insurer
876 for insurance risks located in this state during such calendar
877 quarter.

878 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or
879 before June 30 of each year, file with the Florida Surplus Lines
880 Service Office a verified report of all surplus lines insurance
881 transacted by such insurer for insurance risks located in this
882 state during the preceding calendar year.

883 (3)~~(5)~~ The department may waive the filing requirements
884 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

885 ~~(4)(6)~~ Each insurer's report and supporting information
 886 shall be in a computer-readable format as determined by the
 887 Florida Surplus Lines Service Office or shall be submitted on
 888 forms prescribed by the Florida Surplus Lines Service Office and
 889 shall show for each applicable agent:

890 (a) A listing of all policies, certificates, cover notes,
 891 or other forms of confirmation of insurance coverage or any
 892 substitutions thereof or endorsements thereto and the
 893 identifying number; and

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

896 Section 22. Paragraph (a) of subsection (2) of section
 897 626.932, Florida Statutes, is amended to read:

898 626.932 Surplus lines tax.—

899 (2) (a) The surplus lines agent shall make payable to the
 900 department the tax related to each calendar quarter's business
 901 as reported to the Florida Surplus Lines Service Office, ~~and~~
 902 remit the tax to the Florida Surplus Lines Service Office on or
 903 before the 45th day following each calendar quarter ~~at the same~~
 904 ~~time as provided for the filing of the quarterly affidavit,~~
 905 ~~under s. 626.931.~~ The Florida Surplus Lines Service Office shall
 906 forward to the department the taxes and any interest collected
 907 pursuant to paragraph (b) ~~,~~ within 10 days after ~~of~~ receipt.

908 Section 23. Subsection (1) of section 626.935, Florida
 909 Statutes, is amended to read:

910 626.935 Suspension, revocation, or refusal of surplus

911 lines agent's license.—

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

916 (a) Removal of the licensee's office from the licensee's
 917 state of residence.

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

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

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

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

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

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

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

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

937 Section 24. Subsection (1) of section 626.936, Florida
 938 Statutes, is amended to read:

939 626.936 Failure to file reports or pay tax or service fee;
 940 administrative penalty.—

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

949 Section 25. Paragraph (b) of subsection (2) of section
 950 627.062, Florida Statutes, is amended to read:

951 627.062 Rate standards.—

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

953 (b) Upon receiving a rate filing, the office shall review
 954 the filing to determine whether ~~if~~ a rate is excessive,
 955 inadequate, or unfairly discriminatory. In making that
 956 determination, the office shall, in accordance with generally
 957 accepted and reasonable actuarial techniques, consider the
 958 following factors:

- 959 1. Past and prospective loss experience within and without
 960 this state.
- 961 2. Past and prospective expenses.
- 962 3. The degree of competition among insurers for the risk

963 insured.

964 4. Investment income reasonably expected by the insurer,
965 consistent with the insurer's investment practices, from
966 investable premiums anticipated in the filing, plus any other
967 expected income from currently invested assets representing the
968 amount expected on unearned premium reserves and loss reserves.
969 The commission may adopt rules using reasonable techniques of
970 actuarial science and economics to specify the manner in which
971 insurers calculate investment income attributable to classes of
972 insurance written in this state and the manner in which
973 investment income is used to calculate insurance rates. Such
974 manner must contemplate allowances for an underwriting profit
975 factor and full consideration of investment income that ~~which~~
976 produce a reasonable rate of return; however, investment income
977 from invested surplus may not be considered.

978 5. The reasonableness of the judgment reflected in the
979 filing.

980 6. Dividends, savings, or unabsorbed premium deposits
981 allowed or returned to Florida policyholders, members, or
982 subscribers.

983 7. The adequacy of loss reserves.

984 8. The cost of reinsurance. The office may not disapprove
985 a rate as excessive solely due to the insurer's ~~insurer~~ having
986 obtained catastrophic reinsurance to cover the insurer's
987 estimated 250-year probable maximum loss or any lower level of
988 loss.

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

991 10. Conflagration and catastrophe hazards, if applicable.

992 11. Projected hurricane losses, if applicable, which must
 993 be estimated using models or methods ~~a model or method~~ found to
 994 be acceptable or reliable by the Florida Commission on Hurricane
 995 Loss Projection Methodology~~7~~ and as further provided in s.
 996 627.0628.

997 12. A reasonable margin for underwriting profit and
 998 contingencies.

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

1000 14. Other relevant factors that affect the frequency or
 1001 severity of claims or expenses.

1002 Section 26. Paragraph (d) of subsection (3) of section
 1003 627.0628, Florida Statutes, is amended to read:

1004 627.0628 Florida Commission on Hurricane Loss Projection
 1005 Methodology; public records exemption; public meetings
 1006 exemption.—

1007 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1008 (d) With respect to a rate filing under s. 627.062, an
 1009 insurer shall employ and may not modify or adjust actuarial
 1010 methods, principles, standards, models, or output ranges found
 1011 by the commission to be accurate or reliable in determining
 1012 hurricane loss factors for use in a rate filing under s.
 1013 627.062. An insurer shall employ and may not modify or adjust
 1014 models found by the commission to be accurate or reliable in

1015 determining probable maximum loss levels pursuant to paragraph
 1016 (b) with respect to a rate filing under s. 627.062 made more
 1017 than 180 ~~60~~ days after the commission has made such findings.
 1018 This paragraph does not prohibit an insurer from averaging the
 1019 model results or output ranges or using acceptable models or
 1020 methods for the purposes of a rate filing under s. 627.062.

1021 Section 27. Subsection (8) of section 627.0651, Florida
 1022 Statutes, is amended to read:

1023 627.0651 Making and use of rates for motor vehicle
 1024 insurance.—

1025 (8) Rates are not unfairly discriminatory if averaged
 1026 broadly among members of a group; nor are rates unfairly
 1027 discriminatory even though they are lower than rates for
 1028 nonmembers of the group. However, such rates are unfairly
 1029 discriminatory if they are not actuarially measurable and
 1030 credible and sufficiently related to actual or expected loss and
 1031 expense experience of the group so as to ensure ~~assure~~ that
 1032 nonmembers of the group are not unfairly discriminated against.
 1033 New programs or changes to existing programs that result in at
 1034 least ~~Use of~~ a single United States Postal Service zip code as a
 1035 rating territory shall be deemed submitted pursuant to paragraph
 1036 (1) (a) unfairly discriminatory.

1037 Section 28. Subsections (2), (3), and (4) of section
 1038 627.072, Florida Statutes, are renumbered as subsections (3),
 1039 (4), and (5), respectively, and a new subsection (2) is added to
 1040 that section to read:

1041 627.072 Making and use of rates.—

1042 (2) A retrospective rating plan may contain a provision
 1043 that allows negotiation between the employer and the insurer to
 1044 determine the retrospective rating factors used to calculate the
 1045 premium for employers that have exposure in more than one state,
 1046 an estimated annual standard premium in this state of \$175,000,
 1047 and an estimated annual countrywide standard premium of \$1
 1048 million or more for workers' compensation.

1049 Section 29. Subsection (2) of section 627.281, Florida
 1050 Statutes, is amended to read:

1051 627.281 Appeal from rating organization; workers'
 1052 compensation and employer's liability insurance filings.—

1053 (2) If such appeal is based upon the failure of the rating
 1054 organization to make a filing on behalf of such member or
 1055 subscriber which is based on a system of expense provisions
 1056 which differs, in accordance with the right granted in s.
 1057 627.072(3) ~~627.072(2)~~, from the system of expense provisions
 1058 included in a filing made by the rating organization, the office
 1059 shall, if it grants the appeal, order the rating organization to
 1060 make the requested filing for use by the appellant. In deciding
 1061 such appeal, the office shall apply the applicable standards set
 1062 forth in ss. 627.062 and 627.072.

1063 Section 30. Paragraph (h) of subsection (5) of section
 1064 627.311, Florida Statutes, is amended to read:

1065 627.311 Joint underwriters and joint reinsurers; public
 1066 records and public meetings exemptions.—

1067 (5)
 1068 (h) Any premium or assessments collected by the plan in
 1069 excess of the amount necessary to fund projected ultimate
 1070 incurred losses and expenses of the plan and not paid to
 1071 insureds of the plan in conjunction with loss prevention or
 1072 dividend programs shall be retained by the plan for future use.
 1073 Any state funds received by the plan in excess of the amount
 1074 necessary to fund deficits in subplan D or any tier shall be
 1075 returned to the state. Any dividend or premium refund that
 1076 cannot be paid to a former insured of the plan because the
 1077 former insured cannot be reasonably located shall be retained by
 1078 the plan for future use.

1079 Section 31. Subsection (9) of section 627.3518, Florida
 1080 Statutes, is amended to read:

1081 627.3518 Citizens Property Insurance Corporation
 1082 policyholder eligibility clearinghouse program.—The purpose of
 1083 this section is to provide a framework for the corporation to
 1084 implement a clearinghouse program by January 1, 2014.

1085 (9) The 45-day notice of nonrenewal requirement set forth
 1086 in s. 627.4133(2)(b)4. ~~627.4133(2)(b)4.b.~~ applies when a policy
 1087 is nonrenewed by the corporation because the risk has received
 1088 an offer of coverage pursuant to this section which renders the
 1089 risk ineligible for coverage by the corporation.

1090 Section 32. Section 627.3519, Florida Statutes, is amended
 1091 to read:

1092 627.3519 Annual report of aggregate net probable maximum

1093 losses, financing options, and potential assessments.—No later
 1094 than February 1 of each year, the Florida Hurricane Catastrophe
 1095 Fund and Citizens Property Insurance Corporation Financial
 1096 ~~Services Commission~~ shall provide to the Legislature and the
 1097 Financial Services Commission a report of their respective ~~the~~
 1098 aggregate net probable maximum losses, financing options, and
 1099 potential assessments ~~of the Florida Hurricane Catastrophe Fund~~
 1100 ~~and Citizens Property Insurance Corporation~~. The report of the
 1101 fund and the corporation must include their ~~the~~ respective 50-
 1102 year, 100-year, and 250-year probable maximum losses ~~of the fund~~
 1103 ~~and the corporation~~; analysis of all reasonable financing
 1104 strategies for each such probable maximum loss, including the
 1105 amount and term of debt instruments; specification of the
 1106 percentage assessments that would be needed to support each of
 1107 the financing strategies; and calculations of the aggregate
 1108 assessment burden on Florida property and casualty policyholders
 1109 for each of the probable maximum losses. ~~The commission shall~~
 1110 ~~require the fund and the corporation to provide the commission~~
 1111 ~~with such data and analysis as the commission considers~~
 1112 ~~necessary to prepare the report.~~

1113 Section 33. Paragraph (b) of subsection (2) of section
 1114 627.4133, Florida Statutes, is amended to read:

1115 627.4133 Notice of cancellation, nonrenewal, or renewal
 1116 premium.—

1117 (2) With respect to any personal lines or commercial
 1118 residential property insurance policy, including, but not

1119 limited to, any homeowner's, mobile home owner's, farmowner's,
 1120 condominium association, condominium unit owner's, apartment
 1121 building, or other policy covering a residential structure or
 1122 its contents:

1123 (b) The insurer shall give the first-named insured written
 1124 notice of nonrenewal, cancellation, or termination at least 120
 1125 ~~100~~ days before the effective date of the nonrenewal,
 1126 cancellation, or termination. ~~However, the insurer shall give at~~
 1127 ~~least 100 days' written notice, or written notice by June 1,~~
 1128 ~~whichever is earlier, for any nonrenewal, cancellation, or~~
 1129 ~~termination that would be effective between June 1 and November~~
 1130 ~~30.~~ The notice must include the reason or reasons for the
 1131 nonrenewal, cancellation, or termination, except that:

1132 ~~1. The insurer shall give the first-named insured written~~
 1133 ~~notice of nonrenewal, cancellation, or termination at least 120~~
 1134 ~~days prior to the effective date of the nonrenewal,~~
 1135 ~~cancellation, or termination for a first-named insured whose~~
 1136 ~~residential structure has been insured by that insurer or an~~
 1137 ~~affiliated insurer for at least a 5-year period immediately~~
 1138 ~~prior to the date of the written notice.~~

1139 ~~1.2.~~ If cancellation is for nonpayment of premium, at
 1140 least 10 days' written notice of cancellation accompanied by the
 1141 reason therefor must be given. As used in this subparagraph, the
 1142 term "nonpayment of premium" means failure of the named insured
 1143 to discharge when due her or his obligations for in connection
 1144 ~~with~~ the payment of premiums on a policy or any installment of

1145 such premium, whether the premium is payable directly to the
1146 insurer or its agent or indirectly under any premium finance
1147 plan or extension of credit, or failure to maintain membership
1148 in an organization if such membership is a condition precedent
1149 to insurance coverage. The term also means the failure of a
1150 financial institution to honor an insurance applicant's check
1151 after delivery to a licensed agent for payment of a premium,
1152 even if the agent has previously delivered or transferred the
1153 premium to the insurer. If a dishonored check represents the
1154 initial premium payment, the contract and all contractual
1155 obligations are void ab initio unless the nonpayment is cured
1156 within the earlier of 5 days after actual notice by certified
1157 mail is received by the applicant or 15 days after notice is
1158 sent to the applicant by certified mail or registered mail, ~~and~~
1159 If the contract is void, any premium received by the insurer
1160 from a third party must be refunded to that party in full.

1161 2.3. If ~~such~~ cancellation or termination occurs during the
1162 first 90 days the insurance is in force and the insurance is
1163 canceled or terminated for reasons other than nonpayment of
1164 premium, at least 20 days' written notice of cancellation or
1165 termination accompanied by the reason therefor must be given
1166 unless there has been a material misstatement or
1167 misrepresentation or failure to comply with the underwriting
1168 requirements established by the insurer.

1169 3. After the policy has been in effect for 90 days, the
1170 policy may not be canceled by the insurer unless there has been

1171 a material misstatement, a nonpayment of premium, a failure to
 1172 comply with underwriting requirements established by the insurer
 1173 within 90 days after the date of effectuation of coverage, or a
 1174 substantial change in the risk covered by the policy or unless
 1175 the cancellation is for all insureds under such policies for a
 1176 class of insureds. An insurer that uses a credit report or
 1177 information available as a public record to determine whether
 1178 there is a misrepresentation or omission in the application for
 1179 insurance related to the applicant's credit history must make
 1180 such determination within 90 days after the policy has been in
 1181 effect. After such 90-day period, an insurer may not cancel or
 1182 rescind the policy or deny coverage for a claim based on a
 1183 misstatement or omission in the application regarding credit
 1184 history that the insurer could reasonably have discovered by a
 1185 review of credit history or public record. This subparagraph
 1186 does not apply to individually rated risks having a policy term
 1187 of less than 90 days.

1188 ~~4. The requirement for providing written notice by June 1~~
 1189 ~~of any nonrenewal that would be effective between June 1 and~~
 1190 ~~November 30 does not apply to the following situations, but the~~
 1191 ~~insurer remains subject to the requirement to provide such~~
 1192 ~~notice at least 100 days before the effective date of~~
 1193 ~~nonrenewal:~~

1194 ~~a. A policy that is nonrenewed due to a revision in the~~
 1195 ~~coverage for sinkhole losses and catastrophic ground cover~~
 1196 ~~collapse pursuant to s. 627.706.~~

1197 ~~4.b.~~ A policy that is nonrenewed by Citizens Property
1198 Insurance Corporation, pursuant to s. 627.351(6), for a policy
1199 that has been assumed by an authorized insurer offering
1200 replacement coverage to the policyholder is exempt from the
1201 notice requirements of paragraph (a) and this paragraph. In such
1202 cases, the corporation must give the named insured written
1203 notice of nonrenewal at least 45 days before the effective date
1204 of the nonrenewal.

1205
1206 ~~After the policy has been in effect for 90 days, the policy may~~
1207 ~~not be canceled by the insurer unless there has been a material~~
1208 ~~misstatement, a nonpayment of premium, a failure to comply with~~
1209 ~~underwriting requirements established by the insurer within 90~~
1210 ~~days after the date of effectuation of coverage, or a~~
1211 ~~substantial change in the risk covered by the policy or if the~~
1212 ~~cancellation is for all insureds under such policies for a given~~
1213 ~~class of insureds. This paragraph does not apply to individually~~
1214 ~~rated risks having a policy term of less than 90 days.~~

1215 5. Notwithstanding any other provision of law, an insurer
1216 may cancel or nonrenew a property insurance policy after at
1217 least 45 days' notice if the office finds that the early
1218 cancellation of some or all of the insurer's policies is
1219 necessary to protect the best interests of the public or
1220 policyholders and the office approves the insurer's plan for
1221 early cancellation or nonrenewal of some or all of its policies.
1222 The office may base such finding upon the financial condition of

1223 the insurer, lack of adequate reinsurance coverage for hurricane
 1224 risk, or other relevant factors. The office may condition its
 1225 finding on the consent of the insurer to be placed under
 1226 administrative supervision pursuant to s. 624.81 or to the
 1227 appointment of a receiver under chapter 631.

1228 6. A policy covering both a home and a motor vehicle may
 1229 be nonrenewed for any reason applicable to ~~either~~ the property
 1230 or motor vehicle insurance after providing 90 days' notice.

1231 Section 34. Subsection (1) of section 627.4137, Florida
 1232 Statutes, is amended to read:

1233 627.4137 Disclosure of certain information required.—

1234 (1) Each insurer that provides ~~which does~~ or may provide
 1235 liability insurance coverage to pay all or a portion of a ~~any~~
 1236 claim that ~~which~~ might be made shall provide, within 30 days
 1237 after ~~of~~ the written request of the claimant, a statement, under
 1238 oath, of a corporate officer or the insurer's claims manager, ~~or~~
 1239 superintendent, or licensed company adjuster setting forth the
 1240 following information with regard to each known policy of
 1241 insurance, including excess or umbrella insurance:

- 1242 (a) The name of the insurer.
- 1243 (b) The name of each insured.
- 1244 (c) The limits of the liability coverage.
- 1245 (d) A statement of any policy or coverage defense that the
 1246 ~~which such~~ insurer reasonably believes is available to the ~~such~~
 1247 insurer at the time of filing such statement.
- 1248 (e) A copy of the policy.

1249
 1250 In addition, the insured, or her or his insurance agent, upon
 1251 written request of the claimant or the claimant's attorney,
 1252 shall disclose the name and coverage of each known insurer to
 1253 the claimant and shall forward such request for information as
 1254 required by this subsection to all affected insurers. The
 1255 insurer shall then supply the information required in this
 1256 subsection to the claimant within 30 days after ~~of~~ receipt of
 1257 such request.

1258 Section 35. Subsection (1) of section 627.421, Florida
 1259 Statutes, is amended to read:

1260 627.421 Delivery of policy.—

1261 (1) Subject to the insurer's requirement as to payment of
 1262 premium, every policy shall be mailed, delivered, or
 1263 electronically transmitted to the insured or to the person
 1264 entitled thereto not later than 60 days after the effectuation
 1265 of coverage. Notwithstanding any other provision of law, an
 1266 insurer may allow a policyholder of personal lines insurance to
 1267 affirmatively elect delivery of the policy documents, including,
 1268 but not limited to, policies, endorsements, notices, or
 1269 documents, by electronic means in lieu of delivery by mail.

1270 Electronic transmission of a policy for commercial risks,
 1271 including, but not limited to, workers' compensation and
 1272 employers' liability, commercial automobile liability,
 1273 commercial automobile physical damage, commercial lines
 1274 residential property, commercial nonresidential property, farm

1275 owners' insurance, and the types of commercial lines risks set
 1276 forth in s. 627.062(3)(d), constitutes ~~shall constitute~~ delivery
 1277 to the insured or to the person entitled to delivery, unless the
 1278 insured or the person entitled to delivery communicates to the
 1279 insurer in writing or electronically that he or she does not
 1280 agree to delivery by electronic means. Electronic transmission
 1281 shall include a notice to the insured or to the person entitled
 1282 to delivery of a policy of his or her right to receive the
 1283 policy via United States mail rather than via electronic
 1284 transmission. A paper copy of the policy shall be provided to
 1285 the insured or to the person entitled to delivery at his or her
 1286 request.

1287 Section 36. Subsection (2) of section 627.43141, Florida
 1288 Statutes, is amended to read:

1289 627.43141 Notice of change in policy terms.—

1290 (2) A renewal policy may contain a change in policy terms.
 1291 If a renewal policy contains ~~does contain~~ such change, the
 1292 insurer must give the named insured written notice of the
 1293 change, which may ~~must~~ be enclosed along with the written notice
 1294 of renewal premium required by ss. 627.4133 and 627.728 or be
 1295 sent in a separate notice that complies with the nonrenewal
 1296 mailing time requirement for that particular line of business.
 1297 The insurer must also provide a sample copy of the notice to the
 1298 insured's insurance agent before or at the same time that notice
 1299 is given to the insured. Such notice shall be entitled "Notice
 1300 of Change in Policy Terms."

1301 Section 37. Section 627.4553, Florida Statutes, is created
 1302 to read:

1303 627.4553 Recommendations to surrender.—If an insurance
 1304 agent recommends the surrender of an annuity or life insurance
 1305 policy containing a cash value and is not recommending that the
 1306 proceeds from the surrender be used to fund or purchase another
 1307 annuity or life insurance policy, before execution of the
 1308 surrender, the insurance agent, or the insurance company if no
 1309 agent is involved, shall provide, on a form adopted by rule by
 1310 the department, information concerning the annuity or policy to
 1311 be surrendered, including the amount of any surrender charge,
 1312 the loss of any minimum interest rate guarantees, the amount of
 1313 any tax consequences resulting from the surrender, the amount of
 1314 any forfeited death benefit, and the value of any other
 1315 investment performance guarantees being forfeited as a result of
 1316 the surrender. This section also applies to a person performing
 1317 insurance agent activities pursuant to an exemption from
 1318 licensure under this part.

1319 Section 38. Paragraph (b) of subsection (4) of section
 1320 627.7015, Florida Statutes, is amended to read:

1321 627.7015 Alternative procedure for resolution of disputed
 1322 property insurance claims.—

1323 (4) The department shall adopt by rule a property
 1324 insurance mediation program to be administered by the department
 1325 or its designee. The department may also adopt special rules
 1326 which are applicable in cases of an emergency within the state.

1327 The rules shall be modeled after practices and procedures set
 1328 forth in mediation rules of procedure adopted by the Supreme
 1329 Court. The rules shall provide for:

1330 (b) Qualifications, denial of application, suspension,
 1331 revocation of approval, and other penalties for ~~of~~ mediators as
 1332 provided in s. 627.745 and in the Florida Rules of Certified and
 1333 Court Appointed Mediators, ~~and for such other individuals as are~~
 1334 ~~qualified by education, training, or experience as the~~
 1335 ~~department determines to be appropriate.~~

1336 Section 39. Section 627.70151, Florida Statutes, is
 1337 created to read:

1338 627.70151 Appraisal; conflicts of interest.—An insurer
 1339 that offers residential coverage, as defined in s. 627.4025, or
 1340 a policyholder that uses an appraisal clause in the property
 1341 insurance contract to establish a process of estimating or
 1342 evaluating the amount of the loss through the use of an
 1343 impartial umpire may challenge the umpire's impartiality and
 1344 disqualify the proposed umpire only if:

1345 (1) A familial relationship within the third degree exists
 1346 between the umpire and any party or a representative of any
 1347 party;

1348 (2) The umpire has previously represented any party or a
 1349 representative of any party in a professional capacity in the
 1350 same or a substantially related matter;

1351 (3) The umpire has represented another person in a
 1352 professional capacity on the same or a substantially related

1353 matter, which includes the claim, same property, or an adjacent
 1354 property and that other person's interests are materially
 1355 adverse to the interests of any party; or

1356 (4) The umpire has worked as an employer or employee of
 1357 any party within the preceding 5 years.

1358 Section 40. Paragraph (c) of subsection (2) of section
 1359 627.706, Florida Statutes, is amended to read:

1360 627.706 Sinkhole insurance; catastrophic ground cover
 1361 collapse; definitions.—

1362 (2) As used in ss. 627.706-627.7074, and as used in
 1363 connection with any policy providing coverage for a catastrophic
 1364 ground cover collapse or for sinkhole losses, the term:

1365 (c) "Neutral evaluator" means a professional engineer or a
 1366 professional geologist who has completed a course of study in
 1367 alternative dispute resolution designed or approved by the
 1368 department for use in the neutral evaluation process, ~~and~~ and who is
 1369 determined by the department to be fair and impartial, and who
 1370 is not otherwise ineligible for certification as provided in s.
 1371 627.7074.

1372 Section 41. Subsections (1) and (3) of section 627.7074,
 1373 Florida Statutes, are amended to read:

1374 627.7074 Alternative procedure for resolution of disputed
 1375 sinkhole insurance claims.—

1376 (1) The department shall:

1377 (a) Certify and maintain a list of persons who are neutral
 1378 evaluators.

1379 (b) Adopt rules for certifying, denying certification of,
 1380 suspending certification of, and revoking certification as a
 1381 neutral evaluator in keeping with qualifications specified in
 1382 this section and ss. 627.706 and 627.745(4).

1383 (c)~~(b)~~ Prepare a consumer information pamphlet for
 1384 distribution by insurers to policyholders which clearly
 1385 describes the neutral evaluation process and includes
 1386 information necessary for the policyholder to request a neutral
 1387 evaluation.

1388 (3) Following the receipt of the report provided under s.
 1389 627.7073 or the denial of a claim for a sinkhole loss, the
 1390 insurer shall notify the policyholder of his or her right to
 1391 participate in the neutral evaluation program under this
 1392 section, if there is coverage available under the policy and the
 1393 claim was submitted within the timeframe provided in s.
 1394 627.706(5). Neutral evaluation supersedes the alternative
 1395 dispute resolution process under s. 627.7015 but does not
 1396 invalidate the appraisal clause of the insurance policy. The
 1397 insurer shall provide to the policyholder the consumer
 1398 information pamphlet prepared by the department pursuant to
 1399 subsection (1) electronically or by United States mail.

1400 Section 42. Subsection (8) of section 627.711, Florida
 1401 Statutes, is amended to read:

1402 627.711 Notice of premium discounts for hurricane loss
 1403 mitigation; uniform mitigation verification inspection form.—

1404 (8) At its expense, the insurer may require that a uniform

1405 mitigation verification form provided by a policyholder, a
 1406 policyholder's agent, or an authorized mitigation inspector or
 1407 inspection company be independently verified by an inspector, an
 1408 inspection company, or an independent third-party quality
 1409 assurance provider which possesses a quality assurance program
 1410 before accepting the uniform mitigation verification form as
 1411 valid. A uniform mitigation verification form provided by a
 1412 policyholder, a policyholder's agent, or an authorized
 1413 mitigation inspector or inspection company to Citizens Property
 1414 Insurance Corporation is not subject to such additional
 1415 verification and the property is not subject to reinspection by
 1416 the corporation, absent material changes to the structure for
 1417 the term stated on the form, if the form signed by a qualified
 1418 inspector was submitted to, reviewed, and verified by a quality
 1419 assurance program approved by the corporation before submission
 1420 of the form to the corporation.

1421 Section 43. Paragraph (a) of subsection (5) of section
 1422 627.736, Florida Statutes, is amended to read:

1423 627.736 Required personal injury protection benefits;
 1424 exclusions; priority; claims.—

1425 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1426 (a) A physician, hospital, clinic, or other person or
 1427 institution lawfully rendering treatment to an injured person
 1428 for a bodily injury covered by personal injury protection
 1429 insurance may charge the insurer and injured party only a
 1430 reasonable amount pursuant to this section for the services and

1431 supplies rendered, and the insurer providing such coverage may
 1432 pay for such charges directly to such person or institution
 1433 lawfully rendering such treatment if the insured receiving such
 1434 treatment or his or her guardian has countersigned the properly
 1435 completed invoice, bill, or claim form approved by the office
 1436 upon which such charges are to be paid for as having actually
 1437 been rendered, to the best knowledge of the insured or his or
 1438 her guardian. However, such a charge may not exceed the amount
 1439 the person or institution customarily charges for like services
 1440 or supplies. In determining whether a charge for a particular
 1441 service, treatment, or otherwise is reasonable, consideration
 1442 may be given to evidence of usual and customary charges and
 1443 payments accepted by the provider involved in the dispute,
 1444 reimbursement levels in the community and various federal and
 1445 state medical fee schedules applicable to motor vehicle and
 1446 other insurance coverages, and other information relevant to the
 1447 reasonableness of the reimbursement for the service, treatment,
 1448 or supply.

1449 1. The insurer may limit reimbursement to 80 percent of
 1450 the following schedule of maximum charges:

1451 a. For emergency transport and treatment by providers
 1452 licensed under chapter 401, 200 percent of Medicare.

1453 b. For emergency services and care provided by a hospital
 1454 licensed under chapter 395, 75 percent of the hospital's usual
 1455 and customary charges.

1456 c. For emergency services and care as defined by s.

1457 395.002 provided in a facility licensed under chapter 395
 1458 rendered by a physician or dentist, and related hospital
 1459 inpatient services rendered by a physician or dentist, the usual
 1460 and customary charges in the community.

1461 d. For hospital inpatient services, other than emergency
 1462 services and care, 200 percent of the Medicare Part A
 1463 prospective payment applicable to the specific hospital
 1464 providing the inpatient services.

1465 e. For hospital outpatient services, other than emergency
 1466 services and care, 200 percent of the Medicare Part A Ambulatory
 1467 Payment Classification for the specific hospital providing the
 1468 outpatient services.

1469 f. For all other medical services, supplies, and care, 200
 1470 percent of the allowable amount under:

1471 (I) The participating physicians fee schedule of Medicare
 1472 Part B, except as provided in sub-sub-subparagraphs (II) and
 1473 (III).

1474 (II) Medicare Part B, in the case of services, supplies,
 1475 and care provided by ambulatory surgical centers and clinical
 1476 laboratories.

1477 (III) The Durable Medical Equipment Prosthetics/Orthotics
 1478 and Supplies fee schedule of Medicare Part B, in the case of
 1479 durable medical equipment.

1480
 1481 However, if such services, supplies, or care is not reimbursable
 1482 under Medicare Part B, as provided in this sub-subparagraph, the

1483 insurer may limit reimbursement to 80 percent of the maximum
1484 reimbursable allowance under workers' compensation, as
1485 determined under s. 440.13 and rules adopted thereunder which
1486 are in effect at the time such services, supplies, or care is
1487 provided. Services, supplies, or care that is not reimbursable
1488 under Medicare or workers' compensation is not required to be
1489 reimbursed by the insurer.

1490 2. For purposes of subparagraph 1., the applicable fee
1491 schedule or payment limitation under Medicare is the fee
1492 schedule or payment limitation in effect on March 1 of the year
1493 in which the services, supplies, or care is rendered and for the
1494 area in which such services, supplies, or care is rendered, and
1495 the applicable fee schedule or payment limitation applies from
1496 March 1 until the last day of February ~~throughout the remainder~~
1497 ~~of the following~~ that year, notwithstanding any subsequent
1498 change made to the fee schedule or payment limitation, except
1499 that it may not be less than the allowable amount under the
1500 applicable schedule of Medicare Part B for 2007 for medical
1501 services, supplies, and care subject to Medicare Part B.

1502 3. Subparagraph 1. does not allow the insurer to apply any
1503 limitation on the number of treatments or other utilization
1504 limits that apply under Medicare or workers' compensation. An
1505 insurer that applies the allowable payment limitations of
1506 subparagraph 1. must reimburse a provider who lawfully provided
1507 care or treatment under the scope of his or her license,
1508 regardless of whether such provider is entitled to reimbursement

1509 under Medicare due to restrictions or limitations on the types
1510 or discipline of health care providers who may be reimbursed for
1511 particular procedures or procedure codes. However, subparagraph
1512 1. does not prohibit an insurer from using the Medicare coding
1513 policies and payment methodologies of the federal Centers for
1514 Medicare and Medicaid Services, including applicable modifiers,
1515 to determine the appropriate amount of reimbursement for medical
1516 services, supplies, or care if the coding policy or payment
1517 methodology does not constitute a utilization limit.

1518 4. If an insurer limits payment as authorized by
1519 subparagraph 1., the person providing such services, supplies,
1520 or care may not bill or attempt to collect from the insured any
1521 amount in excess of such limits, except for amounts that are not
1522 covered by the insured's personal injury protection coverage due
1523 to the coinsurance amount or maximum policy limits.

1524 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as
1525 authorized by this paragraph only if the insurance policy
1526 includes a notice at the time of issuance or renewal that the
1527 insurer may limit payment pursuant to the schedule of charges
1528 specified in this paragraph. A policy form approved by the
1529 office satisfies this requirement. If a provider submits a
1530 charge for an amount less than the amount allowed under
1531 subparagraph 1., the insurer may pay the amount of the charge
1532 submitted.

1533 Section 44. Subsection (1) and paragraphs (a) and (b) of
1534 subsection (2) of section 627.744, Florida Statutes, are amended

1535 to read:

1536 627.744 Required preinsurance inspection of private
 1537 passenger motor vehicles.—

1538 (1) A private passenger motor vehicle insurance policy
 1539 providing physical damage coverage, including collision or
 1540 comprehensive coverage, may not be issued in this state unless
 1541 the insurer has inspected the motor vehicle in accordance with
 1542 this section. Physical damage coverage on a motor vehicle may
 1543 not be suspended during the term of the policy due to the
 1544 applicant's failure to provide required documents. However,
 1545 payment of a claim may be conditioned upon the insurer's receipt
 1546 of the required documents, and physical damage loss occurring
 1547 after the effective date of coverage is not payable until the
 1548 documents are provided to the insurer.

1549 (2) This section does not apply:

1550 (a) To a policy for a policyholder who has been insured
 1551 for 2 years or longer, without interruption, under a private
 1552 passenger motor vehicle policy that ~~which~~ provides physical
 1553 damage coverage for any vehicle, if the agent of the insurer
 1554 verifies the previous coverage.

1555 (b) To a new, unused motor vehicle purchased or leased
 1556 from a licensed motor vehicle dealer or leasing company, if the
 1557 insurer is provided with:

1558 1. A bill of sale, ~~or~~ buyer's order, or lease agreement
 1559 that ~~which~~ contains a full description of the motor vehicle,
 1560 ~~including all options and accessories; or~~

1561 2. A copy of the title or registration that ~~which~~
1562 establishes transfer of ownership from the dealer or leasing
1563 company to the customer and a copy of the window sticker ~~or the~~
1564 ~~dealer invoice showing the itemized options and equipment and~~
1565 ~~the total retail price of the vehicle.~~

1566
1567 ~~For the purposes of this paragraph, the physical damage coverage~~
1568 ~~on the motor vehicle may not be suspended during the term of the~~
1569 ~~policy due to the applicant's failure to provide the required~~
1570 ~~documents. However, payment of a claim is conditioned upon the~~
1571 ~~receipt by the insurer of the required documents, and no~~
1572 ~~physical damage loss occurring after the effective date of the~~
1573 ~~coverage is payable until the documents are provided to the~~
1574 ~~insurer.~~

1575 Section 45. Paragraph (b) of subsection (3) of section
1576 627.745, Florida Statutes, is amended, present subsections (4)
1577 and (5) of that section are renumbered as subsections (5) and
1578 (6), respectively, and a new subsection (4) is added to that
1579 section, to read:

1580 627.745 Mediation of claims.—

1581 (3)

1582 (b) To qualify for approval as a mediator, an individual ~~a~~
1583 ~~person~~ must meet one of the following qualifications:

1584 1. Possess an active certification as a Florida Supreme
1585 Court certified circuit court mediator. A circuit court mediator
1586 whose certification is in a lapsed, suspended, or decertified

1587 status is not eligible to participate in the program ~~a masters~~
1588 ~~or doctorate degree in psychology, counseling, business,~~
1589 ~~accounting, or economics, be a member of The Florida Bar, be~~
1590 ~~licensed as a certified public accountant, or demonstrate that~~
1591 ~~the applicant for approval has been actively engaged as a~~
1592 ~~qualified mediator for at least 4 years prior to July 1, 1990.~~

1593 2. Be an approved department mediator as of July 1, 2014,
1594 and have conducted at least one mediation on behalf of the
1595 department within 4 years immediately preceding that the date
1596 ~~the application for approval is filed with the department, have~~
1597 ~~completed a minimum of a 40-hour training program approved by~~
1598 ~~the department and successfully passed a final examination~~
1599 ~~included in the training program and approved by the department.~~
1600 ~~The training program shall include and address all of the~~
1601 ~~following:~~

1602 ~~a. Mediation theory.~~

1603 ~~b. Mediation process and techniques.~~

1604 ~~c. Standards of conduct for mediators.~~

1605 ~~d. Conflict management and intervention skills.~~

1606 ~~e. Insurance nomenclature.~~

1607 (4) The department shall deny an application, or suspend
1608 or revoke its approval of a mediator or certification of a
1609 neutral evaluator to serve in such capacity, if the department
1610 finds that any of the following grounds exist:

1611 (a) Lack of one or more of the qualifications for approval
1612 or certification specified in this section.

1613 (b) Material misstatement, misrepresentation, or fraud in
 1614 obtaining, or attempting to obtain, the approval or
 1615 certification.

1616 (c) Demonstrated lack of fitness or trustworthiness to act
 1617 as a mediator or neutral evaluator.

1618 (d) Fraudulent or dishonest practices in the conduct of
 1619 mediation or neutral evaluation or in the conduct of business in
 1620 the financial services industry.

1621 (e) Violation of any provision of this code or of a lawful
 1622 order or rule of the department, violation of the Florida Rules
 1623 of Certified and Court Appointed Mediators, or aiding,
 1624 instructing, or encouraging another party in committing such a
 1625 violation.

1626
 1627 The department may adopt rules to administer this subsection.

1628 Section 46. Subsection (8) of section 627.782, Florida
 1629 Statutes, is amended to read:

1630 627.782 Adoption of rates.—

1631 (8) Each title insurance agency and insurer licensed to do
 1632 business in this state and each insurer's direct or retail
 1633 business in this state shall maintain and submit information,
 1634 including revenue, loss, and expense data, as the office
 1635 determines necessary to assist in the analysis of title
 1636 insurance premium rates, title search costs, and the condition
 1637 of the title insurance industry in this state. This information
 1638 must be transmitted to the office annually by May ~~March~~ 31 of

1639 the year after the reporting year. The commission shall adopt
 1640 rules regarding the collection and analysis of the data from the
 1641 title insurance industry.

1642 Section 47. Subsection (4) of section 627.841, Florida
 1643 Statutes, is amended to read:

1644 627.841 Delinquency, collection, cancellation, and payment
 1645 ~~check~~ return charge charges; attorney ~~attorney's~~ fees.—

1646 (4) In the event that a payment is made to a premium
 1647 finance company by debit, credit, electronic funds transfer,
 1648 check, or draft and such payment ~~the instrument~~ is returned,
 1649 declined, or cannot be processed due to ~~because of~~ insufficient
 1650 funds ~~to pay it,~~ the premium finance company may, if the premium
 1651 finance agreement so provides, impose a return payment charge of
 1652 \$15.

1653 Section 48. Subsections (1), (3), (10), and (12) of
 1654 section 628.461, Florida Statutes, are amended to read:

1655 628.461 Acquisition of controlling stock.—

1656 (1) A person may not, individually or in conjunction with
 1657 any affiliated person of such person, acquire directly or
 1658 indirectly, conclude a tender offer or exchange offer for, enter
 1659 into any agreement to exchange securities for, or otherwise
 1660 finally acquire 10 ~~5~~ percent or more of the outstanding voting
 1661 securities of a domestic stock insurer or of a controlling
 1662 company, unless:

1663 (a) The person or affiliated person has filed with the
 1664 office and sent to the insurer and controlling company a letter

1665 of notification regarding the transaction or proposed
 1666 transaction within ~~no later than~~ 5 days after any form of tender
 1667 offer or exchange offer is proposed, or within ~~no later than~~ 5
 1668 days after the acquisition of the securities if no tender offer
 1669 or exchange offer is involved. The notification must be provided
 1670 on forms prescribed by the commission containing information
 1671 determined necessary to understand the transaction and identify
 1672 all purchasers and owners involved;

1673 (b) The person or affiliated person has filed with the
 1674 office a statement as specified in subsection (3). The statement
 1675 must be completed and filed within 30 days after:

- 1676 1. Any definitive acquisition agreement is entered;
- 1677 2. Any form of tender offer or exchange offer is proposed;
- 1678 or

1679 3. The acquisition of the securities, if no definitive
 1680 acquisition agreement, tender offer, or exchange offer is
 1681 involved; and

1682 (c) The office has approved the tender or exchange offer,
 1683 or acquisition if no tender offer or exchange offer is involved,
 1684 and approval is in effect.

1685
 1686 ~~In lieu of a filing as required under this subsection, a party~~
 1687 ~~acquiring less than 10 percent of the outstanding voting~~
 1688 ~~securities of an insurer may file a disclaimer of affiliation~~
 1689 ~~and control. The disclaimer shall fully disclose all material~~
 1690 ~~relationships and basis for affiliation between the person and~~

1691 ~~the insurer as well as the basis for disclaiming the affiliation~~
1692 ~~and control. After a disclaimer has been filed, the insurer~~
1693 ~~shall be relieved of any duty to register or report under this~~
1694 ~~section which may arise out of the insurer's relationship with~~
1695 ~~the person unless and until the office disallows the disclaimer.~~
1696 ~~The office shall disallow a disclaimer only after furnishing all~~
1697 ~~parties in interest with notice and opportunity to be heard and~~
1698 ~~after making specific findings of fact to support the~~
1699 ~~disallowance.~~ A filing as required under this subsection must be
1700 made as to any acquisition that equals or exceeds 10 percent of
1701 the outstanding voting securities.

1702 (3) The statement to be filed with the office under
1703 subsection (1) and furnished to the insurer and controlling
1704 company shall contain the following information and any
1705 additional information as the office deems necessary to
1706 determine the character, experience, ability, and other
1707 qualifications of the person or affiliated person of such person
1708 for the protection of the policyholders and shareholders of the
1709 insurer and the public:

1710 (a) The identity of, and the background information
1711 specified in subsection (4) on, each natural person by whom, or
1712 on whose behalf, the acquisition is to be made; and, if the
1713 acquisition is to be made by, or on behalf of, a corporation,
1714 association, or trust, as to the corporation, association, or
1715 trust and as to any person who controls either directly or
1716 indirectly the corporation, association, or trust, the identity

1717 of, and the background information specified in subsection (4)
 1718 on, each director, officer, trustee, or other natural person
 1719 performing duties similar to those of a director, officer, or
 1720 trustee for the corporation, association, or trust;

1721 (b) The source and amount of the funds or other
 1722 consideration used, or to be used, in making the acquisition;

1723 (c) Any plans or proposals which such persons may have
 1724 made to liquidate such insurer, to sell any of its assets or
 1725 merge or consolidate it with any person, or to make any other
 1726 major change in its business or corporate structure or
 1727 management; and any plans or proposals which such persons may
 1728 have made to liquidate any controlling company of such insurer,
 1729 to sell any of its assets or merge or consolidate it with any
 1730 person, or to make any other major change in its business or
 1731 corporate structure or management;

1732 (d) The number of shares or other securities which the
 1733 person or affiliated person of such person proposes to acquire,
 1734 the terms of the proposed acquisition, and the manner in which
 1735 the securities are to be acquired; ~~and~~

1736 (e) Information as to any contract, arrangement, or
 1737 understanding with any party with respect to any of the
 1738 securities of the insurer or controlling company, including, but
 1739 not limited to, information relating to the transfer of any of
 1740 the securities, option arrangements, puts or calls, or the
 1741 giving or withholding of proxies, which information names the
 1742 party with whom the contract, arrangement, or understanding has

1743 | been entered into and gives the details thereof;

1744 | (f) Effective January 1, 2015, an agreement by the person
1745 | required to file the statement that the person will provide the
1746 | annual report specified in s. 628.801(2) if control exists; and

1747 | (g) Effective January 1, 2015, an acknowledgement by the
1748 | person required to file the statement that the person and all
1749 | subsidiaries within the person's control in the insurance
1750 | holding company system will provide, as necessary, information
1751 | to the office upon request to evaluate enterprise risk to the
1752 | insurer.

1753 | (10) Upon notification to the office by the domestic stock
1754 | insurer or a controlling company that any person or any
1755 | affiliated person of such person has acquired 10 ~~5~~ percent or
1756 | more of the outstanding voting securities of the domestic stock
1757 | insurer or controlling company without complying with ~~the~~
1758 | ~~provisions of~~ this section, the office shall order that the
1759 | person and any affiliated person of such person cease
1760 | acquisition of any further securities of the domestic stock
1761 | insurer or controlling company; however, the person or any
1762 | affiliated person of such person may request a proceeding, which
1763 | proceeding shall be convened within 7 days after the rendering
1764 | of the order for the sole purpose of determining whether the
1765 | person, individually or in connection with any affiliated person
1766 | of such person, has acquired 10 ~~5~~ percent or more of the
1767 | outstanding voting securities of a domestic stock insurer or
1768 | controlling company. Upon the failure of the person or

1769 affiliated person to request a hearing within 7 days, or upon a
1770 determination at a hearing convened pursuant to this subsection
1771 that the person or affiliated person has acquired voting
1772 securities of a domestic stock insurer or controlling company in
1773 violation of this section, the office may order the person and
1774 affiliated person to divest themselves of any voting securities
1775 so acquired.

1776 (12) (a) A presumption of control may be rebutted by filing
1777 a disclaimer of control. Any person may file a disclaimer of
1778 control with the office. The disclaimer must fully disclose all
1779 material relationships and bases for affiliation between the
1780 person and the insurer as well as the basis for disclaiming the
1781 affiliation. After a disclaimer is filed, the insurer is
1782 relieved of any duty to register or report under this section,
1783 which may arise out of the insurer's relationship with the
1784 person, unless the office disallows the disclaimer. An
1785 affiliated person of a party acquiring less than 20 percent of
1786 the outstanding voting securities of an insurer that has filed a
1787 Schedule 13G with the Securities and Exchange Commission
1788 pursuant to Rules 13d-1(b) or 13d-1(c) under the Securities
1789 Exchange Act of 1934, as amended, with respect to the securities
1790 of the party acquiring voting securities of an insurer shall
1791 automatically, without further action of the department, be
1792 deemed to have filed a disclaimer of affiliation and control
1793 pursuant to this paragraph. For the purpose of this section, the
1794 term "affiliated person" of another person means:

- 1795 ~~1. The spouse of such other person;~~
- 1796 ~~2. The parents of such other person and their lineal~~
 1797 ~~descendants and the parents of such other person's spouse and~~
 1798 ~~their lineal descendants;~~
- 1799 ~~3. Any person who directly or indirectly owns or controls,~~
 1800 ~~or holds with power to vote, 5 percent or more of the~~
 1801 ~~outstanding voting securities of such other person;~~
- 1802 ~~4. Any person 5 percent or more of the outstanding voting~~
 1803 ~~securities of which are directly or indirectly owned or~~
 1804 ~~controlled, or held with power to vote, by such other person;~~
- 1805 ~~5. Any person or group of persons who directly or~~
 1806 ~~indirectly control, are controlled by, or are under common~~
 1807 ~~control with such other person;~~
- 1808 ~~6. Any officer, director, partner, copartner, or employee~~
 1809 ~~of such other person;~~
- 1810 ~~7. If such other person is an investment company, any~~
 1811 ~~investment adviser of such company or any member of an advisory~~
 1812 ~~board of such company;~~
- 1813 ~~8. If such other person is an unincorporated investment~~
 1814 ~~company not having a board of directors, the depositor of such~~
 1815 ~~company; or~~
- 1816 ~~9. Any person who has entered into an agreement, written~~
 1817 ~~or unwritten, to act in concert with such other person in~~
 1818 ~~acquiring or limiting the disposition of securities of a~~
 1819 ~~domestic stock insurer or controlling company.~~
- 1820 (b) Any controlling person of a domestic insurer who seeks

1821 to divest the person's controlling interest in the domestic
 1822 insurer in any manner shall file with the office, with a copy to
 1823 the insurer, confidential notice, not subject to public
 1824 inspection as provided under s. 624.4212, of the person's
 1825 proposed divestiture at least 30 days before the cessation of
 1826 control. The office shall determine those instances in which the
 1827 party seeking to divest or to acquire a controlling interest in
 1828 an insurer must file for and obtain approval of the transaction.
 1829 The information remains confidential until the conclusion of the
 1830 transaction unless the office, in its discretion, determines
 1831 that confidential treatment interferes with enforcement of this
 1832 section. If the statement required under subsection (1) is
 1833 otherwise filed, this paragraph does not apply. For the purposes
 1834 of this section, the term "controlling company" means any
 1835 corporation, trust, or association owning, directly or
 1836 indirectly, 25 percent or more of the voting securities of one
 1837 or more domestic stock insurance companies.

1838 Section 49. Subsections (6) and (7) of section 634.406,
 1839 Florida Statutes, are amended to read:

1840 634.406 Financial requirements.—

1841 (6) An association that ~~which~~ holds a license under this
 1842 part ~~and which does not hold any other license under this~~
 1843 ~~chapter~~ may allow its premiums for service warranties written
 1844 under this part to exceed the ratio to net assets limitations of
 1845 this section if the association meets all of the following:

1846 (a) Maintains net assets of at least \$750,000.

1847 (b) Uses ~~Utilizes~~ a contractual liability insurance policy
 1848 approved by the office that: ~~which~~

1849 1. Reimburses the service warranty association for 100
 1850 percent of its claims liability and is issued by an insurer that
 1851 maintains a policyholder surplus of at least \$100 million; or

1852 2. Complies with the requirements of subsection (3) and is
 1853 issued by an insurer that maintains a policyholder surplus of at
 1854 least \$200 million.

1855 (c) The insurer issuing the contractual liability
 1856 insurance policy:

1857 ~~1. Maintains a policyholder surplus of at least \$100~~
 1858 ~~million.~~

1859 ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an
 1860 equivalent rating by another national rating service acceptable
 1861 to the office.

1862 ~~3. Is in no way affiliated with the warranty association.~~

1863 ~~2.4.~~ In conjunction with the warranty association's filing
 1864 of the quarterly and annual reports, provides, on a form
 1865 prescribed by the commission, a statement certifying the gross
 1866 written premiums in force reported by the warranty association
 1867 and a statement that all of the warranty association's gross
 1868 written premium in force is covered under the contractual
 1869 liability policy, regardless of whether ~~or not~~ it has been
 1870 reported.

1871 ~~(7) A contractual liability policy must insure 100 percent~~
 1872 ~~of an association's claims exposure under all of the~~

1873 ~~association's service warranty contracts, wherever written,~~
 1874 ~~unless all of the following are satisfied:~~

1875 ~~(a) The contractual liability policy contains a clause~~
 1876 ~~that specifically names the service warranty contract holders as~~
 1877 ~~sole beneficiaries of the contractual liability policy and~~
 1878 ~~claims are paid directly to the person making a claim under the~~
 1879 ~~contract;~~

1880 ~~(b) The contractual liability policy meets all other~~
 1881 ~~requirements of this part, including subsection (3) of this~~
 1882 ~~section, which are not inconsistent with this subsection;~~

1883 ~~(c) The association has been in existence for at least 5~~
 1884 ~~years or the association is a wholly owned subsidiary of a~~
 1885 ~~corporation that has been in existence and has been licensed as~~
 1886 ~~a service warranty association in the state for at least 5~~
 1887 ~~years, and:~~

1888 ~~1. Is listed and traded on a recognized stock exchange; is~~
 1889 ~~listed in NASDAQ (National Association of Security Dealers~~
 1890 ~~Automated Quotation system) and publicly traded in the over the~~
 1891 ~~counter securities market; is required to file either of Form~~
 1892 ~~10-K, Form 100, or Form 20-G with the United States Securities~~
 1893 ~~and Exchange Commission; or has American Depositary Receipts~~
 1894 ~~listed on a recognized stock exchange and publicly traded or is~~
 1895 ~~the wholly owned subsidiary of a corporation that is listed and~~
 1896 ~~traded on a recognized stock exchange; is listed in NASDAQ~~
 1897 ~~(National Association of Security Dealers Automated Quotation~~
 1898 ~~system) and publicly traded in the over the counter securities~~

1899 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~
 1900 ~~with the United States Securities and Exchange Commission; or~~
 1901 ~~has American Depository Receipts listed on a recognized stock~~
 1902 ~~exchange and is publicly traded;~~

1903 ~~2. Maintains outstanding debt obligations, if any, rated~~
 1904 ~~in the top four rating categories by a recognized rating~~
 1905 ~~service;~~

1906 ~~3. Has and maintains at all times a minimum net worth of~~
 1907 ~~not less than \$10 million as evidenced by audited financial~~
 1908 ~~statements prepared by an independent certified public~~
 1909 ~~accountant in accordance with generally accepted accounting~~
 1910 ~~principles and submitted to the office annually; and~~

1911 ~~4. Is authorized to do business in this state; and~~

1912 ~~(d) The insurer issuing the contractual liability policy:~~

1913 ~~1. Maintains and has maintained for the preceding 5 years,~~
 1914 ~~policyholder surplus of at least \$100 million and is rated "A"~~
 1915 ~~or higher by A.M. Best Company or has an equivalent rating by~~
 1916 ~~another rating company acceptable to the office;~~

1917 ~~2. Holds a certificate of authority to do business in this~~
 1918 ~~state and is approved to write this type of coverage; and~~

1919 ~~3. Acknowledges to the office quarterly that it insures~~
 1920 ~~all of the association's claims exposure under contracts~~
 1921 ~~delivered in this state.~~

1922
 1923 ~~If all the preceding conditions are satisfied, then the scope of~~
 1924 ~~coverage under a contractual liability policy shall not be~~

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1925 ~~required to exceed an association's claims exposure under~~
1926 ~~service warranty contracts delivered in this state.~~

1927 Section 50. This act shall take effect July 1, 2014.