



CS/CS/HB 565, Engrossed 1

2014

1                   A bill to be entitled  
2           An act relating to insurance; amending s. 112.08,  
3           F.S.; authorizing local government units to contract  
4           with certain corporations not for profit for  
5           insurance; amending s. 624.501, F.S.; revising  
6           original appointment and renewal fees related to  
7           certain insurance representatives; amending s.  
8           626.015, F.S.; prohibiting new limited customer  
9           representative licenses from being issued after a  
10          specified date; defining the term "unaffiliated  
11          insurance agent"; amending s. 626.0428, F.S.; revising  
12          prohibitions relating to binding insurance and  
13          soliciting insurance; requiring a branch place of  
14          business to have an agent in charge; authorizing an  
15          agent to be in charge of more than one branch office  
16          under certain circumstances; providing requirements  
17          relating to the designation of an agent in charge;  
18          providing that the agent in charge is accountable for  
19          misconduct and violations committed by the licensee,  
20          agent, and any person under his or her supervision;  
21          prohibiting an insurance agency from conducting  
22          insurance business at a location without a designated  
23          agent in charge; amending s. 626.112, F.S.; providing  
24          licensure exemptions that allow specified individuals  
25          or entities to conduct insurance business at specified



26 | locations under certain circumstances; revising  
27 | licensure requirements and penalties with respect to  
28 | registered insurance agencies; providing that the  
29 | registration of an approved registered insurance  
30 | agency automatically converts to an insurance agency  
31 | license on a specified date; amending s. 626.172,  
32 | F.S.; revising requirements relating to applications  
33 | for insurance agency licenses; conforming provisions  
34 | to changes made by the act; amending s. 626.311, F.S.;  
35 | limiting the types of business that may be transacted  
36 | by certain agents; amending s. 626.321, F.S.;  
37 | providing that a limited license to offer motor  
38 | vehicle rental insurance issued to a business that  
39 | rents or leases motor vehicles encompasses the  
40 | employees and authorized representatives of such  
41 | business; amending s. 626.382, F.S.; providing that an  
42 | insurance agency license continues in force until  
43 | canceled, suspended, revoked, or terminated or  
44 | expired; amending s. 626.601, F.S.; revising  
45 | terminology relating to investigations conducted by  
46 | the Department of Financial Services and the Office of  
47 | Insurance Regulation with respect to individuals and  
48 | entities involved in the insurance industry; revising  
49 | a confidentiality provision; repealing s. 626.747,  
50 | F.S., relating to branch agencies, agents in charge,



51 and the payment of additional county tax under certain  
52 circumstances; amending s. 626.8411, F.S.; conforming  
53 a cross-reference; amending s. 626.88, F.S.; providing  
54 that the term "administrator" does not include certain  
55 corporations not for profit; amending s. 626.8805,  
56 F.S.; revising insurance administrator application  
57 requirements; amending s. 626.8817, F.S.; authorizing  
58 an insurer's designee to provide certain coverage  
59 information to an insurance administrator; authorizing  
60 an insurer to subcontract the review of an insurance  
61 administrator; amending s. 626.882, F.S.; prohibiting  
62 a person from acting as an insurance administrator  
63 without a specific written agreement; amending s.  
64 626.883, F.S.; requiring an insurance administrator to  
65 furnish fiduciary account records to an insurer;  
66 requiring administrator withdrawals from a fiduciary  
67 account to be made according to a specific written  
68 agreement; providing that an insurer's designee may  
69 authorize payment of claims; amending s. 626.884,  
70 F.S.; revising an insurer's right of access to certain  
71 administrator records; amending s. 626.89, F.S.;  
72 revising the deadline for filing certain financial  
73 statements; amending s. 626.921, F.S.; requiring  
74 members of the board of governors of the Florida  
75 Surplus Lines Association to be nominated by the



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76 association; amending s. 626.931, F.S.; deleting  
77 provisions requiring a surplus lines agent to file a  
78 quarterly affidavit with the Florida Surplus Lines  
79 Service Office; amending s. 626.932, F.S.; revising  
80 the due date of surplus lines tax; amending ss.  
81 626.935 and 626.936, F.S.; conforming provisions to  
82 changes made by the act; amending s. 626.9541, F.S.;  
83 revising a provision authorizing a licensed agent or  
84 insurer to solicit or negotiate certain insurance  
85 transactions through a credit card facility or  
86 organization; amending s. 626.99296, F.S.; requiring a  
87 court in the county where the payee resides to  
88 authorize a transfer of structured settlement payment  
89 rights in order for the transfer to be effective;  
90 amending s. 627.062, F.S.; requiring the Office of  
91 Insurance Regulation to use certain models or methods,  
92 or a straight average of model results or output  
93 ranges, to estimate hurricane losses when determining  
94 whether the rates in a rate filing are excessive,  
95 inadequate, or unfairly discriminatory; amending s.  
96 627.0628, F.S.; increasing the length of time during  
97 which an insurer must adhere to certain findings made  
98 by the Commission on Hurricane Loss Projection  
99 Methodology with respect to certain methods,  
100 principles, standards, models, or output ranges used



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101 in a rate filing; providing that the requirement to  
102 adhere to such findings does not prohibit an insurer  
103 from using a straight average of model results or  
104 output ranges under specified circumstances; amending  
105 s. 627.0651, F.S.; revising provisions for making and  
106 use of rates for motor vehicle insurance; amending s.  
107 627.072, F.S.; authorizing retrospective rating plans  
108 relating to workers' compensation and employer's  
109 liability insurance to allow negotiations between  
110 certain employers and insurers with respect to  
111 premiums; providing an exemption; providing  
112 requirements for the filing and approval of such plans  
113 and associated forms; providing an exception; amending  
114 ss. 627.281 and 627.3518, F.S.; conforming cross-  
115 references; amending s. 627.311, F.S.; providing that  
116 certain dividends shall be retained by the joint  
117 underwriting plan for future use; amending s. 627.351,  
118 F.S.; providing that an appointee of a consumer  
119 representative by the Governor is not prohibited from  
120 practicing in a certain profession if required or  
121 permitted by law or ordinance; repealing s. 627.3519,  
122 F.S., relating to an annual report on the aggregate  
123 net probable maximum losses of the Florida Hurricane  
124 Catastrophe Fund and Citizens Property Insurance  
125 Corporation; amending s. 627.409, F.S.; providing that



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126 a claim for residential property insurance may not be  
127 denied based on certain credit information; amending  
128 s. 627.4133, F.S.; increasing the amount of prior  
129 notice required with respect to the nonrenewal,  
130 cancellation, or termination of certain insurance  
131 policies; deleting certain provisions that require  
132 extended periods of prior notice with respect to the  
133 nonrenewal, cancellation, or termination of certain  
134 insurance policies; prohibiting the cancellation of  
135 certain policies that have been in effect for a  
136 specified amount of time except under certain  
137 circumstances; providing that a policy or contract may  
138 not be cancelled based on certain credit information;  
139 amending s. 627.4137, F.S.; adding licensed company  
140 adjusters to the list of persons who may respond to a  
141 claimant's written request for information relating to  
142 liability insurance coverage; amending s. 627.421,  
143 F.S.; authorizing a policyholder of personal lines  
144 insurance to affirmatively elect delivery of policy  
145 documents by electronic means; amending s. 627.43141,  
146 F.S.; authorizing a notice of change in policy terms  
147 to be sent in a separate mailing to an insured under  
148 certain circumstances; requiring an insurer to provide  
149 such notice to insured's insurance agent; creating s.  
150 627.4553, F.S.; providing requirements for the



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151 recommendation to surrender an annuity or life  
152 insurance policy; amending s. 627.7015, F.S.; revising  
153 the rulemaking authority of the department with  
154 respect to qualifications and specified types of  
155 penalties covered under the property insurance  
156 mediation program; creating s. 627.70151, F.S.;  
157 providing criteria for an insurer or policyholder to  
158 challenge the impartiality of a loss appraisal umpire  
159 for purposes of disqualifying such umpire; amending s.  
160 627.706, F.S.; revising the definition of the term  
161 "neutral evaluator"; amending s. 627.7074, F.S.;  
162 revising notification requirements for participation  
163 in the neutral evaluation program; providing grounds  
164 for the department to deny an application, or suspend  
165 or revoke certification, of a neutral evaluator;  
166 requiring the department to adopt rules relating to  
167 certification of neutral evaluators; amending s.  
168 627.711, F.S.; revising verification requirements for  
169 uniform mitigation verification forms; amending s.  
170 627.7283, F.S.; authorizing the electronic transfer of  
171 unearned premium under specified circumstances;  
172 amending s. 627.736, F.S.; revising the time period  
173 for applicability of certain Medicare fee schedules or  
174 payment limitations; amending s. 627.744, F.S.;  
175 revising preinsurance inspection requirements for



176 private passenger motor vehicles; amending s. 627.745,  
177 F.S.; revising qualifications for approval as a  
178 mediator by the department; providing grounds for the  
179 department to deny an application, or suspend or  
180 revoke approval, of a mediator; authorizing the  
181 department to adopt rules; amending s. 627.782, F.S.;  
182 revising the date by which title insurance agencies  
183 and certain insurers must annually submit specified  
184 information to the Office of Insurance Regulation;  
185 amending s. 628.461, F.S.; revising filing  
186 requirements relating to the acquisition of  
187 controlling stock; revising the amount of outstanding  
188 voting securities of a domestic stock insurer or a  
189 controlling company that a person is prohibited from  
190 acquiring unless certain requirements have been met;  
191 prohibiting persons acquiring a certain percentage of  
192 voting securities from acquiring certain securities;  
193 providing that a presumption of control may be  
194 rebutted by filing a disclaimer of control; deleting  
195 definitions; amending s. 631.717, F.S.; deleting a  
196 provision relating to the Florida Life and Health  
197 Insurance Guaranty Association's obligation to pay  
198 insurance policy or contract claims; amending s.  
199 631.737, F.S.; requiring the association to pay  
200 insurance policy or contract claims under certain





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201 conditions; amending s. 634.406, F.S.; revising  
202 criteria authorizing premiums of certain service  
203 warranty associations to exceed their specified net  
204 assets limitations; revising requirements relating to  
205 contractual liability policies that insure warranty  
206 associations; providing effective dates.

207

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

209

210 Section 1. Paragraph (a) of subsection (2) of section  
211 112.08, Florida Statutes, is amended to read:

212 112.08 Group insurance for public officers, employees, and  
213 certain volunteers; physical examinations.—

214 (2) (a) Notwithstanding any general law or special act to  
215 the contrary, every local governmental unit is authorized to  
216 provide and pay out of its available funds for all or part of  
217 the premium for life, health, accident, hospitalization, legal  
218 expense, or annuity insurance, or all or any kinds of such  
219 insurance, for the officers and employees of the local  
220 governmental unit and for health, accident, hospitalization, and  
221 legal expense insurance for the dependents of such officers and  
222 employees upon a group insurance plan and, to that end, to enter  
223 into contracts with insurance companies, or ~~or~~ professional  
224 administrators, or a corporation not for profit the membership  
225 of which consists entirely of local government units authorized



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226 | to enter into a risk management consortium under this subsection  
227 | to provide such insurance. Before entering any contract for  
228 | insurance, the local governmental unit shall advertise for  
229 | competitive bids; and such contract shall be let upon the basis  
230 | of such bids. If a contracting health insurance provider becomes  
231 | financially impaired as determined by the Office of Insurance  
232 | Regulation of the Financial Services Commission or otherwise  
233 | fails or refuses to provide the contracted-for coverage or  
234 | coverages, the local government may purchase insurance, enter  
235 | into risk management programs, or contract with third-party  
236 | administrators and may make such acquisitions by advertising for  
237 | competitive bids or by direct negotiations and contract. The  
238 | local governmental unit may undertake simultaneous negotiations  
239 | with those companies which have submitted reasonable and timely  
240 | bids and are found by the local governmental unit to be fully  
241 | qualified and capable of meeting all servicing requirements.  
242 | Each local governmental unit may self-insure any plan for  
243 | health, accident, and hospitalization coverage or enter into a  
244 | risk management consortium to provide such coverage, subject to  
245 | approval based on actuarial soundness by the Office of Insurance  
246 | Regulation,~~+~~ and each shall contract with an insurance company  
247 | or professional administrator qualified and approved by the  
248 | office to administer such a plan or with a corporation not for  
249 | profit the membership of which consists entirely of local  
250 | government units authorized to enter into a risk management



251 consortium under this subsection.

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

255 624.501 Filing, license, appointment, and miscellaneous  
 256 fees.—The department, commission, or office, as appropriate,  
 257 shall collect in advance, and persons so served shall pay to it  
 258 in advance, fees, licenses, and miscellaneous charges as  
 259 follows:

260 (6) Insurance representatives, property, marine, casualty,  
 261 and surety insurance.

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

265	Appointment fee.....	\$42.00
266	State tax.....	12.00
267	County tax.....	6.00
268	Total.....	\$60.00

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

272 (7) Life insurance agents.

273 (a) Agent's original appointment and biennial renewal or  
 274 continuation thereof, each insurer or unaffiliated agent making  
 275 an appointment:



276 Appointment fee.....\$42.00  
 277 State tax.....12.00  
 278 County tax.....6.00  
 279 Total.....\$60.00

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

283 (8) Health insurance agents.

284 (a) Agent's original appointment and biennial renewal or  
 285 continuation thereof, each insurer or unaffiliated agent making  
 286 an appointment:

287 Appointment fee.....\$42.00  
 288 State tax.....12.00  
 289 County tax.....6.00  
 290 Total.....\$60.00

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

294 Section 3. Subsection (11) of section 626.015, Florida  
 295 Statutes, is amended, subsection (18) of that section is  
 296 renumbered as subsection (19), and a new subsection (18) is  
 297 added to that section, to read:

298 626.015 Definitions.—As used in this part:

299 (11) "Limited customer representative" means a customer  
 300 representative appointed by a general lines agent or agency to



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301 assist that agent or agency in transacting only the business of  
302 private passenger motor vehicle insurance from the office of  
303 that agent or agency. A limited customer representative is  
304 subject to the Florida Insurance Code in the same manner as a  
305 customer representative, unless otherwise specified. Effective  
306 October 1, 2014, a new limited customer representative license  
307 may not be issued.

308 (18) "Unaffiliated insurance agent" means a licensed  
309 insurance agent, except a limited lines agent, who is self-  
310 appointed and who practices as an independent consultant in the  
311 business of analyzing or abstracting insurance policies,  
312 providing insurance advice or counseling, or making specific  
313 recommendations or comparisons of insurance products for a fee  
314 established in advance by written contract signed by the  
315 parties. An unaffiliated insurance agent may not be affiliated  
316 with an insurer, insurer-appointed insurance agent, or insurance  
317 agency contracted with or employing insurer-appointed insurance  
318 agents.

319 Section 4. Effective January 1, 2015, subsections (2) and  
320 (3) of section 626.0428, Florida Statutes, are amended, and  
321 subsection (4) is added to that section, to read:

322 626.0428 Agency personnel powers, duties, and  
323 limitations.—

324 (2) An employee or an authorized representative located at  
325 a designated branch of an agent or agency may not bind insurance



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326 coverage unless licensed and appointed as an agent or customer  
327 representative.

328 (3) An employee or an authorized representative located at  
329 a designated branch of an agent or agency may not initiate  
330 contact with any person for the purpose of soliciting insurance  
331 unless licensed and appointed as an agent or customer  
332 representative. As to title insurance, an employee of an agent  
333 or agency may not initiate contact with any individual proposed  
334 insured for the purpose of soliciting title insurance unless  
335 licensed as a title insurance agent or exempt from such  
336 licensure pursuant to s. 626.8417(4).

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

342 (b) Notwithstanding paragraph (a), the licensed agent in  
343 charge of an insurance agency may also be the agent in charge of  
344 additional branch office locations of the agency if insurance  
345 activities requiring licensure as an insurance agent do not  
346 occur at any location when an agent is not physically present  
347 and unlicensed employees at the location do not engage in  
348 insurance activities requiring licensure as an insurance agent  
349 or customer representative.

350 (c) An insurance agency and each branch place of business



351 of an insurance agency shall designate an agent in charge and  
352 file the name and license number of the agent in charge and the  
353 physical address of the insurance agency location with the  
354 department at the department's designated website. The  
355 designation of the agent in charge may be changed at the option  
356 of the agency. A change of the designated agent in charge is  
357 effective upon notice to the department. Notice to the  
358 department must be provided within 30 days after such change.

359 (d) For purposes of this subsection, an "agent in charge"  
360 is the licensed and appointed agent who is responsible for the  
361 supervision of all individuals within an insurance agency  
362 location, regardless of whether the agent in charge handles a  
363 specific transaction or deals with the general public in the  
364 solicitation or negotiation of insurance contracts or the  
365 collection or accounting of money.

366 (e) An agent in charge of an insurance agency is  
367 accountable for the misconduct or violations of this code  
368 committed by the licensee or agent or by any person under his or  
369 her supervision while acting on behalf of the agency. However,  
370 an agent in charge is not criminally liable for any act unless  
371 the agent in charge personally committed the act or knew or  
372 should have known of the act and of the facts constituting a  
373 violation of this chapter.

374 (f) An insurance agency location may not conduct the  
375 business of insurance unless an agent in charge is designated



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376 by, and providing services to, the agency at all times. If the  
377 agent in charge designated by the agency and whose name is filed  
378 with the department ends his or her affiliation with the agency  
379 for any reason and the agency fails to designate another agent  
380 in charge within 30 days as provided in paragraph (c) and such  
381 failure continues for 90 days, the agency license shall  
382 automatically expire on the 91st day after the date that the  
383 designated agent in charge ended his or her affiliation with the  
384 agency.

385 Section 5. Effective January 1, 2015, subsection (7) of  
386 section 626.112, Florida Statutes, is amended to read:

387 626.112 License and appointment required; agents, customer  
388 representatives, adjusters, insurance agencies, service  
389 representatives, managing general agents.-

390 (7) (a) An ~~Effective October 1, 2006,~~ no individual, firm,  
391 partnership, corporation, association, or ~~any~~ other entity shall  
392 not act in its own name or under a trade name, directly or  
393 indirectly, as an insurance agency, unless it complies with s.  
394 626.172 with respect to possessing an insurance agency license  
395 for each place of business at which it engages in an ~~any~~  
396 activity that ~~which~~ may be performed only by a licensed  
397 insurance agent. However, an insurance agency that is owned and  
398 operated by a single licensed agent conducting business in his  
399 or her individual name and not employing or otherwise using the  
400 services of or appointing other licensees is exempt from the





401 agency licensing requirements of this subsection.

402 (b) A branch place of business that is established by a  
403 licensed agency is considered a branch agency and is not  
404 required to be licensed so long as it transacts business under  
405 the same name and federal tax identification number as the  
406 licensed agency, has designated a licensed agent in charge of  
407 the branch location as required by s. 626.0428, and has  
408 submitted the address and telephone number of the branch  
409 location to the department for inclusion in the licensing record  
410 of the licensed agency within 30 days after insurance  
411 transactions begin at the branch location ~~Each agency engaged in~~  
412 ~~business in this state before January 1, 2003, which is wholly~~  
413 ~~owned by insurance agents currently licensed and appointed under~~  
414 ~~this chapter, each incorporated agency whose voting shares are~~  
415 ~~traded on a securities exchange, each agency designated and~~  
416 ~~subject to supervision and inspection as a branch office under~~  
417 ~~the rules of the National Association of Securities Dealers, and~~  
418 ~~each agency whose primary function is offering insurance as a~~  
419 ~~service or member benefit to members of a nonprofit corporation~~  
420 ~~may file an application for registration in lieu of licensure in~~  
421 ~~accordance with s. 626.172(3). Each agency engaged in business~~  
422 ~~before October 1, 2006, shall file an application for licensure~~  
423 ~~or registration on or before October 1, 2006.~~

424 (c)1. If an agency is required to be licensed but fails to  
425 file an application for licensure in accordance with this



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426 section, the department shall impose on the agency an  
427 administrative penalty ~~in an amount~~ of up to \$10,000.

428 ~~2. If an agency is eligible for registration but fails to~~  
429 ~~file an application for registration or an application for~~  
430 ~~licensure in accordance with this section, the department shall~~  
431 ~~impose on the agency an administrative penalty in an amount of~~  
432 ~~up to \$5,000.~~

433 (d)(b) Effective October 1, 2015, the department must  
434 automatically convert the registration of an approved a  
435 registered insurance agency to shall, as a condition precedent  
436 to continuing business, obtain an insurance agency license if  
437 the department finds that, with respect to any majority owner,  
438 partner, manager, director, officer, or other person who manages  
439 or controls the agency, any person has:

440 ~~1. Been found guilty of, or has pleaded guilty or nolo~~  
441 ~~contendere to, a felony in this state or any other state~~  
442 ~~relating to the business of insurance or to an insurance agency,~~  
443 ~~without regard to whether a judgment of conviction has been~~  
444 ~~entered by the court having jurisdiction of the cases.~~

445 ~~2. Employed any individual in a managerial capacity or in~~  
446 ~~a capacity dealing with the public who is under an order of~~  
447 ~~revocation or suspension issued by the department. An insurance~~  
448 ~~agency may request, on forms prescribed by the department,~~  
449 ~~verification of any person's license status. If a request is~~  
450 ~~mailed within 5 working days after an employee is hired, and the~~



451 ~~employee's license is currently suspended or revoked, the agency~~  
452 ~~shall not be required to obtain a license, if the unlicensed~~  
453 ~~person's employment is immediately terminated.~~

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

456 ~~4. With such frequency as to have made the operation of~~  
457 ~~the agency hazardous to the insurance-buying public or other~~  
458 ~~persons:~~

459 ~~a. Solicited or handled controlled business. This~~  
460 ~~subparagraph shall not prohibit the licensing of any lending or~~  
461 ~~financing institution or creditor, with respect to insurance~~  
462 ~~only, under credit life or disability insurance policies of~~  
463 ~~borrowers from the institutions, which policies are subject to~~  
464 ~~part IX of chapter 627.~~

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

468 ~~c. Unlawfully rebated, attempted to unlawfully rebate, or~~  
469 ~~unlawfully divided or offered to divide commissions with~~  
470 ~~another.~~

471 ~~d. Misrepresented any insurance policy or annuity~~  
472 ~~contract, or used deception with regard to any policy or~~  
473 ~~contract, done either in person or by any form of dissemination~~  
474 ~~of information or advertising.~~

475 ~~e. Violated any provision of this code or any other law~~



476 ~~applicable to the business of insurance in the course of dealing~~  
477 ~~under the license.~~

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

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

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

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

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

488 ~~k. Engaged in fraudulent or dishonest practices in the~~  
489 ~~conduct of business arising out of activities related to~~  
490 ~~insurance or the insurance agency.~~

491 ~~l. Demonstrated lack of fitness or trustworthiness to~~  
492 ~~engage in the business of insurance arising out of activities~~  
493 ~~related to insurance or the insurance agency.~~

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

496 ~~5. Knowingly employed any person who within the preceding~~  
497 ~~3 years has had his or her relationship with an agency~~  
498 ~~terminated in accordance with paragraph (d).~~

499 ~~6. Willfully circumvented the requirements or prohibitions~~  
500 ~~of this code.~~



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501 Section 6. Subsections (2), (3), and (4) of section  
502 626.172, Florida Statutes, are amended to read:

503 626.172 Application for insurance agency license.—

504 (2) An application for an insurance agency license must  
505 ~~shall~~ be signed by an individual required to be listed in the  
506 application under paragraph (a) the owner or owners of the  
507 agency. If the agency is incorporated, the application shall be  
508 signed by the president and secretary of the corporation. An  
509 insurance agency may permit a third party to complete, submit,  
510 and sign an application on the insurance agency's behalf, but  
511 the insurance agency is responsible for ensuring that the  
512 information on the application is true and correct and is  
513 accountable for any misstatements or misrepresentations. The  
514 application for an insurance agency license must ~~shall~~ include:

515 (a) The name of each ~~majority~~ owner, partner, officer, and  
516 director, president, senior vice president, secretary,  
517 treasurer, and limited liability company member who directs or  
518 participates in the management or control of the insurance  
519 agency, whether through ownership of voting securities, by  
520 contract, by ownership of any agency bank account, or otherwise.

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

523 (c) The name, principal business street address, and valid  
524 e-mail address of the insurance agency and the name, address,  
525 and e-mail address of the agency's registered agent or person or



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

528 (d) The physical address location of each branch agency,  
529 including its name, e-mail address, and telephone number, and  
530 the date that the branch location began transacting insurance  
531 ~~office and the name under which each agency office conducts or~~  
532 ~~will conduct business.~~

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

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

537 1. A sole proprietor;

538 2. Each individual required to be listed in the  
539 application under paragraph (a) partner; and

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

541 ~~3.4.~~ Each individual ~~owner~~ who directs or participates in  
542 the management or control of an incorporated agency whose shares  
543 are not traded on a securities exchange;

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

546 ~~6. Any other person who directs or participates in the~~  
547 ~~management or control of the agency, whether through the~~  
548 ~~ownership of voting securities, by contract, or otherwise.~~

549  
550 Fingerprints must be taken by a law enforcement agency or other



551 | entity approved by the department and must be accompanied by the  
552 | fingerprint processing fee specified in s. 624.501. Fingerprints  
553 | must ~~shall~~ be processed in accordance with s. 624.34. However,  
554 | fingerprints need not be filed for an ~~any~~ individual who is  
555 | currently licensed and appointed under this chapter. This  
556 | paragraph does not apply to corporations whose voting shares are  
557 | traded on a securities exchange.

558 | (g) Such additional information as the department requires  
559 | by rule to ascertain the trustworthiness and competence of  
560 | persons required to be listed on the application and to  
561 | ascertain that such persons meet the requirements of this code.  
562 | However, the department may not require that credit or character  
563 | reports be submitted for persons required to be listed on the  
564 | application.

565 | (3)(h) ~~Beginning October 1, 2005,~~ The department must  
566 | ~~shall~~ accept the uniform application for nonresident agency  
567 | licensure. The department may adopt by rule revised versions of  
568 | the uniform application.

569 | ~~(3) The department shall issue a registration as an~~  
570 | ~~insurance agency to any agency that files a written application~~  
571 | ~~with the department and qualifies for registration. The~~  
572 | ~~application for registration shall require the agency to provide~~  
573 | ~~the same information required for an agency licensed under~~  
574 | ~~subsection (2), the agent identification number for each owner~~  
575 | ~~who is a licensed agent, proof that the agency qualifies for~~



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576 ~~registration as provided in s. 626.112(7), and any other~~  
577 ~~additional information that the department determines is~~  
578 ~~necessary in order to demonstrate that the agency qualifies for~~  
579 ~~registration. The application must be signed by the owner or~~  
580 ~~owners of the agency. If the agency is incorporated, the~~  
581 ~~application must be signed by the president and the secretary of~~  
582 ~~the corporation. An agent who owns the agency need not file~~  
583 ~~fingerprints with the department if the agent obtained a license~~  
584 ~~under this chapter and the license is currently valid.~~

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

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

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

597 (4) The department must ~~shall~~ issue a license ~~or~~  
598 ~~registration~~ to each agency upon approval of the application,  
599 and each agency location must ~~shall~~ display the license ~~or~~  
600 ~~registration~~ prominently in a manner that makes it clearly





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601 | visible to any customer or potential customer who enters the  
602 | agency location.

603 |       Section 7. Subsection (6) of section 626.311, Florida  
604 | Statutes, is renumbered as subsection (7), and a new subsection  
605 | (6) is added to that section to read:

606 |       626.311 Scope of license.—

607 |       (6) An agent who appoints his or her license as an  
608 | unaffiliated insurance agent may not hold an appointment from an  
609 | insurer for any license he or she holds; transact, solicit, or  
610 | service an insurance contract on behalf of an insurer; interfere  
611 | with commissions received or to be received by an insurer-  
612 | appointed insurance agent or an insurance agency contracted with  
613 | or employing insurer-appointed insurance agents; or receive  
614 | compensation or any other thing of value from an insurer, an  
615 | insurer-appointed insurance agent, or an insurance agency  
616 | contracted with or employing insurer-appointed insurance agents  
617 | for any transaction or referral occurring after the date of  
618 | appointment as an unaffiliated insurance agent. An unaffiliated  
619 | insurance agent may continue to receive commissions on sales  
620 | that occurred before the date of appointment as an unaffiliated  
621 | insurance agent if the receipt of such commissions is disclosed  
622 | when making recommendations or evaluating products for a client  
623 | that involve products of the entity from which the commissions  
624 | are received.

625 |       Section 8. Paragraph (d) of subsection (1) of section



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626 626.321, Florida Statutes, is amended to read:

627 626.321 Limited licenses.—

628 (1) The department shall issue to a qualified applicant a  
629 license as agent authorized to transact a limited class of  
630 business in any of the following categories of limited lines  
631 insurance:

632 (d) Motor vehicle rental insurance.—

633 1. License covering only insurance of the risks set forth  
634 in this paragraph when offered, sold, or solicited with and  
635 incidental to the rental or lease of a motor vehicle and which  
636 applies only to the motor vehicle that is the subject of the  
637 lease or rental agreement and the occupants of the motor  
638 vehicle:

639 a. Excess motor vehicle liability insurance providing  
640 coverage in excess of the standard liability limits provided by  
641 the lessor in the lessor's lease to a person renting or leasing  
642 a motor vehicle from the licensee's employer for liability  
643 arising in connection with the negligent operation of the leased  
644 or rented motor vehicle.

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

647 c. Insurance covering the loss of or damage to baggage,  
648 personal effects, or travel documents of a person renting or  
649 leasing a motor vehicle.

650 d. Insurance covering accidental personal injury or death



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651 of the lessee and any passenger who is riding or driving with  
652 the covered lessee in the leased or rented motor vehicle.

653 2. Insurance under a motor vehicle rental insurance  
654 license may be issued only if the lease or rental agreement is  
655 for no more than 60 days, the lessee is not provided coverage  
656 for more than 60 consecutive days per lease period, and the  
657 lessee is given written notice that his or her personal  
658 insurance policy providing coverage on an owned motor vehicle  
659 may provide coverage of such risks and that the purchase of the  
660 insurance is not required in connection with the lease or rental  
661 of a motor vehicle. If the lease is extended beyond 60 days, the  
662 coverage may be extended one time only for a period not to  
663 exceed an additional 60 days. Insurance may be provided to the  
664 lessee as an additional insured on a policy issued to the  
665 licensee's employer.

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

672 a. A license issued to a business entity that offers motor  
673 vehicles for rent or lease encompasses each office, branch  
674 office, employee, authorized representative located at a  
675 designated branch, or place of business making use of the



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676 entity's business name in order to offer, solicit, and sell  
677 insurance pursuant to this paragraph.

678       b. The application for licensure must list the name,  
679 address, and phone number for each office, branch office, or  
680 place of business that is to be covered by the license. The  
681 licensee shall notify the department of the name, address, and  
682 phone number of any new location that is to be covered by the  
683 license before the new office, branch office, or place of  
684 business engages in the sale of insurance pursuant to this  
685 paragraph. The licensee must notify the department within 30  
686 days after closing or terminating an office, branch office, or  
687 place of business. Upon receipt of the notice, the department  
688 shall delete the office, branch office, or place of business  
689 from the license.

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

692       Section 9. Effective January 1, 2015, section 626.382,  
693 Florida Statutes, is amended to read:

694       626.382 Continuation, expiration of license; insurance  
695 agencies.—The license of an ~~any~~ insurance agency ~~shall be issued~~  
696 ~~for a period of 3 years and~~ shall continue in force until  
697 canceled, suspended, or ~~revoked,~~ or until it is otherwise  
698 terminated or becomes expired by operation of law. ~~A license may~~  
699 ~~be renewed by submitting a renewal request to the department on~~  
700 ~~a form adopted by department rule.~~



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701 Section 10. Section 626.601, Florida Statutes, is amended  
702 to read:

703 626.601 Improper conduct; inquiry; fingerprinting.—

704 (1) The department or office may, upon its own motion or  
705 upon a written complaint signed by any interested person and  
706 filed with the department or office, inquire into any alleged  
707 improper conduct of any licensed, approved, or certified  
708 licensee, insurance agency, agent, adjuster, service  
709 representative, managing general agent, customer representative,  
710 title insurance agent, title insurance agency, mediator, neutral  
711 evaluator, navigator, continuing education course provider,  
712 instructor, school official, or monitor group under this code.  
713 The department or office may thereafter initiate an  
714 investigation of any such individual or entity licensee if it  
715 has reasonable cause to believe that the individual or entity  
716 licensee has violated any provision of the insurance code.

717 During the course of its investigation, the department or office  
718 shall contact the individual or entity licensee being  
719 investigated unless it determines that contacting such  
720 individual or entity person could jeopardize the successful  
721 completion of the investigation or cause injury to the public.

722 (2) In the investigation by the department or office of  
723 the alleged misconduct, the individual or entity licensee shall,  
724 whenever so required by the department or office, cause the  
725 individual's or entity's ~~his or her~~ books and records to be open



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726 for inspection for the purpose of such investigation ~~inquiries~~.

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

731 (4) The expense for any hearings or investigations  
732 conducted under this law, as well as the fees and mileage of  
733 witnesses, may be paid out of the appropriate fund.

734 (5) If the department or office, after investigation, has  
735 reason to believe that an individual ~~a licensee~~ may have been  
736 found guilty of or pleaded guilty or nolo contendere to a felony  
737 or a crime related to the business of insurance in this or any  
738 other state or jurisdiction, the department or office may  
739 require the individual licensee to file with the department or  
740 office a complete set of his or her fingerprints, which shall be  
741 accompanied by the fingerprint processing fee set forth in s.  
742 624.501. The fingerprints shall be taken by an authorized law  
743 enforcement agency or other department-approved entity.

744 (6) The complaint and any information obtained pursuant to  
745 the investigation by the department or office are confidential  
746 and are exempt from ~~the provisions of~~ s. 119.07, unless the  
747 department or office files a formal administrative complaint,  
748 emergency order, or consent order against the individual or  
749 entity licensee. ~~Nothing in~~ This subsection does not ~~shall be~~  
750 ~~construed to~~ prevent the department or office from disclosing



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751 the complaint or such information as it deems necessary to  
752 conduct the investigation, to update the complainant as to the  
753 status and outcome of the complaint, or to share such  
754 information with any law enforcement agency or other regulatory  
755 body.

756 Section 11. Effective January 1, 2015, section 626.747,  
757 Florida Statutes, is repealed.

758 Section 12. Effective January 1, 2015, subsection (1) of  
759 section 626.8411, Florida Statutes, is amended to read:

760 626.8411 Application of Florida Insurance Code provisions  
761 to title insurance agents or agencies.-

762 (1) The following provisions ~~of part II~~ applicable to  
763 general lines agents or agencies also apply to title insurance  
764 agents or agencies:

765 (a) Section 626.734, relating to liability of certain  
766 agents.

767 (b) Section 626.0428(4)(a) and (b) 626.747, relating to  
768 branch agencies.

769 (c) Section 626.749, relating to place of business in  
770 residence.

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

772 (e) Section 626.754, relating to rights of agent following  
773 termination of appointment.

774 Section 13. Paragraph (t) is added to subsection (1) of  
775 section 626.88, Florida Statutes, to read:



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776           626.88 Definitions.—For the purposes of this part, the  
777 term:

778           (1) "Administrator" is any person who directly or  
779 indirectly solicits or effects coverage of, collects charges or  
780 premiums from, or adjusts or settles claims on residents of this  
781 state in connection with authorized commercial self-insurance  
782 funds or with insured or self-insured programs which provide  
783 life or health insurance coverage or coverage of any other  
784 expenses described in s. 624.33(1) or any person who, through a  
785 health care risk contract as defined in s. 641.234 with an  
786 insurer or health maintenance organization, provides billing and  
787 collection services to health insurers and health maintenance  
788 organizations on behalf of health care providers, other than any  
789 of the following persons:

790           (t) A corporation not for profit the membership of which  
791 consists entirely of local governmental units authorized to  
792 enter into a risk management consortium under s. 112.08.

793  
794 A person who provides billing and collection services to health  
795 insurers and health maintenance organizations on behalf of  
796 health care providers shall comply with the provisions of ss.  
797 627.6131, 641.3155, and 641.51(4).

798  
799           Section 14. Paragraph (c) of subsection (2) and subsection  
800 (3) of section 626.8805, Florida Statutes, are amended to read:





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801           626.8805 Certificate of authority to act as  
802 administrator.—

803           (2) The administrator shall file with the office an  
804 application for a certificate of authority upon a form to be  
805 adopted by the commission and furnished by the office, which  
806 application shall include or have attached the following  
807 information and documents:

808           (c) The names, addresses, official positions, and  
809 professional qualifications of the individuals employed or  
810 retained by the administrator and who are responsible for the  
811 conduct of the affairs of the administrator, including all  
812 members of the board of directors, board of trustees, executive  
813 committee, or other governing board or committee, and the  
814 principal officers in the case of a corporation or, the partners  
815 or members in the case of a partnership or association, ~~and any~~  
816 ~~other person who exercises control or influence over the affairs~~  
817 of the administrator.

818           (3) The applicant shall make available for inspection by  
819 the office copies of all contracts relating to services provided  
820 by the administrator to ~~with~~ insurers or other persons using  
821 ~~utilizing~~ the services of the administrator.

822           Section 15. Subsections (1) and (3) of section 626.8817,  
823 Florida Statutes, are amended to read:

824           626.8817 Responsibilities of insurance company with  
825 respect to administration of coverage insured.—



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826 (1) If an insurer uses the services of an administrator,  
827 the insurer is responsible for determining the benefits, premium  
828 rates, underwriting criteria, and claims payment procedures  
829 applicable to the coverage and for securing reinsurance, if any.  
830 The rules pertaining to these matters shall be provided, in  
831 writing, by the insurer or its designee to the administrator.  
832 The responsibilities of the administrator as to any of these  
833 matters shall be set forth in a ~~the~~ written agreement binding  
834 upon ~~between~~ the administrator and the insurer.

835 (3) In cases in which an administrator administers  
836 benefits for more than 100 certificateholders on behalf of an  
837 insurer, the insurer shall, at least semiannually, conduct a  
838 review of the operations of the administrator. At least one such  
839 review must be an onsite audit of the operations of the  
840 administrator. The insurer may contract with a qualified third  
841 party to conduct such review.

842 Section 16. Subsections (1) and (4) of section 626.882,  
843 Florida Statutes, is amended to read:

844 626.882 Agreement between administrator and insurer;  
845 required provisions; maintenance of records.—

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

850 (4) If a policy is issued to a trustee or trustees, a copy



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851 of the trust agreement and any amendments to that agreement  
852 shall be furnished to the insurer or its designee by the  
853 administrator and shall be retained as part of the official  
854 records of both the administrator and the insurer for the  
855 duration of the policy and for 5 years thereafter.

856 Section 17. Subsections (3), (4), and (5) of section  
857 626.883, Florida Statutes, are amended to read:

858 626.883 Administrator as intermediary; collections held in  
859 fiduciary capacity; establishment of account; disbursement;  
860 payments on behalf of insurer.—

861 (3) If charges or premiums deposited in a fiduciary  
862 account have been collected on behalf of or for more than one  
863 insurer, the administrator shall keep records clearly recording  
864 the deposits in and withdrawals from such account on behalf of  
865 or for each insurer. The administrator shall, upon request of an  
866 insurer or its designee, furnish such insurer or designee with  
867 copies of records pertaining to deposits and withdrawals on  
868 behalf of or for such insurer.

869 (4) The administrator may not pay any claim by withdrawals  
870 from a fiduciary account. Withdrawals from such account shall be  
871 made as provided in the written agreement required under ss.  
872 626.8817 and 626.882 ~~between the administrator and the insurer~~  
873 for any of the following:

- 874 (a) Remittance to an insurer entitled to such remittance.  
875 (b) Deposit in an account maintained in the name of such



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876 insurer.

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

879 (d) Payment to a group policyholder for remittance to the  
880 insurer entitled to such remittance.

881 (e) Payment to the administrator of the commission, fees,  
882 or charges of the administrator.

883 (f) Remittance of return premium to the person or persons  
884 entitled to such return premium.

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

888 Section 18. Subsection (3) of section 626.884, Florida  
889 Statutes, is amended to read:

890 626.884 Maintenance of records by administrator; access;  
891 confidentiality.—

892 (3) The insurer shall retain the right of continuing  
893 access to books and records maintained by the administrator  
894 sufficient to permit the insurer to fulfill all of its  
895 contractual obligations to insured persons, subject to any  
896 restrictions in the written agreement pertaining to ~~between the~~  
897 ~~insurer and the administrator on~~ the proprietary rights of the  
898 parties in such books and records.

899 Section 19. Subsections (1) and (2) of section 626.89,  
900 Florida Statutes, are amended to read:



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901           626.89 Annual financial statement and filing fee; notice  
902 of change of ownership.-

903           (1) Each authorized administrator shall file with the  
904 office a full and true statement of its financial condition,  
905 transactions, and affairs. The statement shall be filed annually  
906 within 3 months after the end of the administrator's fiscal year  
907 ~~on or before March 1~~ or within such extension of time therefor  
908 as the office for good cause may have granted and shall be for  
909 the preceding fiscal ~~calendar~~ year. The statement shall be in  
910 such form and contain such matters as the commission prescribes  
911 and shall be verified by at least two officers of such  
912 administrator. ~~An administrator whose sole stockholder is an~~  
913 ~~association representing health care providers which is not an~~  
914 ~~affiliate of an insurer, an administrator of a pooled~~  
915 ~~governmental self-insurance program, or an administrator that is~~  
916 ~~a university may submit the preceding fiscal year's statement~~  
917 ~~within 2 months after its fiscal year end.~~

918           (2) Each authorized administrator shall also file an  
919 audited financial statement performed by an independent  
920 certified public accountant. The audited financial statement  
921 shall be filed with the office within 5 months after the end of  
922 the administrator's fiscal year ~~on or before June 1~~ for the  
923 preceding fiscal ~~calendar~~ year ~~ending December 31~~. ~~An~~  
924 ~~administrator whose sole stockholder is an association~~  
925 ~~representing health care providers which is not an affiliate of~~



926 ~~an insurer, an administrator of a pooled governmental self-~~  
927 ~~insurance program, or an administrator that is a university may~~  
928 ~~submit the preceding fiscal year's audited financial statement~~  
929 ~~within 5 months after the end of its fiscal year.~~ An audited  
930 financial statement prepared on a consolidated basis must  
931 include a columnar consolidating or combining worksheet that  
932 must be filed with the statement and must comply with the  
933 following:

- 934 (a) Amounts shown on the consolidated audited financial  
935 statement must be shown on the worksheet;
- 936 (b) Amounts for each entity must be stated separately; and
- 937 (c) Explanations of consolidating and eliminating entries  
938 must be included.

939 Section 20. Paragraph (a) of subsection (4) of section  
940 626.921, Florida Statutes, is amended to read:

941 626.921 Florida Surplus Lines Service Office.—

942 (4) The association shall operate under the supervision of  
943 a board of governors consisting of:

- 944 (a) Five individuals appointed by the department and  
945 nominated by the Florida Surplus Lines Association from the  
946 regular membership of the Florida Surplus Lines Association.

947

948 Each board member shall be appointed to serve beginning on the  
949 date designated by the plan of operation and shall serve at the  
950 pleasure of the department for a 3-year term, such term



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951 initially to be staggered by the plan of operation so that three  
952 appointments expire in 1 year, three appointments expire in 2  
953 years, and three appointments expire in 3 years. Members may be  
954 reappointed for subsequent terms. The board of governors shall  
955 elect such officers as may be provided in the plan of operation.

956 Section 21. Section 626.931, Florida Statutes, is amended  
957 to read:

958 626.931 ~~Agent affidavit and~~ Insurer reporting  
959 requirements.—

960 ~~(1) Each surplus lines agent shall on or before the 45th~~  
961 ~~day following each calendar quarter file with the Florida~~  
962 ~~Surplus Lines Service Office an affidavit, on forms as~~  
963 ~~prescribed and furnished by the Florida Surplus Lines Service~~  
964 ~~Office, stating that all surplus lines insurance transacted by~~  
965 ~~him or her during such calendar quarter has been submitted to~~  
966 ~~the Florida Surplus Lines Service Office as required.~~

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

970 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on  
971 or before the end of the month following each calendar quarter,  
972 file with the Florida Surplus Lines Service Office a verified  
973 report of all surplus lines insurance transacted by such insurer  
974 for insurance risks located in this state during such calendar  
975 quarter.



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976        (2)~~(4)~~ Each alien insurer accepting premiums shall, on or  
977 before June 30 of each year, file with the Florida Surplus Lines  
978 Service Office a verified report of all surplus lines insurance  
979 transacted by such insurer for insurance risks located in this  
980 state during the preceding calendar year.

981        (3)~~(5)~~ The department may waive the filing requirements  
982 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

983        (4)~~(6)~~ Each insurer's report and supporting information  
984 shall be in a computer-readable format as determined by the  
985 Florida Surplus Lines Service Office or shall be submitted on  
986 forms prescribed by the Florida Surplus Lines Service Office and  
987 shall show for each applicable agent:

988            (a) A listing of all policies, certificates, cover notes,  
989 or other forms of confirmation of insurance coverage or any  
990 substitutions thereof or endorsements thereto and the  
991 identifying number; and

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

994        Section 22. Paragraph (a) of subsection (2) of section  
995 626.932, Florida Statutes, is amended to read:

996            626.932 Surplus lines tax.—

997            (2) (a) The surplus lines agent shall make payable to the  
998 department the tax related to each calendar quarter's business  
999 as reported to the Florida Surplus Lines Service Office, and  
1000 remit the tax to the Florida Surplus Lines Service Office on or





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1001 before the 45th day following each calendar quarter ~~at the same~~  
1002 ~~time as provided for the filing of the quarterly affidavit,~~  
1003 ~~under s. 626.931.~~ The Florida Surplus Lines Service Office shall  
1004 forward to the department the taxes and any interest collected  
1005 pursuant to paragraph (b) ~~7~~ within 10 days after ~~of~~ receipt.

1006 Section 23. Subsection (1) of section 626.935, Florida  
1007 Statutes, is amended to read:

1008 626.935 Suspension, revocation, or refusal of surplus  
1009 lines agent's license.—

1010 (1) The department shall deny an application for, suspend,  
1011 revoke, or refuse to renew the appointment of a surplus lines  
1012 agent and all other licenses and appointments held by the  
1013 licensee under this code ~~7~~ on any of the following grounds:

1014 (a) Removal of the licensee's office from the licensee's  
1015 state of residence.

1016 (b) Removal of the accounts and records of his or her  
1017 surplus lines business from this state or the licensee's state  
1018 of residence during the period when such accounts and records  
1019 are required to be maintained under s. 626.930.

1020 (c) Closure of the licensee's office for more than 30  
1021 consecutive days.

1022 ~~(d) Failure to make and file his or her affidavit or~~  
1023 ~~reports when due as required by s. 626.931.~~

1024 (d)(e) Failure to pay the tax or service fee on surplus  
1025 lines premiums ~~7~~ as provided in the Surplus Lines Law.



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1026        (e)~~(f)~~ Suspension, revocation, or refusal to renew or  
1027 continue the license or appointment as a general lines agent,  
1028 service representative, or managing general agent.

1029        (f)~~(g)~~ Lack of qualifications as for an original surplus  
1030 lines agent's license.

1031        (g)~~(h)~~ Violation of this Surplus Lines Law.

1032        (h)~~(i)~~ ~~For~~ Any other applicable cause for which the  
1033 license of a general lines agent could be suspended, revoked, or  
1034 refused under s. 626.611 or s. 626.621.

1035        Section 24. Subsection (1) of section 626.936, Florida  
1036 Statutes, is amended to read:

1037        626.936 Failure to file reports or pay tax or service fee;  
1038 administrative penalty.—

1039        (1) A ~~Any~~ licensed surplus lines agent who neglects to  
1040 file a report ~~or an affidavit~~ in the form and within the time  
1041 required or provided for in the Surplus Lines Law may be fined  
1042 up to \$50 per day for each day the neglect continues, beginning  
1043 the day after the report ~~or affidavit~~ was due until the date the  
1044 report ~~or affidavit~~ is received. All sums collected under this  
1045 section shall be deposited into the Insurance Regulatory Trust  
1046 Fund.

1047        Section 25. Paragraph (q) of subsection (1) of section  
1048 626.9541, Florida Statutes, is amended to read:

1049        626.9541 Unfair methods of competition and unfair or  
1050 deceptive acts or practices defined.—



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1051 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE  
1052 ACTS.—The following are defined as unfair methods of competition  
1053 and unfair or deceptive acts or practices:

1054 (q) Certain insurance transactions through credit card  
1055 facilities prohibited.—

1056 1. Except as provided in subparagraph 3., no person shall  
1057 knowingly solicit or negotiate any insurance; seek or accept  
1058 applications for insurance; issue or deliver any policy;  
1059 receive, collect, or transmit premiums, to or for any insurer;  
1060 or otherwise transact insurance in this state, or relative to a  
1061 subject of insurance resident, located, or to be performed in  
1062 this state, through the arrangement or facilities of a credit  
1063 card facility or organization, for the purpose of insuring  
1064 credit card holders or prospective credit card holders. The term  
1065 "credit card holder" as used in this paragraph means any person  
1066 who may pay the charge for purchases or other transactions  
1067 through the credit card facility or organization, whose credit  
1068 with such facility or organization is evidenced by a credit card  
1069 identifying such person as being one whose charges the credit  
1070 card facility or organization will pay, and who is identified as  
1071 such upon the credit card either by name, account number,  
1072 symbol, insignia, or any other method or device of  
1073 identification. This subparagraph does not apply as to health  
1074 insurance or to credit life, credit disability, or credit  
1075 property insurance.



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1076           2. Whenever any person does or performs in this state any  
1077 of the acts in violation of subparagraph 1. for or on behalf of  
1078 any insurer or credit card facility, such insurer or credit card  
1079 facility shall be held to be doing business in this state and,  
1080 if an insurer, shall be subject to the same state, county, and  
1081 municipal taxes as insurers that have been legally qualified and  
1082 admitted to do business in this state by agents or otherwise are  
1083 subject, the same to be assessed and collected against such  
1084 insurers; and such person so doing or performing any of such  
1085 acts shall be personally liable for all such taxes.

1086           3. A licensed agent or insurer may solicit or negotiate  
1087 any insurance; seek or accept applications for insurance; issue  
1088 or deliver any policy; receive, collect, or transmit premiums,  
1089 to or for any insurer; or otherwise transact insurance in this  
1090 state, or relative to a subject of insurance resident, located,  
1091 or to be performed in this state, through the arrangement or  
1092 facilities of a credit card facility or organization, for the  
1093 purpose of insuring credit card holders or prospective credit  
1094 card holders if:

1095           a. The insurance or policy which is the subject of the  
1096 transaction is noncancelable by any person other than the named  
1097 insured, the policyholder, or the insurer;

1098           b. Any refund of unearned premium is made ~~directly~~ to the  
1099 credit card holder by mail or electronic transfer; and

1100           c. The credit card transaction is authorized by the



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1101 signature of the credit card holder or other person authorized  
1102 to sign on the credit card account.

1103  
1104 The conditions enumerated in sub-subparagraphs a.-c. do not  
1105 apply to health insurance or to credit life, credit disability,  
1106 or credit property insurance; and sub-subparagraph c. does not  
1107 apply to property and casualty insurance so long as the  
1108 transaction is authorized by the insured.

1109 4. No person may use or disclose information resulting  
1110 from the use of a credit card in conjunction with the purchase  
1111 of insurance, when such information is to the advantage of such  
1112 credit card facility or an insurance agent, or is to the  
1113 detriment of the insured or any other insurance agent; except  
1114 that this provision does not prohibit a credit card facility  
1115 from using or disclosing such information in any judicial  
1116 proceeding or consistent with applicable law on credit  
1117 reporting.

1118 5. No such insurance shall be sold through a credit card  
1119 facility in conjunction with membership in any automobile club.  
1120 The term "automobile club" means a legal entity which, in  
1121 consideration of dues, assessments, or periodic payments of  
1122 money, promises its members or subscribers to assist them in  
1123 matters relating to the ownership, operation, use, or  
1124 maintenance of a motor vehicle; however, the definition of  
1125 automobile clubs does not include persons, associations, or



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1126 corporations which are organized and operated solely for the  
1127 purpose of conducting, sponsoring, or sanctioning motor vehicle  
1128 races, exhibitions, or contests upon racetracks, or upon race  
1129 courses established and marked as such for the duration of such  
1130 particular event. The words "motor vehicle" used herein shall be  
1131 the same as defined in chapter 320.

1132 Section 26. Paragraph (a) of subsection (3) of section  
1133 626.99296, Florida Statutes, is amended to read:

1134 626.99296 Transfers of structured settlement payment  
1135 rights.—

1136 (3) CONDITIONS TO TRANSFERS OF STRUCTURED SETTLEMENT  
1137 PAYMENT RIGHTS AND STRUCTURED SETTLEMENT AGREEMENTS.—

1138 (a) A direct or indirect transfer of structured settlement  
1139 payment rights is not effective and a structured settlement  
1140 obligor or annuity issuer is not required to make a payment  
1141 directly or indirectly to a transferee of structured settlement  
1142 payment rights unless the transfer is authorized in advance in a  
1143 final order by a court of competent jurisdiction in the county  
1144 in which the payee resides which is based on the written express  
1145 findings by the court that:

1146 1. The transfer complies with this section and does not  
1147 contravene other applicable law;

1148 2. At least 10 days before the date on which the payee  
1149 first incurred an obligation with respect to the transfer, the  
1150 transferee provided to the payee a disclosure statement in bold



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1151 type, no smaller than 14 points in size, which specifies:

1152       a. The amounts and due dates of the structured settlement

1153 payments to be transferred;

1154       b. The aggregate amount of the payments;

1155       c. The discounted present value of the payments, together

1156 with the discount rate used in determining the discounted

1157 present value;

1158       d. The gross amount payable to the payee in exchange for

1159 the payments;

1160       e. An itemized listing of all brokers' commissions,

1161 service charges, application fees, processing fees, closing

1162 costs, filing fees, referral fees, administrative fees, legal

1163 fees, and notary fees and other commissions, fees, costs,

1164 expenses, and charges payable by the payee or deductible from

1165 the gross amount otherwise payable to the payee;

1166       f. The net amount payable to the payee after deducting all

1167 commissions, fees, costs, expenses, and charges described in

1168 sub-subparagraph e.;

1169       g. The quotient, expressed as a percentage, obtained by

1170 dividing the net payment amount by the discounted present value

1171 of the payments, which must be disclosed in the following

1172 statement: "The net amount that you will receive from us in

1173 exchange for your future structured settlement payments

1174 represent .... percent of the estimated current value of the

1175 payments based upon the discounted value using the applicable



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1176 federal rate";

1177 h. The effective annual interest rate, which must be  
1178 disclosed in the following statement: "Based on the net amount  
1179 that you will receive from us and the amounts and timing of the  
1180 structured settlement payments that you are turning over to us,  
1181 you will, in effect, be paying interest to us at a rate of ....  
1182 percent per year"; and

1183 i. The amount of any penalty and the aggregate amount of  
1184 any liquidated damages, including penalties, payable by the  
1185 payee in the event of a breach of the transfer agreement by the  
1186 payee;

1187 3. The payee has established that the transfer is in the  
1188 best interests of the payee, taking into account the welfare and  
1189 support of the payee's dependents;

1190 4. The payee has received, or waived his or her right to  
1191 receive, independent professional advice regarding the legal,  
1192 tax, and financial implications of the transfer;

1193 5. The transferee has given written notice of the  
1194 transferee's name, address, and taxpayer identification number  
1195 to the annuity issuer and the structured settlement obligor and  
1196 has filed a copy of the notice with the court;

1197 6. The transfer agreement provides that if the payee is  
1198 domiciled in this state, any disputes between the parties will  
1199 be governed in accordance with the laws of this state and that  
1200 the domicile state of the payee is the proper venue to bring any





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1201 cause of action arising out of a breach of the agreement; and  
1202 7. The court has determined that the net amount payable to  
1203 the payee is fair, just, and reasonable under the circumstances  
1204 then existing.

1205 Section 27. Paragraph (b) of subsection (2) of section  
1206 627.062, Florida Statutes, is amended to read:

1207 627.062 Rate standards.—

1208 (2) As to all such classes of insurance:

1209 (b) Upon receiving a rate filing, the office shall review  
1210 the filing to determine whether ~~if~~ a rate is excessive,  
1211 inadequate, or unfairly discriminatory. In making that  
1212 determination, the office shall, in accordance with generally  
1213 accepted and reasonable actuarial techniques, consider the  
1214 following factors:

1215 1. Past and prospective loss experience within and without  
1216 this state.

1217 2. Past and prospective expenses.

1218 3. The degree of competition among insurers for the risk  
1219 insured.

1220 4. Investment income reasonably expected by the insurer,  
1221 consistent with the insurer's investment practices, from  
1222 investable premiums anticipated in the filing, plus any other  
1223 expected income from currently invested assets representing the  
1224 amount expected on unearned premium reserves and loss reserves.

1225 The commission may adopt rules using reasonable techniques of



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1226 actuarial science and economics to specify the manner in which  
1227 insurers calculate investment income attributable to classes of  
1228 insurance written in this state and the manner in which  
1229 investment income is used to calculate insurance rates. Such  
1230 manner must contemplate allowances for an underwriting profit  
1231 factor and full consideration of investment income that ~~which~~  
1232 produce a reasonable rate of return; however, investment income  
1233 from invested surplus may not be considered.

1234 5. The reasonableness of the judgment reflected in the  
1235 filing.

1236 6. Dividends, savings, or unabsorbed premium deposits  
1237 allowed or returned to Florida policyholders, members, or  
1238 subscribers.

1239 7. The adequacy of loss reserves.

1240 8. The cost of reinsurance. The office may not disapprove  
1241 a rate as excessive solely due to the insurer's ~~insurer~~ having  
1242 obtained catastrophic reinsurance to cover the insurer's  
1243 estimated 250-year probable maximum loss or any lower level of  
1244 loss.

1245 9. Trend factors, including trends in actual losses per  
1246 insured unit for the insurer making the filing.

1247 10. Conflagration and catastrophe hazards, if applicable.

1248 11. Projected hurricane losses, if applicable, which must  
1249 be estimated using a model or method, or a straight average of  
1250 model results or output ranges, independently found to be



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1251 acceptable or reliable by the Florida Commission on Hurricane  
1252 Loss Projection Methodology, and as further provided in s.  
1253 627.0628.

1254 12. A reasonable margin for underwriting profit and  
1255 contingencies.

1256 13. The cost of medical services, if applicable.

1257 14. Other relevant factors that affect the frequency or  
1258 severity of claims or expenses.

1259

1260 The provisions of this subsection do not apply to workers'  
1261 compensation, employer's liability insurance, and motor vehicle  
1262 insurance.

1263 Section 28. Paragraph (d) of subsection (3) of section  
1264 627.0628, Florida Statutes, is amended to read:

1265 627.0628 Florida Commission on Hurricane Loss Projection  
1266 Methodology; public records exemption; public meetings  
1267 exemption.—

1268 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1269 (d) With respect to a rate filing under s. 627.062, an  
1270 insurer shall employ and may not modify or adjust actuarial  
1271 methods, principles, standards, models, or output ranges found  
1272 by the commission to be accurate or reliable in determining  
1273 hurricane loss factors for use in a rate filing under s.  
1274 627.062. An insurer shall employ and may not modify or adjust  
1275 models found by the commission to be accurate or reliable in



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1276 determining probable maximum loss levels pursuant to paragraph  
1277 (b) with respect to a rate filing under s. 627.062 made more  
1278 than 180 ~~60~~ days after the commission has made such findings.  
1279 This paragraph does not prohibit an insurer from using a  
1280 straight average of model results or output ranges for the  
1281 purposes of a rate filing under s. 627.062.

1282 Section 29. Subsection (8) of section 627.0651, Florida  
1283 Statutes, is amended to read:

1284 627.0651 Making and use of rates for motor vehicle  
1285 insurance.—

1286 (8) Rates are not unfairly discriminatory if averaged  
1287 broadly among members of a group; nor are rates unfairly  
1288 discriminatory even though they are lower than rates for  
1289 nonmembers of the group. However, such rates are unfairly  
1290 discriminatory if they are not actuarially measurable and  
1291 credible and sufficiently related to actual or expected loss and  
1292 expense experience of the group so as to ensure ~~assure~~ that  
1293 nonmembers of the group are not unfairly discriminated against.  
1294 Use of a single United States Postal Service zip code as a  
1295 rating territory shall be deemed unfairly discriminatory unless  
1296 filed pursuant to paragraph (1)(a) and such territory  
1297 incorporates sufficient actual or expected loss and loss  
1298 adjustment expense experience so as to be actuarially measurable  
1299 and credible.

1300 Section 30. Subsections (2), (3), and (4) of section



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1301 627.072, Florida Statutes, are renumbered as subsections (3),  
1302 (4), and (5), respectively, and a new subsection (2) is added to  
1303 that section to read:

1304 627.072 Making and use of rates.—

1305 (2) A retrospective rating plan may contain a provision  
1306 that allows for negotiation of a premium between the employer  
1307 and the insurer for employers having exposure in more than one  
1308 state and an estimated annual standard premium in this state of  
1309 \$175,000 or more and an estimated annual countrywide standard  
1310 premium of \$1 million or more for workers' compensation.  
1311 Provisions within a retrospective rating plan authorizing  
1312 negotiated premiums are exempt from subsection (1). Such plans  
1313 and associated forms must be filed by a rating organization and  
1314 approved by the office. However, a premium negotiated between  
1315 the employer and the insurer pursuant to an approved  
1316 retrospective rating plan is not subject to this part.

1317 Section 31. Subsection (2) of section 627.281, Florida  
1318 Statutes, is amended to read:

1319 627.281 Appeal from rating organization; workers'  
1320 compensation and employer's liability insurance filings.—

1321 (2) If such appeal is based upon the failure of the rating  
1322 organization to make a filing on behalf of such member or  
1323 subscriber which is based on a system of expense provisions  
1324 which differs, in accordance with the right granted in s.  
1325 627.072 (3) ~~627.072 (2)~~, from the system of expense provisions



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1326 included in a filing made by the rating organization, the office  
1327 shall, if it grants the appeal, order the rating organization to  
1328 make the requested filing for use by the appellant. In deciding  
1329 such appeal, the office shall apply the applicable standards set  
1330 forth in ss. 627.062 and 627.072.

1331 Section 32. Paragraph (h) of subsection (5) of section  
1332 627.311, Florida Statutes, is amended to read:

1333 627.311 Joint underwriters and joint reinsurers; public  
1334 records and public meetings exemptions.—

1335 (5)

1336 (h) Any premium or assessments collected by the plan in  
1337 excess of the amount necessary to fund projected ultimate  
1338 incurred losses and expenses of the plan and not paid to  
1339 insureds of the plan in conjunction with loss prevention or  
1340 dividend programs shall be retained by the plan for future use.  
1341 Any state funds received by the plan in excess of the amount  
1342 necessary to fund deficits in subplan D or any tier shall be  
1343 returned to the state. Any dividend that cannot be paid to a  
1344 former insured of the plan because the former insured cannot be  
1345 reasonably located shall be retained by the plan for future use.

1346 Section 33. Paragraph (c) of subsection (6) of section  
1347 627.351, Florida Statutes, is amended to read:

1348 627.351 Insurance risk apportionment plans.—

1349 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

1350 (c) The corporation's plan of operation:



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1351 1. Must provide for adoption of residential property and  
1352 casualty insurance policy forms and commercial residential and  
1353 nonresidential property insurance forms, which must be approved  
1354 by the office before use. The corporation shall adopt the  
1355 following policy forms:

1356 a. Standard personal lines policy forms that are  
1357 comprehensive multiperil policies providing full coverage of a  
1358 residential property equivalent to the coverage provided in the  
1359 private insurance market under an HO-3, HO-4, or HO-6 policy.

1360 b. Basic personal lines policy forms that are policies  
1361 similar to an HO-8 policy or a dwelling fire policy that provide  
1362 coverage meeting the requirements of the secondary mortgage  
1363 market, but which is more limited than the coverage under a  
1364 standard policy.

1365 c. Commercial lines residential and nonresidential policy  
1366 forms that are generally similar to the basic perils of full  
1367 coverage obtainable for commercial residential structures and  
1368 commercial nonresidential structures in the admitted voluntary  
1369 market.

1370 d. Personal lines and commercial lines residential  
1371 property insurance forms that cover the peril of wind only. The  
1372 forms are applicable only to residential properties located in  
1373 areas eligible for coverage under the coastal account referred  
1374 to in sub-subparagraph (b)2.a.

1375 e. Commercial lines nonresidential property insurance



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1376 forms that cover the peril of wind only. The forms are  
1377 applicable only to nonresidential properties located in areas  
1378 eligible for coverage under the coastal account referred to in  
1379 sub-subparagraph (b)2.a.

1380 f. The corporation may adopt variations of the policy  
1381 forms listed in sub-subparagraphs a.-e. which contain more  
1382 restrictive coverage.

1383 g. Effective January 1, 2013, the corporation shall offer  
1384 a basic personal lines policy similar to an HO-8 policy with  
1385 dwelling repair based on common construction materials and  
1386 methods.

1387 2. Must provide that the corporation adopt a program in  
1388 which the corporation and authorized insurers enter into quota  
1389 share primary insurance agreements for hurricane coverage, as  
1390 defined in s. 627.4025(2)(a), for eligible risks, and adopt  
1391 property insurance forms for eligible risks which cover the  
1392 peril of wind only.

1393 a. As used in this subsection, the term:

1394 (I) "Quota share primary insurance" means an arrangement  
1395 in which the primary hurricane coverage of an eligible risk is  
1396 provided in specified percentages by the corporation and an  
1397 authorized insurer. The corporation and authorized insurer are  
1398 each solely responsible for a specified percentage of hurricane  
1399 coverage of an eligible risk as set forth in a quota share  
1400 primary insurance agreement between the corporation and an





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1401 authorized insurer and the insurance contract. The  
1402 responsibility of the corporation or authorized insurer to pay  
1403 its specified percentage of hurricane losses of an eligible  
1404 risk, as set forth in the agreement, may not be altered by the  
1405 inability of the other party to pay its specified percentage of  
1406 losses. Eligible risks that are provided hurricane coverage  
1407 through a quota share primary insurance arrangement must be  
1408 provided policy forms that set forth the obligations of the  
1409 corporation and authorized insurer under the arrangement,  
1410 clearly specify the percentages of quota share primary insurance  
1411 provided by the corporation and authorized insurer, and  
1412 conspicuously and clearly state that the authorized insurer and  
1413 the corporation may not be held responsible beyond their  
1414 specified percentage of coverage of hurricane losses.

1415 (II) "Eligible risks" means personal lines residential and  
1416 commercial lines residential risks that meet the underwriting  
1417 criteria of the corporation and are located in areas that were  
1418 eligible for coverage by the Florida Windstorm Underwriting  
1419 Association on January 1, 2002.

1420 b. The corporation may enter into quota share primary  
1421 insurance agreements with authorized insurers at corporation  
1422 coverage levels of 90 percent and 50 percent.

1423 c. If the corporation determines that additional coverage  
1424 levels are necessary to maximize participation in quota share  
1425 primary insurance agreements by authorized insurers, the



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1426 corporation may establish additional coverage levels. However,  
1427 the corporation's quota share primary insurance coverage level  
1428 may not exceed 90 percent.

1429 d. Any quota share primary insurance agreement entered  
1430 into between an authorized insurer and the corporation must  
1431 provide for a uniform specified percentage of coverage of  
1432 hurricane losses, by county or territory as set forth by the  
1433 corporation board, for all eligible risks of the authorized  
1434 insurer covered under the agreement.

1435 e. Any quota share primary insurance agreement entered  
1436 into between an authorized insurer and the corporation is  
1437 subject to review and approval by the office. However, such  
1438 agreement shall be authorized only as to insurance contracts  
1439 entered into between an authorized insurer and an insured who is  
1440 already insured by the corporation for wind coverage.

1441 f. For all eligible risks covered under quota share  
1442 primary insurance agreements, the exposure and coverage levels  
1443 for both the corporation and authorized insurers shall be  
1444 reported by the corporation to the Florida Hurricane Catastrophe  
1445 Fund. For all policies of eligible risks covered under such  
1446 agreements, the corporation and the authorized insurer must  
1447 maintain complete and accurate records for the purpose of  
1448 exposure and loss reimbursement audits as required by fund  
1449 rules. The corporation and the authorized insurer shall each  
1450 maintain duplicate copies of policy declaration pages and



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1451 supporting claims documents.

1452 g. The corporation board shall establish in its plan of  
1453 operation standards for quota share agreements which ensure that  
1454 there is no discriminatory application among insurers as to the  
1455 terms of the agreements, pricing of the agreements, incentive  
1456 provisions if any, and consideration paid for servicing policies  
1457 or adjusting claims.

1458 h. The quota share primary insurance agreement between the  
1459 corporation and an authorized insurer must set forth the  
1460 specific terms under which coverage is provided, including, but  
1461 not limited to, the sale and servicing of policies issued under  
1462 the agreement by the insurance agent of the authorized insurer  
1463 producing the business, the reporting of information concerning  
1464 eligible risks, the payment of premium to the corporation, and  
1465 arrangements for the adjustment and payment of hurricane claims  
1466 incurred on eligible risks by the claims adjuster and personnel  
1467 of the authorized insurer. Entering into a quota sharing  
1468 insurance agreement between the corporation and an authorized  
1469 insurer is voluntary and at the discretion of the authorized  
1470 insurer.

1471 3.a. May provide that the corporation may employ or  
1472 otherwise contract with individuals or other entities to provide  
1473 administrative or professional services that may be appropriate  
1474 to effectuate the plan. The corporation may borrow funds by  
1475 issuing bonds or by incurring other indebtedness, and shall have



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1476 other powers reasonably necessary to effectuate the requirements  
1477 of this subsection, including, without limitation, the power to  
1478 issue bonds and incur other indebtedness in order to refinance  
1479 outstanding bonds or other indebtedness. The corporation may  
1480 seek judicial validation of its bonds or other indebtedness  
1481 under chapter 75. The corporation may issue bonds or incur other  
1482 indebtedness, or have bonds issued on its behalf by a unit of  
1483 local government pursuant to subparagraph (q)2. in the absence  
1484 of a hurricane or other weather-related event, upon a  
1485 determination by the corporation, subject to approval by the  
1486 office, that such action would enable it to efficiently meet the  
1487 financial obligations of the corporation and that such  
1488 financings are reasonably necessary to effectuate the  
1489 requirements of this subsection. The corporation may take all  
1490 actions needed to facilitate tax-free status for such bonds or  
1491 indebtedness, including formation of trusts or other affiliated  
1492 entities. The corporation may pledge assessments, projected  
1493 recoveries from the Florida Hurricane Catastrophe Fund, other  
1494 reinsurance recoverables, policyholder surcharges and other  
1495 surcharges, and other funds available to the corporation as  
1496 security for bonds or other indebtedness. In recognition of s.  
1497 10, Art. I of the State Constitution, prohibiting the impairment  
1498 of obligations of contracts, it is the intent of the Legislature  
1499 that no action be taken whose purpose is to impair any bond  
1500 indenture or financing agreement or any revenue source committed



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1501 | by contract to such bond or other indebtedness.

1502 |       b. To ensure that the corporation is operating in an  
1503 | efficient and economic manner while providing quality service to  
1504 | policyholders, applicants, and agents, the board shall  
1505 | commission an independent third-party consultant having  
1506 | expertise in insurance company management or insurance company  
1507 | management consulting to prepare a report and make  
1508 | recommendations on the relative costs and benefits of  
1509 | outsourcing various policy issuance and service functions to  
1510 | private servicing carriers or entities performing similar  
1511 | functions in the private market for a fee, rather than  
1512 | performing such functions in-house. In making such  
1513 | recommendations, the consultant shall consider how other  
1514 | residual markets, both in this state and around the country,  
1515 | outsource appropriate functions or use servicing carriers to  
1516 | better match expenses with revenues that fluctuate based on a  
1517 | widely varying policy count. The report must be completed by  
1518 | July 1, 2012. Upon receiving the report, the board shall develop  
1519 | a plan to implement the report and submit the plan for review,  
1520 | modification, and approval to the Financial Services Commission.  
1521 | Upon the commission's approval of the plan, the board shall  
1522 | begin implementing the plan by January 1, 2013.

1523 |       4. Must require that the corporation operate subject to  
1524 | the supervision and approval of a board of governors consisting  
1525 | of nine individuals who are residents of this state and who are



1526 | from different geographical areas of the state, one of whom is  
1527 | appointed by the Governor and serves solely to advocate on  
1528 | behalf of the consumer. The appointment of a consumer  
1529 | representative by the Governor is deemed to be within the scope  
1530 | of the exemption provided in s. 112.313(7)(b) and is in addition  
1531 | to the appointments authorized under sub-subparagraph a.

1532 |       a. The Governor, the Chief Financial Officer, the  
1533 | President of the Senate, and the Speaker of the House of  
1534 | Representatives shall each appoint two members of the board. At  
1535 | least one of the two members appointed by each appointing  
1536 | officer must have demonstrated expertise in insurance and be  
1537 | deemed to be within the scope of the exemption provided in s.  
1538 | 112.313(7)(b). The Chief Financial Officer shall designate one  
1539 | of the appointees as chair. All board members serve at the  
1540 | pleasure of the appointing officer. All members of the board are  
1541 | subject to removal at will by the officers who appointed them.  
1542 | All board members, including the chair, must be appointed to  
1543 | serve for 3-year terms beginning annually on a date designated  
1544 | by the plan. However, for the first term beginning on or after  
1545 | July 1, 2009, each appointing officer shall appoint one member  
1546 | of the board for a 2-year term and one member for a 3-year term.  
1547 | A board vacancy shall be filled for the unexpired term by the  
1548 | appointing officer. The Chief Financial Officer shall appoint a  
1549 | technical advisory group to provide information and advice to  
1550 | the board in connection with the board's duties under this



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1551 subsection. The executive director and senior managers of the  
1552 corporation shall be engaged by the board and serve at the  
1553 pleasure of the board. Any executive director appointed on or  
1554 after July 1, 2006, is subject to confirmation by the Senate.  
1555 The executive director is responsible for employing other staff  
1556 as the corporation may require, subject to review and  
1557 concurrence by the board.

1558 b. The board shall create a Market Accountability Advisory  
1559 Committee to assist the corporation in developing awareness of  
1560 its rates and its customer and agent service levels in  
1561 relationship to the voluntary market insurers writing similar  
1562 coverage.

1563 (I) The members of the advisory committee consist of the  
1564 following 11 persons, one of whom must be elected chair by the  
1565 members of the committee: four representatives, one appointed by  
1566 the Florida Association of Insurance Agents, one by the Florida  
1567 Association of Insurance and Financial Advisors, one by the  
1568 Professional Insurance Agents of Florida, and one by the Latin  
1569 American Association of Insurance Agencies; three  
1570 representatives appointed by the insurers with the three highest  
1571 voluntary market share of residential property insurance  
1572 business in the state; one representative from the Office of  
1573 Insurance Regulation; one consumer appointed by the board who is  
1574 insured by the corporation at the time of appointment to the  
1575 committee; one representative appointed by the Florida



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1576 Association of Realtors; and one representative appointed by the  
1577 Florida Bankers Association. All members shall be appointed to  
1578 3-year terms and may serve for consecutive terms.

1579 (II) The committee shall report to the corporation at each  
1580 board meeting on insurance market issues which may include rates  
1581 and rate competition with the voluntary market; service,  
1582 including policy issuance, claims processing, and general  
1583 responsiveness to policyholders, applicants, and agents; and  
1584 matters relating to depopulation.

1585 5. Must provide a procedure for determining the  
1586 eligibility of a risk for coverage, as follows:

1587 a. Subject to s. 627.3517, with respect to personal lines  
1588 residential risks, if the risk is offered coverage from an  
1589 authorized insurer at the insurer's approved rate under a  
1590 standard policy including wind coverage or, if consistent with  
1591 the insurer's underwriting rules as filed with the office, a  
1592 basic policy including wind coverage, for a new application to  
1593 the corporation for coverage, the risk is not eligible for any  
1594 policy issued by the corporation unless the premium for coverage  
1595 from the authorized insurer is more than 15 percent greater than  
1596 the premium for comparable coverage from the corporation.  
1597 Whenever an offer of coverage for a personal lines residential  
1598 risk is received for a policyholder of the corporation at  
1599 renewal from an authorized insurer, if the offer is equal to or  
1600 less than the corporation's renewal premium for comparable





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1601 coverage, the risk is not eligible for coverage with the  
1602 corporation. If the risk is not able to obtain such offer, the  
1603 risk is eligible for a standard policy including wind coverage  
1604 or a basic policy including wind coverage issued by the  
1605 corporation; however, if the risk could not be insured under a  
1606 standard policy including wind coverage regardless of market  
1607 conditions, the risk is eligible for a basic policy including  
1608 wind coverage unless rejected under subparagraph 8. However, a  
1609 policyholder removed from the corporation through an assumption  
1610 agreement remains eligible for coverage from the corporation  
1611 until the end of the assumption period. The corporation shall  
1612 determine the type of policy to be provided on the basis of  
1613 objective standards specified in the underwriting manual and  
1614 based on generally accepted underwriting practices.

1615 (I) If the risk accepts an offer of coverage through the  
1616 market assistance plan or through a mechanism established by the  
1617 corporation other than a plan established by s. 627.3518, before  
1618 a policy is issued to the risk by the corporation or during the  
1619 first 30 days of coverage by the corporation, and the producing  
1620 agent who submitted the application to the plan or to the  
1621 corporation is not currently appointed by the insurer, the  
1622 insurer shall:

1623 (A) Pay to the producing agent of record of the policy for  
1624 the first year, an amount that is the greater of the insurer's  
1625 usual and customary commission for the type of policy written or



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1626 a fee equal to the usual and customary commission of the  
1627 corporation; or

1628 (B) Offer to allow the producing agent of record of the  
1629 policy to continue servicing the policy for at least 1 year and  
1630 offer to pay the agent the greater of the insurer's or the  
1631 corporation's usual and customary commission for the type of  
1632 policy written.

1633

1634 If the producing agent is unwilling or unable to accept  
1635 appointment, the new insurer shall pay the agent in accordance  
1636 with sub-sub-sub-subparagraph (A).

1637 (II) If the corporation enters into a contractual  
1638 agreement for a take-out plan, the producing agent of record of  
1639 the corporation policy is entitled to retain any unearned  
1640 commission on the policy, and the insurer shall:

1641 (A) Pay to the producing agent of record, for the first  
1642 year, an amount that is the greater of the insurer's usual and  
1643 customary commission for the type of policy written or a fee  
1644 equal to the usual and customary commission of the corporation;  
1645 or

1646 (B) Offer to allow the producing agent of record to  
1647 continue servicing the policy for at least 1 year and offer to  
1648 pay the agent the greater of the insurer's or the corporation's  
1649 usual and customary commission for the type of policy written.

1650



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1651 | If the producing agent is unwilling or unable to accept  
1652 | appointment, the new insurer shall pay the agent in accordance  
1653 | with sub-sub-sub-subparagraph (A).

1654 |       b. With respect to commercial lines residential risks, for  
1655 | a new application to the corporation for coverage, if the risk  
1656 | is offered coverage under a policy including wind coverage from  
1657 | an authorized insurer at its approved rate, the risk is not  
1658 | eligible for a policy issued by the corporation unless the  
1659 | premium for coverage from the authorized insurer is more than 15  
1660 | percent greater than the premium for comparable coverage from  
1661 | the corporation. Whenever an offer of coverage for a commercial  
1662 | lines residential risk is received for a policyholder of the  
1663 | corporation at renewal from an authorized insurer, if the offer  
1664 | is equal to or less than the corporation's renewal premium for  
1665 | comparable coverage, the risk is not eligible for coverage with  
1666 | the corporation. If the risk is not able to obtain any such  
1667 | offer, the risk is eligible for a policy including wind coverage  
1668 | issued by the corporation. However, a policyholder removed from  
1669 | the corporation through an assumption agreement remains eligible  
1670 | for coverage from the corporation until the end of the  
1671 | assumption period.

1672 |       (I) If the risk accepts an offer of coverage through the  
1673 | market assistance plan or through a mechanism established by the  
1674 | corporation other than a plan established by s. 627.3518, before  
1675 | a policy is issued to the risk by the corporation or during the



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1676 first 30 days of coverage by the corporation, and the producing  
1677 agent who submitted the application to the plan or the  
1678 corporation is not currently appointed by the insurer, the  
1679 insurer shall:

1680 (A) Pay to the producing agent of record of the policy,  
1681 for the first year, an amount that is the greater of the  
1682 insurer's usual and customary commission for the type of policy  
1683 written or a fee equal to the usual and customary commission of  
1684 the corporation; or

1685 (B) Offer to allow the producing agent of record of the  
1686 policy to continue servicing the policy for at least 1 year and  
1687 offer to pay the agent the greater of the insurer's or the  
1688 corporation's usual and customary commission for the type of  
1689 policy written.

1690  
1691 If the producing agent is unwilling or unable to accept  
1692 appointment, the new insurer shall pay the agent in accordance  
1693 with sub-sub-sub-subparagraph (A).

1694 (II) If the corporation enters into a contractual  
1695 agreement for a take-out plan, the producing agent of record of  
1696 the corporation policy is entitled to retain any unearned  
1697 commission on the policy, and the insurer shall:

1698 (A) Pay to the producing agent of record, for the first  
1699 year, an amount that is the greater of the insurer's usual and  
1700 customary commission for the type of policy written or a fee



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1701 equal to the usual and customary commission of the corporation;  
1702 or

1703 (B) Offer to allow the producing agent of record to  
1704 continue servicing the policy for at least 1 year and offer to  
1705 pay the agent the greater of the insurer's or the corporation's  
1706 usual and customary commission for the type of policy written.

1707  
1708 If the producing agent is unwilling or unable to accept  
1709 appointment, the new insurer shall pay the agent in accordance  
1710 with sub-sub-sub-subparagraph (A).

1711 c. For purposes of determining comparable coverage under  
1712 sub-subparagraphs a. and b., the comparison must be based on  
1713 those forms and coverages that are reasonably comparable. The  
1714 corporation may rely on a determination of comparable coverage  
1715 and premium made by the producing agent who submits the  
1716 application to the corporation, made in the agent's capacity as  
1717 the corporation's agent. A comparison may be made solely of the  
1718 premium with respect to the main building or structure only on  
1719 the following basis: the same coverage A or other building  
1720 limits; the same percentage hurricane deductible that applies on  
1721 an annual basis or that applies to each hurricane for commercial  
1722 residential property; the same percentage of ordinance and law  
1723 coverage, if the same limit is offered by both the corporation  
1724 and the authorized insurer; the same mitigation credits, to the  
1725 extent the same types of credits are offered both by the



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1726 corporation and the authorized insurer; the same method for loss  
1727 payment, such as replacement cost or actual cash value, if the  
1728 same method is offered both by the corporation and the  
1729 authorized insurer in accordance with underwriting rules; and  
1730 any other form or coverage that is reasonably comparable as  
1731 determined by the board. If an application is submitted to the  
1732 corporation for wind-only coverage in the coastal account, the  
1733 premium for the corporation's wind-only policy plus the premium  
1734 for the ex-wind policy that is offered by an authorized insurer  
1735 to the applicant must be compared to the premium for multiperil  
1736 coverage offered by an authorized insurer, subject to the  
1737 standards for comparison specified in this subparagraph. If the  
1738 corporation or the applicant requests from the authorized  
1739 insurer a breakdown of the premium of the offer by types of  
1740 coverage so that a comparison may be made by the corporation or  
1741 its agent and the authorized insurer refuses or is unable to  
1742 provide such information, the corporation may treat the offer as  
1743 not being an offer of coverage from an authorized insurer at the  
1744 insurer's approved rate.

1745         6. Must include rules for classifications of risks and  
1746 rates.

1747         7. Must provide that if premium and investment income for  
1748 an account attributable to a particular calendar year are in  
1749 excess of projected losses and expenses for the account  
1750 attributable to that year, such excess shall be held in surplus



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1751 | in the account. Such surplus must be available to defray  
1752 | deficits in that account as to future years and used for that  
1753 | purpose before assessing assessable insurers and assessable  
1754 | insureds as to any calendar year.

1755 |       8. Must provide objective criteria and procedures to be  
1756 | uniformly applied to all applicants in determining whether an  
1757 | individual risk is so hazardous as to be uninsurable. In making  
1758 | this determination and in establishing the criteria and  
1759 | procedures, the following must be considered:

1760 |       a. Whether the likelihood of a loss for the individual  
1761 | risk is substantially higher than for other risks of the same  
1762 | class; and

1763 |       b. Whether the uncertainty associated with the individual  
1764 | risk is such that an appropriate premium cannot be determined.

1765 |  
1766 | The acceptance or rejection of a risk by the corporation shall  
1767 | be construed as the private placement of insurance, and the  
1768 | provisions of chapter 120 do not apply.

1769 |       9. Must provide that the corporation make its best efforts  
1770 | to procure catastrophe reinsurance at reasonable rates, to cover  
1771 | its projected 100-year probable maximum loss as determined by  
1772 | the board of governors.

1773 |       10. The policies issued by the corporation must provide  
1774 | that if the corporation or the market assistance plan obtains an  
1775 | offer from an authorized insurer to cover the risk at its



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1776 approved rates, the risk is no longer eligible for renewal  
1777 through the corporation, except as otherwise provided in this  
1778 subsection.

1779 11. Corporation policies and applications must include a  
1780 notice that the corporation policy could, under this section, be  
1781 replaced with a policy issued by an authorized insurer which  
1782 does not provide coverage identical to the coverage provided by  
1783 the corporation. The notice must also specify that acceptance of  
1784 corporation coverage creates a conclusive presumption that the  
1785 applicant or policyholder is aware of this potential.

1786 12. May establish, subject to approval by the office,  
1787 different eligibility requirements and operational procedures  
1788 for any line or type of coverage for any specified county or  
1789 area if the board determines that such changes are justified due  
1790 to the voluntary market being sufficiently stable and  
1791 competitive in such area or for such line or type of coverage  
1792 and that consumers who, in good faith, are unable to obtain  
1793 insurance through the voluntary market through ordinary methods  
1794 continue to have access to coverage from the corporation. If  
1795 coverage is sought in connection with a real property transfer,  
1796 the requirements and procedures may not provide an effective  
1797 date of coverage later than the date of the closing of the  
1798 transfer as established by the transferor, the transferee, and,  
1799 if applicable, the lender.

1800 13. Must provide that, with respect to the coastal





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1801 account, any assessable insurer with a surplus as to  
1802 policyholders of \$25 million or less writing 25 percent or more  
1803 of its total countrywide property insurance premiums in this  
1804 state may petition the office, within the first 90 days of each  
1805 calendar year, to qualify as a limited apportionment company. A  
1806 regular assessment levied by the corporation on a limited  
1807 apportionment company for a deficit incurred by the corporation  
1808 for the coastal account may be paid to the corporation on a  
1809 monthly basis as the assessments are collected by the limited  
1810 apportionment company from its insureds, but a limited  
1811 apportionment company must begin collecting the regular  
1812 assessments not later than 90 days after the regular assessments  
1813 are levied by the corporation, and the regular assessments must  
1814 be paid in full within 15 months after being levied by the  
1815 corporation. A limited apportionment company shall collect from  
1816 its policyholders any emergency assessment imposed under sub-  
1817 subparagraph (b)3.d. The plan must provide that, if the office  
1818 determines that any regular assessment will result in an  
1819 impairment of the surplus of a limited apportionment company,  
1820 the office may direct that all or part of such assessment be  
1821 deferred as provided in subparagraph (q)4. However, an emergency  
1822 assessment to be collected from policyholders under sub-  
1823 subparagraph (b)3.d. may not be limited or deferred.

1824 14. Must provide that the corporation appoint as its  
1825 licensed agents only those agents who also hold an appointment



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1826 as defined in s. 626.015(3) with an insurer who at the time of  
1827 the agent's initial appointment by the corporation is authorized  
1828 to write and is actually writing personal lines residential  
1829 property coverage, commercial residential property coverage, or  
1830 commercial nonresidential property coverage within the state.

1831 15. Must provide a premium payment plan option to its  
1832 policyholders which, at a minimum, allows for quarterly and  
1833 semiannual payment of premiums. A monthly payment plan may, but  
1834 is not required to, be offered.

1835 16. Must limit coverage on mobile homes or manufactured  
1836 homes built before 1994 to actual cash value of the dwelling  
1837 rather than replacement costs of the dwelling.

1838 17. Must provide coverage for manufactured or mobile home  
1839 dwellings. Such coverage must also include the following  
1840 attached structures:

1841 a. Screened enclosures that are aluminum framed or  
1842 screened enclosures that are not covered by the same or  
1843 substantially the same materials as those of the primary  
1844 dwelling;

1845 b. Carports that are aluminum or carports that are not  
1846 covered by the same or substantially the same materials as those  
1847 of the primary dwelling; and

1848 c. Patios that have a roof covering that is constructed of  
1849 materials that are not the same or substantially the same  
1850 materials as those of the primary dwelling.



1851  
 1852 The corporation shall make available a policy for mobile homes  
 1853 or manufactured homes for a minimum insured value of at least  
 1854 \$3,000.

1855 18. May provide such limits of coverage as the board  
 1856 determines, consistent with the requirements of this subsection.

1857 19. May require commercial property to meet specified  
 1858 hurricane mitigation construction features as a condition of  
 1859 eligibility for coverage.

1860 20. Must provide that new or renewal policies issued by  
 1861 the corporation on or after January 1, 2012, which cover  
 1862 sinkhole loss do not include coverage for any loss to  
 1863 appurtenant structures, driveways, sidewalks, decks, or patios  
 1864 that are directly or indirectly caused by sinkhole activity. The  
 1865 corporation shall exclude such coverage using a notice of  
 1866 coverage change, which may be included with the policy renewal,  
 1867 and not by issuance of a notice of nonrenewal of the excluded  
 1868 coverage upon renewal of the current policy.

1869 21. As of January 1, 2012, must require that the agent  
 1870 obtain from an applicant for coverage from the corporation an  
 1871 acknowledgment signed by the applicant, which includes, at a  
 1872 minimum, the following statement:

ACKNOWLEDGMENT OF POTENTIAL SURCHARGE  
 AND ASSESSMENT LIABILITY:

- 1875 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE



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1876 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
1877 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
1878 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
1879 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
1880 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
1881 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
1882 LEGISLATURE.

1883 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER  
1884 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,  
1885 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO  
1886 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN  
1887 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE  
1888 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES  
1889 ARE REGULATED AND APPROVED BY THE STATE.

1890 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
1891 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
1892 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
1893 FLORIDA LEGISLATURE.

1894 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
1895 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
1896 STATE OF FLORIDA.

1897 a. The corporation shall maintain, in electronic format or  
1898 otherwise, a copy of the applicant's signed acknowledgment and  
1899 provide a copy of the statement to the policyholder as part of  
1900 the first renewal after the effective date of this subparagraph.



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1901           b. The signed acknowledgment form creates a conclusive  
1902 presumption that the policyholder understood and accepted his or  
1903 her potential surcharge and assessment liability as a  
1904 policyholder of the corporation.

1905           Section 34. Subsection (9) of section 627.3518, Florida  
1906 Statutes, is amended to read:

1907           627.3518 Citizens Property Insurance Corporation  
1908 policyholder eligibility clearinghouse program.—The purpose of  
1909 this section is to provide a framework for the corporation to  
1910 implement a clearinghouse program by January 1, 2014.

1911           (9) The 45-day notice of nonrenewal requirement set forth  
1912 in s. 627.4133(2)(b)5. ~~627.4133(2)(b)4.b.~~ applies when a policy  
1913 is nonrenewed by the corporation because the risk has received  
1914 an offer of coverage pursuant to this section which renders the  
1915 risk ineligible for coverage by the corporation.

1916           Section 35. Section 627.3519, Florida Statutes, is  
1917 repealed.

1918           Section 36. Section 627.409, Florida Statutes, is amended  
1919 to read:

1920           627.409 Representations in applications; warranties.—

1921           (1) Any statement or description made by or on behalf of  
1922 an insured or annuitant in an application for an insurance  
1923 policy or annuity contract, or in negotiations for a policy or  
1924 contract, is a representation and ~~is~~ not a warranty. Except as  
1925 provided in subsection (3), a misrepresentation, omission,



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1926 concealment of fact, or incorrect statement may prevent recovery  
1927 under the contract or policy only if any of the following apply:

1928 (a) The misrepresentation, omission, concealment, or  
1929 statement is fraudulent or is material ~~either~~ to the acceptance  
1930 of the risk or to the hazard assumed by the insurer.

1931 (b) If the true facts had been known to the insurer  
1932 pursuant to a policy requirement or other requirement, the  
1933 insurer in good faith would not have issued the policy or  
1934 contract, would not have issued it at the same premium rate,  
1935 would not have issued a policy or contract in as large an  
1936 amount, or would not have provided coverage with respect to the  
1937 hazard resulting in the loss.

1938 (2) A breach or violation by the insured of a any  
1939 warranty, condition, or provision of a any wet marine or  
1940 transportation insurance policy, contract of insurance,  
1941 endorsement, or application ~~therefor~~ does not void the policy or  
1942 contract, or constitute a defense to a loss thereon, unless such  
1943 breach or violation increased the hazard by any means within the  
1944 control of the insured.

1945 (3) For residential property insurance, if a policy or  
1946 contract is in effect for more than 90 days, a claim filed by  
1947 the insured may not be denied based on credit information  
1948 available in public records.

1949 Section 37. Paragraph (b) of subsection (2) of section  
1950 627.4133, Florida Statutes, is amended to read:



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1951           627.4133 Notice of cancellation, nonrenewal, or renewal  
1952 premium.—

1953           (2) With respect to any personal lines or commercial  
1954 residential property insurance policy, including, but not  
1955 limited to, any homeowner's, mobile home owner's, farmowner's,  
1956 condominium association, condominium unit owner's, apartment  
1957 building, or other policy covering a residential structure or  
1958 its contents:

1959           (b) The insurer shall give the first-named insured written  
1960 notice of nonrenewal, cancellation, or termination at least 120  
1961 ~~100~~ days before the effective date of the nonrenewal,  
1962 cancellation, or termination. ~~However, the insurer shall give at~~  
1963 ~~least 100 days' written notice, or written notice by June 1,~~  
1964 ~~whichever is earlier, for any nonrenewal, cancellation, or~~  
1965 ~~termination that would be effective between June 1 and November~~  
1966 ~~30.~~ The notice must include the reason or reasons for the  
1967 nonrenewal, cancellation, or termination, except that:

1968           ~~1. The insurer shall give the first-named insured written~~  
1969 ~~notice of nonrenewal, cancellation, or termination at least 120~~  
1970 ~~days prior to the effective date of the nonrenewal,~~  
1971 ~~cancellation, or termination for a first-named insured whose~~  
1972 ~~residential structure has been insured by that insurer or an~~  
1973 ~~affiliated insurer for at least a 5-year period immediately~~  
1974 ~~prior to the date of the written notice.~~

1975           ~~1.2.~~ If cancellation is for nonpayment of premium, at



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1976 | least 10 days' written notice of cancellation accompanied by the  
1977 | reason therefor must be given. As used in this subparagraph, the  
1978 | term "nonpayment of premium" means failure of the named insured  
1979 | to discharge when due her or his obligations for ~~in connection~~  
1980 | ~~with~~ the payment of premiums on a policy or any installment of  
1981 | such premium, whether the premium is payable directly to the  
1982 | insurer or its agent or indirectly under any premium finance  
1983 | plan or extension of credit, or failure to maintain membership  
1984 | in an organization if such membership is a condition precedent  
1985 | to insurance coverage. The term also means the failure of a  
1986 | financial institution to honor an insurance applicant's check  
1987 | after delivery to a licensed agent for payment of a premium,  
1988 | even if the agent has previously delivered or transferred the  
1989 | premium to the insurer. If a dishonored check represents the  
1990 | initial premium payment, the contract and all contractual  
1991 | obligations are void ab initio unless the nonpayment is cured  
1992 | within the earlier of 5 days after actual notice by certified  
1993 | mail is received by the applicant or 15 days after notice is  
1994 | sent to the applicant by certified mail or registered mail, ~~and~~  
1995 | If the contract is void, any premium received by the insurer  
1996 | from a third party must be refunded to that party in full.

1997 | 2.3. If ~~such~~ cancellation or termination occurs during the  
1998 | first 90 days the insurance is in force and the insurance is  
1999 | canceled or terminated for reasons other than nonpayment of  
2000 | premium, at least 20 days' written notice of cancellation or





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2001 termination accompanied by the reason therefor must be given  
2002 unless there has been a material misstatement or  
2003 misrepresentation or failure to comply with the underwriting  
2004 requirements established by the insurer.

2005 3. After the policy has been in effect for 90 days, the  
2006 policy may not be canceled by the insurer unless there has been  
2007 a material misstatement, a nonpayment of premium, a failure to  
2008 comply with underwriting requirements established by the insurer  
2009 within 90 days after the date of effectuation of coverage, or a  
2010 substantial change in the risk covered by the policy or unless  
2011 the cancellation is for all insureds under such policies for a  
2012 given class of insureds. This paragraph does not apply to  
2013 individually rated risks that have a policy term of less than 90  
2014 days.

2015 4. After a policy or contract is in effect for 90 days,  
2016 the insurer may not cancel or terminate the policy or contract  
2017 based on credit information available in public records. The  
2018 requirement for providing written notice by June 1 of any  
2019 nonrenewal that would be effective between June 1 and November  
2020 30 does not apply to the following situations, but the insurer  
2021 remains subject to the requirement to provide such notice at  
2022 least 100 days before the effective date of nonrenewal:

2023 a. A policy that is nonrenewed due to a revision in the  
2024 coverage for sinkhole losses and catastrophic ground cover  
2025 collapse pursuant to s. 627.706.



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2026        5.b. A policy that is nonrenewed by Citizens Property  
2027 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
2028 that has been assumed by an authorized insurer offering  
2029 replacement coverage to the policyholder is exempt from the  
2030 notice requirements of paragraph (a) and this paragraph. In such  
2031 cases, the corporation must give the named insured written  
2032 notice of nonrenewal at least 45 days before the effective date  
2033 of the nonrenewal.

2034  
2035 ~~After the policy has been in effect for 90 days, the policy may~~  
2036 ~~not be canceled by the insurer unless there has been a material~~  
2037 ~~misstatement, a nonpayment of premium, a failure to comply with~~  
2038 ~~underwriting requirements established by the insurer within 90~~  
2039 ~~days after the date of effectuation of coverage, or a~~  
2040 ~~substantial change in the risk covered by the policy or if the~~  
2041 ~~cancellation is for all insureds under such policies for a given~~  
2042 ~~class of insureds. This paragraph does not apply to individually~~  
2043 ~~rated risks having a policy term of less than 90 days.~~

2044        6.5. Notwithstanding any other provision of law, an  
2045 insurer may cancel or nonrenew a property insurance policy after  
2046 at least 45 days' notice if the office finds that the early  
2047 cancellation of some or all of the insurer's policies is  
2048 necessary to protect the best interests of the public or  
2049 policyholders and the office approves the insurer's plan for  
2050 early cancellation or nonrenewal of some or all of its policies.



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2051 The office may base such finding upon the financial condition of  
2052 the insurer, lack of adequate reinsurance coverage for hurricane  
2053 risk, or other relevant factors. The office may condition its  
2054 finding on the consent of the insurer to be placed under  
2055 administrative supervision pursuant to s. 624.81 or to the  
2056 appointment of a receiver under chapter 631.

2057 ~~7.6.~~ A policy covering both a home and a motor vehicle may  
2058 be nonrenewed for any reason applicable to ~~either~~ the property  
2059 or motor vehicle insurance after providing 90 days' notice.

2060 Section 38. Subsection (1) of section 627.4137, Florida  
2061 Statutes, is amended to read:

2062 627.4137 Disclosure of certain information required.—

2063 (1) Each insurer that provides ~~which does~~ or may provide  
2064 liability insurance coverage to pay all or a portion of a ~~any~~  
2065 claim that ~~which~~ might be made shall provide, within 30 days  
2066 after ~~of~~ the written request of the claimant, a statement, under  
2067 oath, of a corporate officer or the insurer's claims manager, ~~or~~  
2068 superintendent, or licensed company adjuster setting forth the  
2069 following information with regard to each known policy of  
2070 insurance, including excess or umbrella insurance:

2071 (a) The name of the insurer.

2072 (b) The name of each insured.

2073 (c) The limits of the liability coverage.

2074 (d) A statement of any policy or coverage defense that the  
2075 ~~which such~~ insurer reasonably believes is available to the ~~such~~



2076 insurer at the time of filing such statement.

2077 (e) A copy of the policy.

2078

2079 In addition, the insured, or her or his insurance agent, upon  
 2080 written request of the claimant or the claimant's attorney,  
 2081 shall disclose the name and coverage of each known insurer to  
 2082 the claimant and shall forward such request for information as  
 2083 required by this subsection to all affected insurers. The  
 2084 insurer shall then supply the information required in this  
 2085 subsection to the claimant within 30 days after ~~of~~ receipt of  
 2086 such request.

2087 Section 39. Subsection (1) of section 627.421, Florida  
 2088 Statutes, is amended to read:

2089 627.421 Delivery of policy.—

2090 (1) Subject to the insurer's requirement as to payment of  
 2091 premium, every policy shall be mailed, delivered, or  
 2092 electronically transmitted to the insured or to the person  
 2093 entitled thereto not later than 60 days after the effectuation  
 2094 of coverage. Notwithstanding any other provision of law, an  
 2095 insurer may allow a policyholder of personal lines insurance to  
 2096 affirmatively elect delivery of the policy documents, including,  
 2097 but not limited to, policies, endorsements, notices, or  
 2098 documents, by electronic means in lieu of delivery by mail.  
 2099 Electronic transmission of a policy for commercial risks,  
 2100 including, but not limited to, workers' compensation and



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2101 employers' liability, commercial automobile liability,  
2102 commercial automobile physical damage, commercial lines  
2103 residential property, commercial nonresidential property, farm  
2104 owners' insurance, and the types of commercial lines risks set  
2105 forth in s. 627.062(3)(d), constitutes ~~shall constitute~~ delivery  
2106 to the insured or to the person entitled to delivery~~r~~, unless the  
2107 insured or the person entitled to delivery communicates to the  
2108 insurer in writing or electronically that he or she does not  
2109 agree to delivery by electronic means. Electronic transmission  
2110 shall include a notice to the insured or to the person entitled  
2111 to delivery of a policy of his or her right to receive the  
2112 policy via United States mail rather than via electronic  
2113 transmission. A paper copy of the policy shall be provided to  
2114 the insured or to the person entitled to delivery at his or her  
2115 request.

2116 Section 40. Subsection (2) of section 627.43141, Florida  
2117 Statutes, is amended to read:

2118 627.43141 Notice of change in policy terms.—

2119 (2) A renewal policy may contain a change in policy terms.  
2120 If a renewal policy contains ~~does contain~~ such change, the  
2121 insurer must give the named insured written notice of the  
2122 change, which may ~~must~~ be enclosed along with the written notice  
2123 of renewal premium required by ss. 627.4133 and 627.728 or be  
2124 sent in a separate notice that complies with the nonrenewal  
2125 mailing time requirement for that particular line of business.



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2126 The insurer must also provide a sample copy of the notice to the  
2127 insured's insurance agent before or at the same time that notice  
2128 is given to the insured. Such notice shall be entitled "Notice  
2129 of Change in Policy Terms."

2130 Section 41. Section 627.4553, Florida Statutes, is created  
2131 to read:

2132 627.4553 Recommendations to surrender.—If an insurance  
2133 agent recommends the surrender of an annuity or life insurance  
2134 policy containing a cash value and does not recommend that the  
2135 proceeds from the surrender be used to fund or purchase another  
2136 annuity or life insurance policy, before execution of the  
2137 surrender, the insurance agent, or the insurance company if no  
2138 agent is involved, shall provide, on a form that satisfies the  
2139 requirements of the rule adopted by the department, information  
2140 relating to the annuity or policy to be surrendered. Such  
2141 information shall include, but is not limited to, the amount of  
2142 any surrender charge, the loss of any minimum interest rate  
2143 guarantees, the amount of any tax consequences resulting from  
2144 the transaction, the amount of any forfeited death benefit, and  
2145 the value of any other investment performance guarantees being  
2146 forfeited as a result of the transaction. This section also  
2147 applies to a person performing insurance agent activities  
2148 pursuant to an exemption from licensure under this part.

2149 Section 42. Paragraph (b) of subsection (4) of section  
2150 627.7015, Florida Statutes, is amended to read:



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2151           627.7015 Alternative procedure for resolution of disputed  
2152 property insurance claims.-

2153           (4) The department shall adopt by rule a property  
2154 insurance mediation program to be administered by the department  
2155 or its designee. The department may also adopt special rules  
2156 which are applicable in cases of an emergency within the state.  
2157 The rules shall be modeled after practices and procedures set  
2158 forth in mediation rules of procedure adopted by the Supreme  
2159 Court. The rules shall provide for:

2160           (b) Qualifications, denial of application, suspension,  
2161 revocation of approval, and other penalties for ~~of~~ mediators as  
2162 provided in s. 627.745 and in the Florida Rules for ~~of~~ Certified  
2163 and Court-Appointed ~~Court Appointed~~ Mediators, and for such  
2164 ~~other individuals as are qualified by education, training, or~~  
2165 ~~experience as the department determines to be appropriate.~~

2166           Section 43. Section 627.70151, Florida Statutes, is  
2167 created to read:

2168           627.70151 Appraisal; conflicts of interest.-An insurer  
2169 that offers residential coverage, as defined in s. 627.4025, or  
2170 a policyholder that uses an appraisal clause in the property  
2171 insurance contract to establish a process of estimating or  
2172 evaluating the amount of the loss through the use of an  
2173 impartial umpire may challenge the umpire's impartiality and  
2174 disqualify the proposed umpire only if:

2175           (1) A familial relationship within the third degree exists



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2176 between the umpire and any party or a representative of any  
2177 party;

2178 (2) The umpire has previously represented any party in a  
2179 professional capacity in the same claim or matter involving the  
2180 same property;

2181 (3) The umpire has represented another person in a  
2182 professional capacity on the same or a substantially related  
2183 matter, which includes the claim, same property, or an adjacent  
2184 property and that other person's interests are materially  
2185 adverse to the interests of any party; or

2186 (4) The umpire has worked as an employer or employee of  
2187 any party within the preceding 5 years.

2188 Section 44. Paragraph (c) of subsection (2) of section  
2189 627.706, Florida Statutes, is amended to read:

2190 627.706 Sinkhole insurance; catastrophic ground cover  
2191 collapse; definitions.—

2192 (2) As used in ss. 627.706-627.7074, and as used in  
2193 connection with any policy providing coverage for a catastrophic  
2194 ground cover collapse or for sinkhole losses, the term:

2195 (c) "Neutral evaluator" means a professional engineer or a  
2196 professional geologist who has completed a course of study in  
2197 alternative dispute resolution designed or approved by the  
2198 department for use in the neutral evaluation process, ~~and~~ who is  
2199 determined by the department to be fair and impartial, and who  
2200 is not otherwise ineligible for certification as provided in s.





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2201 627.7074.

2202 Section 45. Subsections (3), (7), and (18) of section  
2203 627.7074, Florida Statutes, are amended to read:

2204 627.7074 Alternative procedure for resolution of disputed  
2205 sinkhole insurance claims.—

2206 (3) Following the receipt of the report provided under s.  
2207 627.7073 or the denial of a claim for a sinkhole loss, the  
2208 insurer shall notify the policyholder of his or her right to  
2209 participate in the neutral evaluation program under this  
2210 section, if there is coverage available under the policy and the  
2211 claim was submitted within the timeframe provided in s.

2212 627.706(5). Neutral evaluation supersedes the alternative  
2213 dispute resolution process under s. 627.7015 but does not  
2214 invalidate the appraisal clause of the insurance policy. The  
2215 insurer shall provide to the policyholder the consumer  
2216 information pamphlet prepared by the department pursuant to  
2217 subsection (1) electronically or by United States mail.

2218 (7) Upon receipt of a request for neutral evaluation, the  
2219 department shall provide the parties a list of certified neutral  
2220 evaluators. The department shall allow the parties to submit  
2221 requests to disqualify evaluators on the list for cause.

2222 (a) The department shall disqualify neutral evaluators for  
2223 cause based only on any of the following grounds:

2224 1. A familial relationship exists between the neutral  
2225 evaluator and either party or a representative of either party



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2226 | within the third degree.

2227 |       2. The proposed neutral evaluator has, in a professional  
2228 | capacity, previously represented either party or a  
2229 | representative of either party, in the same or a substantially  
2230 | related matter.

2231 |       3. The proposed neutral evaluator has, in a professional  
2232 | capacity, represented another person in the same or a  
2233 | substantially related matter and that person's interests are  
2234 | materially adverse to the interests of the parties. The term  
2235 | "substantially related matter" means participation by the  
2236 | neutral evaluator on the same claim, property, or adjacent  
2237 | property.

2238 |       4. The proposed neutral evaluator has, within the  
2239 | preceding 5 years, worked as an employer or employee of any  
2240 | party to the case.

2241 |       (b) The department shall deny an application, or suspend  
2242 | or revoke its certification, of a neutral evaluator to serve in  
2243 | such capacity if the department finds that one or more of the  
2244 | following grounds exist:

2245 |           1. Lack of one or more of the qualifications for  
2246 | certification specified in this section.

2247 |           2. Material misstatement, misrepresentation, or fraud in  
2248 | obtaining or attempting to obtain the certification.

2249 |           3. Demonstrated lack of fitness or trustworthiness to act  
2250 | as a neutral evaluator.



2251        4. Fraudulent or dishonest practices in the conduct of an  
2252 evaluation or in the conduct of business in the financial  
2253 services industry.

2254        5. Violation of any provision of this code or of a lawful  
2255 order or rule of the department or aiding, instructing, or  
2256 encouraging another party to commit such a violation.

2257        (c)~~(b)~~ The parties shall appoint a neutral evaluator from  
2258 the department list and promptly inform the department. If the  
2259 parties cannot agree to a neutral evaluator within 14 business  
2260 days, the department shall appoint a neutral evaluator from the  
2261 list of certified neutral evaluators. The department shall allow  
2262 each party to disqualify two neutral evaluators without cause.  
2263 Upon selection or appointment, the department shall promptly  
2264 refer the request to the neutral evaluator.

2265        (d)~~(e)~~ Within 14 business days after the referral, the  
2266 neutral evaluator shall notify the policyholder and the insurer  
2267 of the date, time, and place of the neutral evaluation  
2268 conference. The conference may be held by telephone, if feasible  
2269 and desirable. The neutral evaluator shall make reasonable  
2270 efforts to hold the conference within 90 days after the receipt  
2271 of the request by the department. Failure of the neutral  
2272 evaluator to hold the conference within 90 days does not  
2273 invalidate either party's right to neutral evaluation or to a  
2274 neutral evaluation conference held outside this timeframe.

2275        (18) The department shall adopt rules of procedure for the



2276 | neutral evaluation process and adopt rules for certifying,  
 2277 | denying certification of, suspending certification of, and  
 2278 | revoking certification as a neutral evaluator.

2279 | Section 46. Subsection (8) of section 627.711, Florida  
 2280 | Statutes, is amended to read:

2281 | 627.711 Notice of premium discounts for hurricane loss  
 2282 | mitigation; uniform mitigation verification inspection form.—

2283 | (8) At its expense, the insurer may require that a uniform  
 2284 | mitigation verification form provided by a policyholder, a  
 2285 | policyholder's agent, or an authorized mitigation inspector or  
 2286 | inspection company be independently verified by an inspector, an  
 2287 | inspection company, or an independent third-party quality  
 2288 | assurance provider which possesses a quality assurance program  
 2289 | before accepting the uniform mitigation verification form as  
 2290 | valid. At its option, the insurer may exempt from independent  
 2291 | verification a uniform mitigation verification form completed by  
 2292 | an authorized mitigation inspector or inspection company that  
 2293 | possesses a quality assurance program approved by the insurer. A  
 2294 | uniform mitigation verification form provided by a policyholder,  
 2295 | a policyholder's agent, or an authorized mitigation inspector or  
 2296 | inspection company to Citizens Property Insurance Corporation is  
 2297 | not subject to independent verification and the property is not  
 2298 | subject to reinspection by the corporation, absent material  
 2299 | changes to the structure for the term stated on the form, if the  
 2300 | form signed by an authorized mitigation inspector was submitted



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2301 to, reviewed by, and verified by a quality assurance program  
2302 approved by the corporation before submission of the form to the  
2303 corporation.

2304 Section 47. Subsections (1), (2), and (3) of section  
2305 627.7283, Florida Statutes, are amended to read:

2306 627.7283 Cancellation; return of premium.—

2307 (1) If the insured cancels a policy of motor vehicle  
2308 insurance, the insurer must mail or electronically transfer the  
2309 unearned portion of any premium paid within 30 days after the  
2310 effective date of the policy cancellation or receipt of notice  
2311 or request for cancellation, whichever is later. This  
2312 requirement applies to a cancellation initiated by an insured  
2313 for any reason.

2314 (2) If an insurer cancels a policy of motor vehicle  
2315 insurance, the insurer must mail or electronically transfer the  
2316 unearned premium portion of any premium within 15 days after the  
2317 effective date of the policy cancellation.

2318 (3) If the unearned premium is not mailed or  
2319 electronically transferred within the applicable period, the  
2320 insurer must pay to the insured 8 percent interest on the amount  
2321 due. If the unearned premium is not mailed or electronically  
2322 transferred within 45 days after the applicable period, the  
2323 insured may bring an action against the insurer pursuant to s.  
2324 624.155.

2325 Section 48. Paragraph (a) of subsection (5) of section



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2326 | 627.736, Florida Statutes, is amended to read:

2327 |       627.736 Required personal injury protection benefits;  
2328 | exclusions; priority; claims.—

2329 |       (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

2330 |       (a) A physician, hospital, clinic, or other person or  
2331 | institution lawfully rendering treatment to an injured person  
2332 | for a bodily injury covered by personal injury protection  
2333 | insurance may charge the insurer and injured party only a  
2334 | reasonable amount pursuant to this section for the services and  
2335 | supplies rendered, and the insurer providing such coverage may  
2336 | pay for such charges directly to such person or institution  
2337 | lawfully rendering such treatment if the insured receiving such  
2338 | treatment or his or her guardian has countersigned the properly  
2339 | completed invoice, bill, or claim form approved by the office  
2340 | upon which such charges are to be paid for as having actually  
2341 | been rendered, to the best knowledge of the insured or his or  
2342 | her guardian. However, such a charge may not exceed the amount  
2343 | the person or institution customarily charges for like services  
2344 | or supplies. In determining whether a charge for a particular  
2345 | service, treatment, or otherwise is reasonable, consideration  
2346 | may be given to evidence of usual and customary charges and  
2347 | payments accepted by the provider involved in the dispute,  
2348 | reimbursement levels in the community and various federal and  
2349 | state medical fee schedules applicable to motor vehicle and  
2350 | other insurance coverages, and other information relevant to the



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2351 | reasonableness of the reimbursement for the service, treatment,  
2352 | or supply.

2353 |       1. The insurer may limit reimbursement to 80 percent of  
2354 | the following schedule of maximum charges:

2355 |       a. For emergency transport and treatment by providers  
2356 | licensed under chapter 401, 200 percent of Medicare.

2357 |       b. For emergency services and care provided by a hospital  
2358 | licensed under chapter 395, 75 percent of the hospital's usual  
2359 | and customary charges.

2360 |       c. For emergency services and care as defined by s.  
2361 | 395.002 provided in a facility licensed under chapter 395  
2362 | rendered by a physician or dentist, and related hospital  
2363 | inpatient services rendered by a physician or dentist, the usual  
2364 | and customary charges in the community.

2365 |       d. For hospital inpatient services, other than emergency  
2366 | services and care, 200 percent of the Medicare Part A  
2367 | prospective payment applicable to the specific hospital  
2368 | providing the inpatient services.

2369 |       e. For hospital outpatient services, other than emergency  
2370 | services and care, 200 percent of the Medicare Part A Ambulatory  
2371 | Payment Classification for the specific hospital providing the  
2372 | outpatient services.

2373 |       f. For all other medical services, supplies, and care, 200  
2374 | percent of the allowable amount under:

2375 |       (I) The participating physicians fee schedule of Medicare



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2376 Part B, except as provided in sub-sub-subparagraphs (II) and  
2377 (III).

2378 (II) Medicare Part B, in the case of services, supplies,  
2379 and care provided by ambulatory surgical centers and clinical  
2380 laboratories.

2381 (III) The Durable Medical Equipment Prosthetics/Orthotics  
2382 and Supplies fee schedule of Medicare Part B, in the case of  
2383 durable medical equipment.

2384

2385 However, if such services, supplies, or care is not reimbursable  
2386 under Medicare Part B, as provided in this sub-subparagraph, the  
2387 insurer may limit reimbursement to 80 percent of the maximum  
2388 reimbursable allowance under workers' compensation, as  
2389 determined under s. 440.13 and rules adopted thereunder which  
2390 are in effect at the time such services, supplies, or care is  
2391 provided. Services, supplies, or care that is not reimbursable  
2392 under Medicare or workers' compensation is not required to be  
2393 reimbursed by the insurer.

2394 2. For purposes of subparagraph 1., the applicable fee  
2395 schedule or payment limitation under Medicare is the fee  
2396 schedule or payment limitation in effect on March 1 of the year  
2397 in which the services, supplies, or care is rendered and for the  
2398 area in which such services, supplies, or care is rendered, and  
2399 the applicable fee schedule or payment limitation applies from  
2400 March 1 until the last day of February ~~throughout the remainder~~





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2401 of the following ~~that~~ year, notwithstanding any subsequent  
2402 change made to the fee schedule or payment limitation, except  
2403 that it may not be less than the allowable amount under the  
2404 applicable schedule of Medicare Part B for 2007 for medical  
2405 services, supplies, and care subject to Medicare Part B.

2406 3. Subparagraph 1. does not allow the insurer to apply any  
2407 limitation on the number of treatments or other utilization  
2408 limits that apply under Medicare or workers' compensation. An  
2409 insurer that applies the allowable payment limitations of  
2410 subparagraph 1. must reimburse a provider who lawfully provided  
2411 care or treatment under the scope of his or her license,  
2412 regardless of whether such provider is entitled to reimbursement  
2413 under Medicare due to restrictions or limitations on the types  
2414 or discipline of health care providers who may be reimbursed for  
2415 particular procedures or procedure codes. However, subparagraph  
2416 1. does not prohibit an insurer from using the Medicare coding  
2417 policies and payment methodologies of the federal Centers for  
2418 Medicare and Medicaid Services, including applicable modifiers,  
2419 to determine the appropriate amount of reimbursement for medical  
2420 services, supplies, or care if the coding policy or payment  
2421 methodology does not constitute a utilization limit.

2422 4. If an insurer limits payment as authorized by  
2423 subparagraph 1., the person providing such services, supplies,  
2424 or care may not bill or attempt to collect from the insured any  
2425 amount in excess of such limits, except for amounts that are not



2426 covered by the insured's personal injury protection coverage due  
 2427 to the coinsurance amount or maximum policy limits.

2428 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as  
 2429 authorized by this paragraph only if the insurance policy  
 2430 includes a notice at the time of issuance or renewal that the  
 2431 insurer may limit payment pursuant to the schedule of charges  
 2432 specified in this paragraph. A policy form approved by the  
 2433 office satisfies this requirement. If a provider submits a  
 2434 charge for an amount less than the amount allowed under  
 2435 subparagraph 1., the insurer may pay the amount of the charge  
 2436 submitted.

2437 Section 49. Paragraphs (a) and (b) of subsection (2) of  
 2438 section 627.744, Florida Statutes, are amended to read:

2439 627.744 Required preinsurance inspection of private  
 2440 passenger motor vehicles.—

2441 (2) This section does not apply:

2442 (a) To a policy for a policyholder who has been insured  
 2443 for 2 years or longer, without interruption, under a private  
 2444 passenger motor vehicle policy that ~~which~~ provides physical  
 2445 damage coverage for any vehicle, if the agent of the insurer  
 2446 verifies the previous coverage.

2447 (b) To a new, unused motor vehicle purchased or leased  
 2448 from a licensed motor vehicle dealer or leasing company., ~~if~~ The  
 2449 insurer may require ~~is provided with~~:

2450 1. A bill of sale, ~~or~~ buyer's order, or lease agreement



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2451 that ~~which~~ contains a full description of the motor vehicle,  
2452 ~~including all options and accessories;~~ or

2453 2. A copy of the title or registration that ~~which~~  
2454 establishes transfer of ownership from the dealer or leasing  
2455 company to the customer and a copy of the window sticker ~~or the~~  
2456 ~~dealer invoice showing the itemized options and equipment and~~  
2457 ~~the total retail price of the vehicle.~~

2458  
2459 For the purposes of this paragraph, the physical damage coverage  
2460 on the motor vehicle may not be suspended during the term of the  
2461 policy due to the applicant's failure to provide or the  
2462 insurer's option not to require the ~~required~~ documents. However,  
2463 if the insurer requires a document under this paragraph at the  
2464 time the policy is issued, payment of a claim may be ~~is~~  
2465 conditioned upon the receipt by the insurer of the required  
2466 documents, and no physical damage loss occurring after the  
2467 effective date of the coverage may be ~~is~~ payable until the  
2468 documents are provided to the insurer.

2469 Section 50. Paragraph (b) of subsection (3) of section  
2470 627.745, Florida Statutes, is amended, present subsections (4)  
2471 and (5) of that section are renumbered as subsections (5) and  
2472 (6), respectively, and a new subsection (4) is added to that  
2473 section, to read:

2474 627.745 Mediation of claims.—

2475 (3)



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2476 (b) To qualify for approval as a mediator, an individual ~~a~~  
2477 ~~person~~ must meet one of the following qualifications:

2478 1. Possess an active certification as a Florida Supreme  
2479 Court certified circuit court mediator. A circuit court mediator  
2480 whose certification is in a lapsed, suspended, sanctioned, or  
2481 decertified status is not eligible to participate in the program  
2482 ~~a masters or doctorate degree in psychology, counseling,~~  
2483 ~~business, accounting, or economics, be a member of The Florida~~  
2484 ~~Bar, be licensed as a certified public accountant, or~~  
2485 ~~demonstrate that the applicant for approval has been actively~~  
2486 ~~engaged as a qualified mediator for at least 4 years prior to~~  
2487 ~~July 1, 1990.~~

2488 2. Be an approved department mediator as of July 1, 2014,  
2489 and have conducted at least one mediation on behalf of the  
2490 department within 4 years immediately preceding that ~~the~~ date  
2491 ~~the application for approval is filed with the department, have~~  
2492 ~~completed a minimum of a 40-hour training program approved by~~  
2493 ~~the department and successfully passed a final examination~~  
2494 ~~included in the training program and approved by the department.~~  
2495 ~~The training program shall include and address all of the~~  
2496 ~~following:~~

- 2497 a. ~~Mediation theory.~~  
2498 b. ~~Mediation process and techniques.~~  
2499 c. ~~Standards of conduct for mediators.~~  
2500 d. ~~Conflict management and intervention skills.~~



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2501 | ~~e.—Insurance nomenclature.~~

2502 | (4) The department shall deny an application, or suspend  
2503 | or revoke its approval, of a mediator to serve in such capacity  
2504 | if the department finds that one or more of the following  
2505 | grounds exist:

2506 | (a) Lack of one or more of the qualifications for approval  
2507 | specified in this section.

2508 | (b) Material misstatement, misrepresentation, or fraud in  
2509 | obtaining or attempting to obtain the approval.

2510 | (c) Demonstrated lack of fitness or trustworthiness to act  
2511 | as a mediator.

2512 | (d) Fraudulent or dishonest practices in the conduct of  
2513 | mediation or in the conduct of business in the financial  
2514 | services industry.

2515 | (e) Violation of any provision of this code or of a lawful  
2516 | order or rule of the department, violation of the Florida Rules  
2517 | for Certified and Court-Appointed Mediators, or aiding,  
2518 | instructing, or encouraging another party to commit such a  
2519 | violation.

2520 |  
2521 | The department may adopt rules to administer this subsection.

2522 | Section 51. Subsection (8) of section 627.782, Florida  
2523 | Statutes, is amended to read:

2524 | 627.782 Adoption of rates.—

2525 | (8) Each title insurance agency and insurer licensed to do



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2526 business in this state and each insurer's direct or retail  
2527 business in this state shall maintain and submit information,  
2528 including revenue, loss, and expense data, as the office  
2529 determines necessary to assist in the analysis of title  
2530 insurance premium rates, title search costs, and the condition  
2531 of the title insurance industry in this state. This information  
2532 must be transmitted to the office annually by May ~~March~~ 31 of  
2533 the year after the reporting year. The commission shall adopt  
2534 rules regarding the collection and analysis of the data from the  
2535 title insurance industry.

2536 Section 52. Subsections (1), (3), (10), and (12) of  
2537 section 628.461, Florida Statutes, are amended to read:

2538 628.461 Acquisition of controlling stock.—

2539 (1) A person may not, individually or in conjunction with  
2540 any affiliated person of such person, acquire directly or  
2541 indirectly, conclude a tender offer or exchange offer for, enter  
2542 into any agreement to exchange securities for, or otherwise  
2543 finally acquire 10 ~~5~~ percent or more of the outstanding voting  
2544 securities of a domestic stock insurer or of a controlling  
2545 company, unless:

2546 (a) The person or affiliated person has filed with the  
2547 office and sent to the insurer and controlling company a letter  
2548 of notification regarding the transaction or proposed  
2549 transaction within ~~no later than~~ 5 days after any form of tender  
2550 offer or exchange offer is proposed, or within ~~no later than~~ 5



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2551 days after the acquisition of the securities if no tender offer  
2552 or exchange offer is involved. The notification must be provided  
2553 on forms prescribed by the commission containing information  
2554 determined necessary to understand the transaction and identify  
2555 all purchasers and owners involved;

2556 (b) The person or affiliated person has filed with the  
2557 office a statement as specified in subsection (3). The statement  
2558 must be completed and filed within 30 days after:

2559 1. Any definitive acquisition agreement is entered;  
2560 2. Any form of tender offer or exchange offer is proposed;  
2561 or

2562 3. The acquisition of the securities, if no definitive  
2563 acquisition agreement, tender offer, or exchange offer is  
2564 involved; and

2565 (c) The office has approved the tender or exchange offer,  
2566 or acquisition if no tender offer or exchange offer is involved,  
2567 and approval is in effect.

2568

2569 ~~In lieu of a filing as required under this subsection, a party~~  
2570 ~~acquiring less than 10 percent of the outstanding voting~~  
2571 ~~securities of an insurer may file a disclaimer of affiliation~~  
2572 ~~and control. The disclaimer shall fully disclose all material~~  
2573 ~~relationships and basis for affiliation between the person and~~  
2574 ~~the insurer as well as the basis for disclaiming the affiliation~~  
2575 ~~and control. After a disclaimer has been filed, the insurer~~



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2576 ~~shall be relieved of any duty to register or report under this~~  
2577 ~~section which may arise out of the insurer's relationship with~~  
2578 ~~the person unless and until the office disallows the disclaimer.~~  
2579 ~~The office shall disallow a disclaimer only after furnishing all~~  
2580 ~~parties in interest with notice and opportunity to be heard and~~  
2581 ~~after making specific findings of fact to support the~~  
2582 ~~disallowance.~~ A filing as required under this subsection must be  
2583 made as to any acquisition that equals or exceeds 10 percent of  
2584 the outstanding voting securities.

2585 (3) The statement to be filed with the office under  
2586 subsection (1) and furnished to the insurer and controlling  
2587 company shall contain the following information and any  
2588 additional information as the office deems necessary to  
2589 determine the character, experience, ability, and other  
2590 qualifications of the person or affiliated person of such person  
2591 for the protection of the policyholders and shareholders of the  
2592 insurer and the public:

2593 (a) The identity of, and the background information  
2594 specified in subsection (4) on, each natural person by whom, or  
2595 on whose behalf, the acquisition is to be made; and, if the  
2596 acquisition is to be made by, or on behalf of, a corporation,  
2597 association, or trust, as to the corporation, association, or  
2598 trust and as to any person who controls either directly or  
2599 indirectly the corporation, association, or trust, the identity  
2600 of, and the background information specified in subsection (4)





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2601 on, each director, officer, trustee, or other natural person  
2602 performing duties similar to those of a director, officer, or  
2603 trustee for the corporation, association, or trust;

2604 (b) The source and amount of the funds or other  
2605 consideration used, or to be used, in making the acquisition;

2606 (c) Any plans or proposals which such persons may have  
2607 made to liquidate such insurer, to sell any of its assets or  
2608 merge or consolidate it with any person, or to make any other  
2609 major change in its business or corporate structure or  
2610 management; and any plans or proposals which such persons may  
2611 have made to liquidate any controlling company of such insurer,  
2612 to sell any of its assets or merge or consolidate it with any  
2613 person, or to make any other major change in its business or  
2614 corporate structure or management;

2615 (d) The number of shares or other securities which the  
2616 person or affiliated person of such person proposes to acquire,  
2617 the terms of the proposed acquisition, and the manner in which  
2618 the securities are to be acquired; and

2619 (e) Information as to any contract, arrangement, or  
2620 understanding with any party with respect to any of the  
2621 securities of the insurer or controlling company, including, but  
2622 not limited to, information relating to the transfer of any of  
2623 the securities, option arrangements, puts or calls, or the  
2624 giving or withholding of proxies, which information names the  
2625 party with whom the contract, arrangement, or understanding has



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2626 | been entered into and gives the details thereof.

2627 |       (10) Upon notification to the office by the domestic stock  
2628 | insurer or a controlling company that any person or any  
2629 | affiliated person of such person has acquired 10 ~~5~~ percent or  
2630 | more of the outstanding voting securities of the domestic stock  
2631 | insurer or controlling company without complying with ~~the~~  
2632 | ~~provisions of~~ this section, the office shall order that the  
2633 | person and any affiliated person of such person cease  
2634 | acquisition of any further securities of the domestic stock  
2635 | insurer or controlling company; however, the person or any  
2636 | affiliated person of such person may request a proceeding, which  
2637 | proceeding shall be convened within 7 days after the rendering  
2638 | of the order for the sole purpose of determining whether the  
2639 | person, individually or in connection with any affiliated person  
2640 | of such person, has acquired 10 ~~5~~ percent or more of the  
2641 | outstanding voting securities of a domestic stock insurer or  
2642 | controlling company. Upon the failure of the person or  
2643 | affiliated person to request a hearing within 7 days, or upon a  
2644 | determination at a hearing convened pursuant to this subsection  
2645 | that the person or affiliated person has acquired voting  
2646 | securities of a domestic stock insurer or controlling company in  
2647 | violation of this section, the office may order the person and  
2648 | affiliated person to divest themselves of any voting securities  
2649 | so acquired.

2650 |       (12) A presumption of control may be rebutted by filing a



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2651 disclaimer of control. Any person may file a disclaimer of  
2652 control with the office. The disclaimer must fully disclose all  
2653 material relationships and bases for affiliation between the  
2654 person and the insurer as well as the basis for disclaiming the  
2655 affiliation. The disclaimer of control shall be filed on a form  
2656 prescribed by the office, or a person or acquiring party may  
2657 file a disclaimer of control by filing with the office a copy of  
2658 a Schedule 13G on file with the Securities and Exchange  
2659 Commission pursuant to Rules 13d-1(b) or 13d-1(c) under the  
2660 Securities Exchange Act of 1934, as amended. After a disclaimer  
2661 is filed, the insurer is relieved of any duty to register or  
2662 report under this section which may arise out of the insurer's  
2663 relationship with the person unless the office disallows the  
2664 disclaimer.

2665 ~~(a) For the purpose of this section, the term "affiliated~~  
2666 ~~person" of another person means:~~

2667 ~~1. The spouse of such other person;~~

2668 ~~2. The parents of such other person and their lineal~~  
2669 ~~descendants and the parents of such other person's spouse and~~  
2670 ~~their lineal descendants;~~

2671 ~~3. Any person who directly or indirectly owns or controls,~~  
2672 ~~or holds with power to vote, 5 percent or more of the~~  
2673 ~~outstanding voting securities of such other person;~~

2674 ~~4. Any person 5 percent or more of the outstanding voting~~  
2675 ~~securities of which are directly or indirectly owned or~~



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2676 ~~controlled, or held with power to vote, by such other person;~~

2677 ~~5. Any person or group of persons who directly or~~  
2678 ~~indirectly control, are controlled by, or are under common~~  
2679 ~~control with such other person;~~

2680 ~~6. Any officer, director, partner, copartner, or employee~~  
2681 ~~of such other person;~~

2682 ~~7. If such other person is an investment company, any~~  
2683 ~~investment adviser of such company or any member of an advisory~~  
2684 ~~board of such company;~~

2685 ~~8. If such other person is an unincorporated investment~~  
2686 ~~company not having a board of directors, the depositor of such~~  
2687 ~~company; or~~

2688 ~~9. Any person who has entered into an agreement, written~~  
2689 ~~or unwritten, to act in concert with such other person in~~  
2690 ~~acquiring or limiting the disposition of securities of a~~  
2691 ~~domestic stock insurer or controlling company.~~

2692 ~~(b) For the purposes of this section, the term~~  
2693 ~~"controlling company" means any corporation, trust, or~~  
2694 ~~association owning, directly or indirectly, 25 percent or more~~  
2695 ~~of the voting securities of one or more domestic stock insurance~~  
2696 ~~companies.~~

2697 Section 53. Subsection (11) of section 631.717, Florida  
2698 Statutes, is amended to read:

2699 631.717 Powers and duties of the association.—

2700 (11) The association shall not be liable for any civil



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2701 | action under s. 624.155 arising from any acts alleged to have  
2702 | been committed by a member insurer prior to its liquidation.  
2703 | ~~This subsection does not affect the association's obligation to~~  
2704 | ~~pay valid insurance policy or contract claims if warranted after~~  
2705 | ~~its independent de novo review of the policies, contracts, and~~  
2706 | ~~claims presented to it, whether domestic or foreign, after a~~  
2707 | ~~Florida domestic rehabilitation or a liquidation.~~

2708 |       Section 54. Section 631.737, Florida Statutes, is amended  
2709 | to read:

2710 |       631.737 Rescission and review generally.—The association  
2711 | shall review claims and matters regarding covered policies based  
2712 | upon the record available to it on and after the date of  
2713 | liquidation. Notwithstanding any other provision of this part,  
2714 | to allow for orderly claims administration by the association,  
2715 | entry of a liquidation order by a court of competent  
2716 | jurisdiction shall be deemed to toll for 1 year any rescission  
2717 | or noncontestable period allowed by the contract, the policy, or  
2718 | by law. The association must pay valid insurance policy or  
2719 | contract claims, if warranted, after its independent de novo  
2720 | review of the policies, contracts, and claims presented to it,  
2721 | whether domestic or foreign, after a rehabilitation or a  
2722 | liquidation.

2723 |       Section 55. Subsections (6) and (7) of section 634.406,  
2724 | Florida Statutes, are amended to read:

2725 |       634.406 Financial requirements.—



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2726 (6) An association that ~~which~~ holds a license under this  
2727 part ~~and which does not hold any other license under this~~  
2728 ~~chapter~~ may allow its premiums for service warranties written  
2729 under this part to exceed the ratio to net assets limitations of  
2730 this section if the association meets all of the following:

2731 (a) Maintains net assets of at least \$750,000.

2732 (b) Uses ~~Utilizes~~ a contractual liability insurance policy  
2733 approved by the office that: ~~which~~

2734 1. Reimburses the service warranty association for 100  
2735 percent of its claims liability and is issued by an insurer that  
2736 maintains a policyholder surplus of at least \$100 million; or

2737 2. Complies with the requirements of subsection (3) and is  
2738 issued by an insurer that maintains a policyholder surplus of at  
2739 least \$200 million.

2740 (c) The insurer issuing the contractual liability  
2741 insurance policy:

2742 1. ~~Maintains a policyholder surplus of at least \$100~~  
2743 ~~million.~~

2744 1.2. Is rated "A" or higher by A.M. Best Company or an  
2745 equivalent rating by another national rating service acceptable  
2746 to the office.

2747 3. ~~Is in no way affiliated with the warranty association.~~

2748 2.4. In conjunction with the warranty association's filing  
2749 of the ~~quarterly and annual~~ report reports, provides, on a form  
2750 prescribed by the commission, a statement certifying the gross



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2751 written premiums in force reported by the warranty association  
2752 and a statement that all of the warranty association's gross  
2753 written premium in force is covered under the contractual  
2754 liability policy, regardless of whether ~~or not~~ it has been  
2755 reported.

2756 ~~(7) A contractual liability policy must insure 100 percent~~  
2757 ~~of an association's claims exposure under all of the~~  
2758 ~~association's service warranty contracts, wherever written,~~  
2759 ~~unless all of the following are satisfied:~~

2760 ~~(a) The contractual liability policy contains a clause~~  
2761 ~~that specifically names the service warranty contract holders as~~  
2762 ~~sole beneficiaries of the contractual liability policy and~~  
2763 ~~claims are paid directly to the person making a claim under the~~  
2764 ~~contract;~~

2765 ~~(b) The contractual liability policy meets all other~~  
2766 ~~requirements of this part, including subsection (3) of this~~  
2767 ~~section, which are not inconsistent with this subsection;~~

2768 ~~(c) The association has been in existence for at least 5~~  
2769 ~~years or the association is a wholly owned subsidiary of a~~  
2770 ~~corporation that has been in existence and has been licensed as~~  
2771 ~~a service warranty association in the state for at least 5~~  
2772 ~~years, and:~~

2773 ~~1. Is listed and traded on a recognized stock exchange; is~~  
2774 ~~listed in NASDAQ (National Association of Security Dealers~~  
2775 ~~Automated Quotation system) and publicly traded in the over the~~



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2776 ~~counter securities market; is required to file either of Form~~  
2777 ~~10-K, Form 100, or Form 20-G with the United States Securities~~  
2778 ~~and Exchange Commission; or has American Depository Receipts~~  
2779 ~~listed on a recognized stock exchange and publicly traded or is~~  
2780 ~~the wholly owned subsidiary of a corporation that is listed and~~  
2781 ~~traded on a recognized stock exchange; is listed in NASDAQ~~  
2782 ~~(National Association of Security Dealers Automated Quotation~~  
2783 ~~system) and publicly traded in the over the counter securities~~  
2784 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~  
2785 ~~with the United States Securities and Exchange Commission; or~~  
2786 ~~has American Depository Receipts listed on a recognized stock~~  
2787 ~~exchange and is publicly traded;~~

2788 ~~2. Maintains outstanding debt obligations, if any, rated~~  
2789 ~~in the top four rating categories by a recognized rating~~  
2790 ~~service;~~

2791 ~~3. Has and maintains at all times a minimum net worth of~~  
2792 ~~not less than \$10 million as evidenced by audited financial~~  
2793 ~~statements prepared by an independent certified public~~  
2794 ~~accountant in accordance with generally accepted accounting~~  
2795 ~~principles and submitted to the office annually; and~~

2796 ~~4. Is authorized to do business in this state; and~~  
2797 ~~(d) The insurer issuing the contractual liability policy:~~

2798 ~~1. Maintains and has maintained for the preceding 5 years,~~  
2799 ~~policyholder surplus of at least \$100 million and is rated "A"~~  
2800 ~~or higher by A.M. Best Company or has an equivalent rating by~~





2801 ~~another rating company acceptable to the office;~~  
 2802       ~~2. Holds a certificate of authority to do business in this~~  
 2803 ~~state and is approved to write this type of coverage; and~~  
 2804       ~~3. Acknowledges to the office quarterly that it insures~~  
 2805 ~~all of the association's claims exposure under contracts~~  
 2806 ~~delivered in this state.~~  
 2807  
 2808 ~~If all the preceding conditions are satisfied, then the scope of~~  
 2809 ~~coverage under a contractual liability policy shall not be~~  
 2810 ~~required to exceed an association's claims exposure under~~  
 2811 ~~service warranty contracts delivered in this state.~~  
 2812       Section 56. Except as otherwise provided in this act, this  
 2813 act shall take effect July 1, 2014.