

1 A bill to be entitled

2 An act relating to property insurance; amending s.
3 624.462, F.S.; conforming a cross-reference; amending
4 s. 627.062, F.S.; prohibiting the office from
5 disapproving a rate as excessive due solely to an
6 admitted carrier purchasing private reinsurance under
7 certain conditions; amending s. 627.0629, F.S.;
8 deleting provisions relating to residential property
9 insurance rate filings; revising provisions relating
10 to increases in total annual base rates; amending s.
11 627.351, F.S.; revising legislative findings;
12 providing reporting requirements for Citizens Property
13 Insurance Corporation; amending s. 627.3511, F.S.;
14 conforming cross-references; amending s. 627.4102,
15 F.S.; providing insurer filing requirements related to
16 personal lines property and casualty forms; providing
17 requirements for the approval, disapproval, and
18 withdrawal of certain forms; amending s. 627.422,
19 F.S.; providing requirements relating to the
20 prohibition of the post loss assignment of rights or
21 benefits under a policy; amending s. 627.701, F.S.;
22 deleting provisions relating to deductibles for
23 certain personal lines residential property insurance
24 policies; amending s. 627.706, F.S.; providing
25 coverage requirements for sinkhole losses; amending s.
26 627.7074, F.S.; deleting a provision that allows a

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27 policyholder to obtain attorney fees under certain
28 circumstances; amending s. 626.854, F.S.; revising
29 provisions relating to public adjuster compensation;
30 prohibiting public adjusters from entering into
31 contracts or accepting a power of attorney for certain
32 purposes; providing an effective date.

33

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

35

36 Section 1. Subsection (5) of section 624.462, Florida
37 Statutes, is amended to read:

38 624.462 Commercial self-insurance funds.—

39 (5) A commercial self-insurance fund created under
40 subparagraph (2)(a)4. shall be an insurer for the purpose of any
41 assessments levied by the Florida Hurricane Catastrophe Fund as
42 provided under s. 215.555 or by the Citizens Property Insurance
43 Corporation as provided under s. 627.351(6)(b)4. ~~627.351(6)(b)3.~~
44 The office shall establish the method for determining the
45 imputed premium that is subject to any such assessment.

46 Section 2. Paragraph (b) of subsection (2) of section
47 627.062, Florida Statutes, is amended to read:

48 627.062 Rate standards.—

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

50 (b) Upon receiving a rate filing, the office shall review
51 the filing to determine if a rate is excessive, inadequate, or
52 unfairly discriminatory. In making that determination, the

53 office shall, in accordance with generally accepted and
54 reasonable actuarial techniques, consider the following factors:

- 55 1. Past and prospective loss experience within and without
56 this state.
- 57 2. Past and prospective expenses.
- 58 3. The degree of competition among insurers for the risk
59 insured.
- 60 4. Investment income reasonably expected by the insurer,
61 consistent with the insurer's investment practices, from
62 investable premiums anticipated in the filing, plus any other
63 expected income from currently invested assets representing the
64 amount expected on unearned premium reserves and loss reserves.
65 The commission may adopt rules using reasonable techniques of
66 actuarial science and economics to specify the manner in which
67 insurers calculate investment income attributable to classes of
68 insurance written in this state and the manner in which
69 investment income is used to calculate insurance rates. Such
70 manner must contemplate allowances for an underwriting profit
71 factor and full consideration of investment income which produce
72 a reasonable rate of return; however, investment income from
73 invested surplus may not be considered.
- 74 5. The reasonableness of the judgment reflected in the
75 filing.
- 76 6. Dividends, savings, or unabsorbed premium deposits
77 allowed or returned to Florida policyholders, members, or
78 subscribers.

79 7. The adequacy of loss reserves.

80 8. The cost of reinsurance. The office may not disapprove
 81 a rate as excessive ~~solely~~ due solely to the insurer having
 82 obtained catastrophic reinsurance to cover the insurer's
 83 estimated 250-year probable maximum loss or any lower level of
 84 loss. The office may not disapprove a rate as excessive due
 85 solely to an admitted carrier purchasing private reinsurance
 86 that would insure against potential deficits within the Florida
 87 Hurricane Catastrophe Fund which the most recent estimate made
 88 pursuant to s. 215.555(4)(c)2. predicts would be funded through
 89 revenue bonds issued under s. 215.555(6).

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

92 10. Conflagration and catastrophe hazards, if applicable.

93 11. Projected hurricane losses, if applicable, which must
 94 be estimated using a model or method found to be acceptable or
 95 reliable by the Florida Commission on Hurricane Loss Projection
 96 Methodology, and as further provided in s. 627.0628.

97 12. A reasonable margin for underwriting profit and
 98 contingencies.

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

100 14. Other relevant factors that affect the frequency or
 101 severity of claims or expenses.

102 Section 3. Subsections (2) and (5) of section 627.0629,
 103 Florida Statutes, are amended to read:

104 627.0629 Residential property insurance; rate filings.—

105 ~~(2) (a) A rate filing for residential property insurance~~
106 ~~made on or before the implementation of paragraph (b) may~~
107 ~~include rate factors that reflect the manner in which building~~
108 ~~code enforcement in a particular jurisdiction addresses the risk~~
109 ~~of wind damage; however, such a rate filing must also provide~~
110 ~~for variations from such rate factors on an individual basis~~
111 ~~based on an inspection of a particular structure by a licensed~~
112 ~~home inspector, which inspection may be at the cost of the~~
113 ~~insured.~~

114 ~~(b) A rate filing for residential property insurance made~~
115 ~~more than 150 days after approval by the office of a building~~
116 ~~code rating factor plan submitted by a statewide rating~~
117 ~~organization shall include positive and negative rate factors~~
118 ~~that reflect the manner in which building code enforcement in a~~
119 ~~particular jurisdiction addresses risk of wind damage. The rate~~
120 ~~filing shall include variations from standard rate factors on an~~
121 ~~individual basis based on inspection of a particular structure~~
122 ~~by a licensed home inspector. If an inspection is requested by~~
123 ~~the insured, the insurer may require the insured to pay the~~
124 ~~reasonable cost of the inspection. This paragraph applies to~~
125 ~~structures constructed or renovated after the implementation of~~
126 ~~this paragraph.~~

127 ~~(c) The premium notice shall specify the amount by which~~
128 ~~the rate has been adjusted as a result of this subsection and~~
129 ~~shall also specify the maximum possible positive and negative~~
130 ~~adjustments that are approved for use by the insurer under this~~

131 ~~subsection.~~

132 (4)~~(5)~~ In order to provide an appropriate transition
 133 period, an insurer may implement an approved rate filing for
 134 residential property insurance over a period of years. Such
 135 insurer must provide an informational notice to the office
 136 setting out its schedule for implementation of the phased-in
 137 rate filing. The insurer may include in its rate the actual cost
 138 of private market reinsurance that corresponds to ~~available~~
 139 coverage of the Temporary Increase in Coverage Limits, TICL,
 140 from the Florida Hurricane Catastrophe Fund. The inclusion of
 141 such costs, in isolation, may not ~~insurer may also include the~~
 142 ~~cost of reinsurance to replace the TICL reduction implemented~~
 143 ~~pursuant to s. 215.555(16)(d)9. However, this cost for~~
 144 ~~reinsurance may not include any expense or profit load or result~~
 145 in a total annual base rate increase in excess of 10 percent.

146 Section 4. Paragraphs (a) and (b) of subsection (6) of
 147 section 627.351, Florida Statutes, are amended to read:

148 627.351 Insurance risk apportionment plans.—

149 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

153 1. The Legislature finds that private insurers are
 154 ~~unwilling or~~ unable to provide actuarially sound ~~affordable~~
 155 property insurance coverage in this state to the extent sought
 156 and needed. The absence of ~~affordable~~ property insurance

157 threatens the public health, safety, and welfare and likewise
158 threatens the economic health of the state. The state therefore
159 has a compelling public interest and a public purpose to assist
160 in assuring that property in the state is insured and that it is
161 insured at actuarially sound ~~affordable~~ rates so as to
162 facilitate the remediation, reconstruction, and replacement of
163 damaged or destroyed property in order to reduce or avoid the
164 negative effects otherwise resulting to the public health,
165 safety, and welfare, to the economy of the state, and to the
166 revenues of the state and local governments which are needed to
167 provide for the public welfare. It is necessary, therefore, to
168 provide actuarially sound ~~affordable~~ property insurance that is
169 noncompetitive to the private market to applicants who are in
170 good faith entitled to procure insurance through the voluntary
171 market but are unable to do so. The Legislature intends,
172 therefore, that actuarially sound ~~affordable~~ property insurance
173 that is noncompetitive to the private market be provided and
174 that it continue to be provided, as long as necessary, through
175 Citizens Property Insurance Corporation, a government entity
176 that is an integral part of the state, and that is not a private
177 insurance company. To that end, the corporation shall strive to
178 increase the availability of actuarially sound ~~affordable~~
179 property insurance in this state, with rates that are adequate
180 enough to cover the risk and expected losses while achieving
181 efficiencies and economies, and while providing service to
182 policyholders, applicants, and agents which is no less than the

183 quality generally provided in the voluntary market, for the
184 achievement of the foregoing public purposes. It is imperative
185 that the state does not undermine the private market by
186 providing insurance at rates that are below a sustainable,
187 actuarially sound rate required by the private market,
188 particularly where the rates are insufficient to cover expected
189 losses following a catastrophic event. Because it is essential
190 for this government entity to have the maximum financial
191 resources to pay claims following a catastrophic hurricane, it
192 is the intent of the Legislature that the corporation continue
193 to be an integral part of the state and that the income of the
194 corporation be exempt from federal income taxation and that
195 interest on the debt obligations issued by the corporation be
196 exempt from federal income taxation.

197 2. The Residential Property and Casualty Joint
198 Underwriting Association originally created by this statute
199 shall be known as the Citizens Property Insurance Corporation.
200 The corporation shall provide insurance for residential and
201 commercial property, for applicants who are entitled, but, in
202 good faith, are unable to procure insurance through the
203 voluntary market. The corporation shall operate pursuant to a
204 plan of operation approved by order of the Financial Services
205 Commission. The plan is subject to continuous review by the
206 commission. The commission may, by order, withdraw approval of
207 all or part of a plan if the commission determines that
208 conditions have changed since approval was granted and that the

209 purposes of the plan require changes in the plan. For the
210 purposes of this subsection, residential coverage includes both
211 personal lines residential coverage, which consists of the type
212 of coverage provided by homeowner's, mobile home owner's,
213 dwelling, tenant's, condominium unit owner's, and similar
214 policies; and commercial lines residential coverage, which
215 consists of the type of coverage provided by condominium
216 association, apartment building, and similar policies.

217 3. With respect to coverage for personal lines residential
218 structures:

219 a. Effective January 1, 2014, a structure that has a
220 dwelling replacement cost of \$1 million or more, or a single
221 condominium unit that has a combined dwelling and contents
222 replacement cost of \$1 million or more is not eligible for
223 coverage by the corporation. Such dwellings insured by the
224 corporation on December 31, 2013, may continue to be covered by
225 the corporation until the end of the policy term. The office
226 shall approve the method used by the corporation for valuing the
227 dwelling replacement cost for the purposes of this subparagraph.
228 If a policyholder is insured by the corporation before being
229 determined to be ineligible pursuant to this subparagraph and
230 such policyholder files a lawsuit challenging the determination,
231 the policyholder may remain insured by the corporation until the
232 conclusion of the litigation.

233 b. Effective January 1, 2015, a structure that has a
234 dwelling replacement cost of \$900,000 or more, or a single

235 condominium unit that has a combined dwelling and contents
236 replacement cost of \$900,000 or more, is not eligible for
237 coverage by the corporation. Such dwellings insured by the
238 corporation on December 31, 2014, may continue to be covered by
239 the corporation only until the end of the policy term.

240 c. Effective January 1, 2016, a structure that has a
241 dwelling replacement cost of \$800,000 or more, or a single
242 condominium unit that has a combined dwelling and contents
243 replacement cost of \$800,000 or more, is not eligible for
244 coverage by the corporation. Such dwellings insured by the
245 corporation on December 31, 2015, may continue to be covered by
246 the corporation until the end of the policy term.

247 d. Effective January 1, 2017, a structure that has a
248 dwelling replacement cost of \$700,000 or more, or a single
249 condominium unit that has a combined dwelling and contents
250 replacement cost of \$700,000 or more, is not eligible for
251 coverage by the corporation. Such dwellings insured by the
252 corporation on December 31, 2016, may continue to be covered by
253 the corporation until the end of the policy term.

254
255 The requirements of sub-subparagraphs b.-d. do not apply in
256 counties where the office determines there is not a reasonable
257 degree of competition. In such counties a personal lines
258 residential structure that has a dwelling replacement cost of
259 less than \$1 million, or a single condominium unit that has a
260 combined dwelling and contents replacement cost of less than \$1

261 million, is eligible for coverage by the corporation.

262 4. It is the intent of the Legislature that policyholders,
263 applicants, and agents of the corporation receive service and
264 treatment of the highest possible level but never less than that
265 generally provided in the voluntary market. It is also intended
266 that the corporation be held to service standards no less than
267 those applied to insurers in the voluntary market by the office
268 with respect to responsiveness, timeliness, customer courtesy,
269 and overall dealings with policyholders, applicants, or agents
270 of the corporation.

271 5.a. Effective January 1, 2009, a personal lines
272 residential structure that is located in the "wind-borne debris
273 region," as defined in s. 1609.2, International Building Code
274 (2006), and that has an insured value on the structure of
275 \$750,000 or more is not eligible for coverage by the corporation
276 unless the structure has opening protections as required under
277 the Florida Building Code for a newly constructed residential
278 structure in that area. A residential structure is deemed to
279 comply with this subparagraph if it has shutters or opening
280 protections on all openings and if such opening protections
281 complied with the Florida Building Code at the time they were
282 installed.

283 b. Any major structure as defined in s. 161.54(6)(a) for
284 which a permit is applied on or after July 1, 2014, for new
285 construction or substantial improvement as defined in s.
286 161.54(12) is not eligible for coverage by the corporation if

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287 the structure is seaward of the coastal construction control
288 line established pursuant to s. 161.053 or is within the Coastal
289 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
290 3510.

291 (b)1. In May and October of each year, the corporation
292 shall submit to the Governor, the President of the Senate, and
293 the Speaker of the House of Representatives a statement of the
294 corporation's estimated borrowing capacity within the next 12-
295 month period, the corporation's estimated claims-paying
296 capacity, and the estimated balance of the corporation as of
297 December 31 of that calendar year. Such estimates shall take
298 into account the simultaneous borrowing of private capital by
299 the corporation, the Florida Hurricane Catastrophe Fund, and the
300 Florida Insurance Guaranty Association after a catastrophic
301 event.

302 2. All insurers authorized to write one or more subject
303 lines of business in this state are subject to assessment by the
304 corporation and, for the purposes of this subsection, are
305 referred to collectively as "assessable insurers." Insurers
306 writing one or more subject lines of business in this state
307 pursuant to part VIII of chapter 626 are not assessable
308 insurers, but insureds who procure one or more subject lines of
309 business in this state pursuant to part VIII of chapter 626 are
310 subject to assessment by the corporation and are referred to
311 collectively as "assessable insureds." An insurer's assessment
312 liability begins on the first day of the calendar year following

313 the year in which the insurer was issued a certificate of
314 authority to transact insurance for subject lines of business in
315 this state and terminates 1 year after the end of the first
316 calendar year during which the insurer no longer holds a
317 certificate of authority to transact insurance for subject lines
318 of business in this state.

319 3.a.2.a. All revenues, assets, liabilities, losses, and
320 expenses of the corporation shall be divided into three separate
321 accounts as follows:

322 (I) A personal lines account for personal residential
323 policies issued by the corporation, or issued by the Residential
324 Property and Casualty Joint Underwriting Association and renewed
325 by the corporation, which provides comprehensive, multiperil
326 coverage on risks that are not located in areas eligible for
327 coverage by the Florida Windstorm Underwriting Association as
328 those areas were defined on January 1, 2002, and for policies
329 that do not provide coverage for the peril of wind on risks that
330 are located in such areas;

331 (II) A commercial lines account for commercial residential
332 and commercial nonresidential policies issued by the
333 corporation, or issued by the Residential Property and Casualty
334 Joint Underwriting Association and renewed by the corporation,
335 which provides coverage for basic property perils on risks that
336 are not located in areas eligible for coverage by the Florida
337 Windstorm Underwriting Association as those areas were defined
338 on January 1, 2002, and for policies that do not provide

339 coverage for the peril of wind on risks that are located in such
340 areas; and

341 (III) A coastal account for personal residential policies
342 and commercial residential and commercial nonresidential
343 property policies issued by the corporation, or transferred to
344 the corporation, which provides coverage for the peril of wind
345 on risks that are located in areas eligible for coverage by the
346 Florida Windstorm Underwriting Association as those areas were
347 defined on January 1, 2002. The corporation may offer policies
348 that provide multiperil coverage and the corporation shall
349 continue to offer policies that provide coverage only for the
350 peril of wind for risks located in areas eligible for coverage
351 in the coastal account. In issuing multiperil coverage, the
352 corporation may use its approved policy forms and rates for the
353 personal lines account. An applicant or insured who is eligible
354 to purchase a multiperil policy from the corporation may
355 purchase a multiperil policy from an authorized insurer without
356 prejudice to the applicant's or insured's eligibility to
357 prospectively purchase a policy that provides coverage only for
358 the peril of wind from the corporation. An applicant or insured
359 who is eligible for a corporation policy that provides coverage
360 only for the peril of wind may elect to purchase or retain such
361 policy and also purchase or retain coverage excluding wind from
362 an authorized insurer without prejudice to the applicant's or
363 insured's eligibility to prospectively purchase a policy that
364 provides multiperil coverage from the corporation. It is the

365 goal of the Legislature that there be an overall average savings
366 of 10 percent or more for a policyholder who currently has a
367 wind-only policy with the corporation, and an ex-wind policy
368 with a voluntary insurer or the corporation, and who obtains a
369 multiperil policy from the corporation. It is the intent of the
370 Legislature that the offer of multiperil coverage in the coastal
371 account be made and implemented in a manner that does not
372 adversely affect the tax-exempt status of the corporation or
373 creditworthiness of or security for currently outstanding
374 financing obligations or credit facilities of the coastal
375 account, the personal lines account, or the commercial lines
376 account. The coastal account must also include quota share
377 primary insurance under subparagraph (c)2. The area eligible for
378 coverage under the coastal account also includes the area within
379 Port Canaveral, which is bordered on the south by the City of
380 Cape Canaveral, bordered on the west by the Banana River, and
381 bordered on the north by Federal Government property.

382 b. The three separate accounts must be maintained as long
383 as financing obligations entered into by the Florida Windstorm
384 Underwriting Association or Residential Property and Casualty
385 Joint Underwriting Association are outstanding, in accordance
386 with the terms of the corresponding financing documents. If the
387 financing obligations are no longer outstanding, the corporation
388 may use a single account for all revenues, assets, liabilities,
389 losses, and expenses of the corporation. Consistent with this
390 subparagraph and prudent investment policies that minimize the

391 cost of carrying debt, the board shall exercise its best efforts
392 to retire existing debt or obtain the approval of necessary
393 parties to amend the terms of existing debt, so as to structure
394 the most efficient plan to consolidate the three separate
395 accounts into a single account.

396 c. Creditors of the Residential Property and Casualty
397 Joint Underwriting Association and the accounts specified in
398 sub-sub-subparagraphs a.(I) and (II) may have a claim against,
399 and recourse to, those accounts and no claim against, or
400 recourse to, the account referred to in sub-sub-subparagraph
401 a.(III). Creditors of the Florida Windstorm Underwriting
402 Association have a claim against, and recourse to, the account
403 referred to in sub-sub-subparagraph a.(III) and no claim
404 against, or recourse to, the accounts referred to in sub-sub-
405 subparagraphs a.(I) and (II).

406 d. Revenues, assets, liabilities, losses, and expenses not
407 attributable to particular accounts shall be prorated among the
408 accounts.

409 e. The Legislature finds that the revenues of the
410 corporation are revenues that are necessary to meet the
411 requirements set forth in documents authorizing the issuance of
412 bonds under this subsection.

413 f. The income of the corporation may not inure to the
414 benefit of any private person.

415 4.3. With respect to a deficit in an account:

416 a. After accounting for the Citizens policyholder

417 | surcharge imposed under sub-subparagraph i., if the remaining
418 | projected deficit incurred in the coastal account in a
419 | particular calendar year:

420 | (I) Is not greater than 2 percent of the aggregate
421 | statewide direct written premium for the subject lines of
422 | business for the prior calendar year, the entire deficit shall
423 | be recovered through regular assessments of assessable insurers
424 | under paragraph (q) and assessable insureds.

425 | (II) Exceeds 2 percent of the aggregate statewide direct
426 | written premium for the subject lines of business for the prior
427 | calendar year, the corporation shall levy regular assessments on
428 | assessable insurers under paragraph (q) and on assessable
429 | insureds in an amount equal to the greater of 2 percent of the
430 | projected deficit or 2 percent of the aggregate statewide direct
431 | written premium for the subject lines of business for the prior
432 | calendar year. Any remaining projected deficit shall be
433 | recovered through emergency assessments under sub-subparagraph
434 | d.

435 | b. Each assessable insurer's share of the amount being
436 | assessed under sub-subparagraph a. must be in the proportion
437 | that the assessable insurer's direct written premium for the
438 | subject lines of business for the year preceding the assessment
439 | bears to the aggregate statewide direct written premium for the
440 | subject lines of business for that year. The assessment
441 | percentage applicable to each assessable insured is the ratio of
442 | the amount being assessed under sub-subparagraph a. to the

443 aggregate statewide direct written premium for the subject lines
444 of business for the prior year. Assessments levied by the
445 corporation on assessable insurers under sub-subparagraph a.
446 must be paid as required by the corporation's plan of operation
447 and paragraph (q). Assessments levied by the corporation on
448 assessable insureds under sub-subparagraph a. shall be collected
449 by the surplus lines agent at the time the surplus lines agent
450 collects the surplus lines tax required by s. 626.932, and paid
451 to the Florida Surplus Lines Service Office at the time the
452 surplus lines agent pays the surplus lines tax to that office.
453 Upon receipt of regular assessments from surplus lines agents,
454 the Florida Surplus Lines Service Office shall transfer the
455 assessments directly to the corporation as determined by the
456 corporation.

457 c. After accounting for the Citizens policyholder
458 surcharge imposed under sub-subparagraph i., the remaining
459 projected deficits in the personal lines account and in the
460 commercial lines account in a particular calendar year shall be
461 recovered through emergency assessments under sub-subparagraph
462 d.

463 d. Upon a determination by the board of governors that a
464 projected deficit in an account exceeds the amount that is
465 expected to be recovered through regular assessments under sub-
466 subparagraph a., plus the amount that is expected to be
467 recovered through surcharges under sub-subparagraph i., the
468 board, after verification by the office, shall levy emergency

469 assessments for as many years as necessary to cover the
470 deficits, to be collected by assessable insurers and the
471 corporation and collected from assessable insureds upon issuance
472 or renewal of policies for subject lines of business, excluding
473 National Flood Insurance policies. The amount collected in a
474 particular year must be a uniform percentage of that year's
475 direct written premium for subject lines of business and all
476 accounts of the corporation, excluding National Flood Insurance
477 Program policy premiums, as annually determined by the board and
478 verified by the office. The office shall verify the arithmetic
479 calculations involved in the board's determination within 30
480 days after receipt of the information on which the determination
481 was based. The office shall notify assessable insurers and the
482 Florida Surplus Lines Service Office of the date on which
483 assessable insurers shall begin to collect and assessable
484 insureds shall begin to pay such assessment. The date may be not
485 less than 90 days after the date the corporation levies
486 emergency assessments pursuant to this sub-subparagraph.
487 Notwithstanding any other provision of law, the corporation and
488 each assessable insurer that writes subject lines of business
489 shall collect emergency assessments from its policyholders
490 without such obligation being affected by any credit,
491 limitation, exemption, or deferment. Emergency assessments
492 levied by the corporation on assessable insureds shall be
493 collected by the surplus lines agent at the time the surplus
494 lines agent collects the surplus lines tax required by s.

495 626.932 and paid to the Florida Surplus Lines Service Office at
496 the time the surplus lines agent pays the surplus lines tax to
497 that office. The emergency assessments collected shall be
498 transferred directly to the corporation on a periodic basis as
499 determined by the corporation and held by the corporation solely
500 in the applicable account. The aggregate amount of emergency
501 assessments levied for an account under this sub-subparagraph in
502 any calendar year may be less than but not exceed the greater of
503 10 percent of the amount needed to cover the deficit, plus
504 interest, fees, commissions, required reserves, and other costs
505 associated with financing the original deficit, or 10 percent of
506 the aggregate statewide direct written premium for subject lines
507 of business and all accounts of the corporation for the prior
508 year, plus interest, fees, commissions, required reserves, and
509 other costs associated with financing the deficit.

510 e. The corporation may pledge the proceeds of assessments,
511 projected recoveries from the Florida Hurricane Catastrophe
512 Fund, other insurance and reinsurance recoverables, policyholder
513 surcharges and other surcharges, and other funds available to
514 the corporation as the source of revenue for and to secure bonds
515 issued under paragraph (q), bonds or other indebtedness issued
516 under subparagraph (c)3., or lines of credit or other financing
517 mechanisms issued or created under this subsection, or to retire
518 any other debt incurred as a result of deficits or events giving
519 rise to deficits, or in any other way that the board determines
520 will efficiently recover such deficits. The purpose of the lines

521 of credit or other financing mechanisms is to provide additional
522 resources to assist the corporation in covering claims and
523 expenses attributable to a catastrophe. As used in this
524 subsection, the term "assessments" includes regular assessments
525 under sub-subparagraph a. or subparagraph (q)1. and emergency
526 assessments under sub-subparagraph d. Emergency assessments
527 collected under sub-subparagraph d. are not part of an insurer's
528 rates, are not premium, and are not subject to premium tax,
529 fees, or commissions; however, failure to pay the emergency
530 assessment shall be treated as failure to pay premium. The
531 emergency assessments under sub-subparagraph d. shall continue
532 as long as any bonds issued or other indebtedness incurred with
533 respect to a deficit for which the assessment was imposed remain
534 outstanding, unless adequate provision has been made for the
535 payment of such bonds or other indebtedness pursuant to the
536 documents governing such bonds or indebtedness.

537 f. As used in this subsection for purposes of any deficit
538 incurred on or after January 25, 2007, the term "subject lines
539 of business" means insurance written by assessable insurers or
540 procured by assessable insureds for all property and casualty
541 lines of business in this state, but not including workers'
542 compensation or medical malpractice. As used in this sub-
543 subparagraph, the term "property and casualty lines of business"
544 includes all lines of business identified on Form 2, Exhibit of
545 Premiums and Losses, in the annual statement required of
546 authorized insurers under s. 624.424 and any rule adopted under

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547 | this section, except for those lines identified as accident and
548 | health insurance and except for policies written under the
549 | National Flood Insurance Program or the Federal Crop Insurance
550 | Program. For purposes of this sub-subparagraph, the term
551 | "workers' compensation" includes both workers' compensation
552 | insurance and excess workers' compensation insurance.

553 | g. The Florida Surplus Lines Service Office shall
554 | determine annually the aggregate statewide written premium in
555 | subject lines of business procured by assessable insureds and
556 | report that information to the corporation in a form and at a
557 | time the corporation specifies to ensure that the corporation
558 | can meet the requirements of this subsection and the
559 | corporation's financing obligations.

560 | h. The Florida Surplus Lines Service Office shall verify
561 | the proper application by surplus lines agents of assessment
562 | percentages for regular assessments and emergency assessments
563 | levied under this subparagraph on assessable insureds and assist
564 | the corporation in ensuring the accurate, timely collection and
565 | payment of assessments by surplus lines agents as required by
566 | the corporation.

567 | i. In 2008 or thereafter, upon a determination by the
568 | board of governors that an account has a projected deficit, the
569 | board shall levy a Citizens policyholder surcharge against all
570 | policyholders of the corporation.

571 | (I) The surcharge shall be levied as a uniform percentage
572 | of the premium for the policy of up to 15 percent of such

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573 premium, which funds shall be used to offset the deficit.

574 (II) The surcharge is payable upon cancellation or
575 termination of the policy, upon renewal of the policy, or upon
576 issuance of a new policy by the corporation within the first 12
577 months after the date of the levy or the period of time
578 necessary to fully collect the surcharge amount.

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

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

587 j. If the amount of any assessments or surcharges
588 collected from corporation policyholders, assessable insurers or
589 their policyholders, or assessable insureds exceeds the amount
590 of the deficits, such excess amounts shall be remitted to and
591 retained by the corporation in a reserve to be used by the
592 corporation, as determined by the board of governors and
593 approved by the office, to pay claims or reduce any past,
594 present, or future plan-year deficits or to reduce outstanding
595 debt.

596 Section 5. Subsection (3) and paragraphs (d), (e), and (f)
597 of subsection (6) of section 627.3511, Florida Statutes, are
598 amended to read:

599 627.3511 Depopulation of Citizens Property Insurance
600 Corporation.—

601 (3) EXEMPTION FROM DEFICIT ASSESSMENTS.—

602 (a) The calculation of an insurer's assessment liability
603 under s. 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~ shall, for an
604 insurer that in any calendar year removes 50,000 or more risks
605 from the Citizens Property Insurance Corporation, either by
606 issuance of a policy upon expiration or cancellation of the
607 corporation policy or by assumption of the corporation's
608 obligations with respect to in-force policies, exclude such
609 removed policies for the succeeding 3 years, as follows:

610 1. In the first year following removal of the risks, the
611 risks are excluded from the calculation to the extent of 100
612 percent.

613 2. In the second year following removal of the risks, the
614 risks are excluded from the calculation to the extent of 75
615 percent.

616 3. In the third year following removal of the risks, the
617 risks are excluded from the calculation to the extent of 50
618 percent.

619
620 If the removal of risks is accomplished through assumption of
621 obligations with respect to in-force policies, the corporation
622 shall pay to the assuming insurer all unearned premium with
623 respect to such policies less any policy acquisition costs
624 agreed to by the corporation and assuming insurer. The term

625 "policy acquisition costs" is defined as costs of issuance of
626 the policy by the corporation which includes agent commissions,
627 servicing company fees, and premium tax. This paragraph does not
628 apply to an insurer that, at any time within 5 years before
629 removing the risks, had a market share in excess of 0.1 percent
630 of the statewide aggregate gross direct written premium for any
631 line of property insurance, or to an affiliate of such an
632 insurer. This paragraph does not apply unless either at least 40
633 percent of the risks removed from the corporation are located in
634 Miami-Dade, Broward, and Palm Beach Counties, or at least 30
635 percent of the risks removed from the corporation are located in
636 such counties and an additional 50 percent of the risks removed
637 from the corporation are located in other coastal counties.

638 (b) An insurer that first wrote personal lines residential
639 property coverage in this state on or after July 1, 1994, is
640 exempt from regular deficit assessments imposed pursuant to s.
641 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~, but not emergency
642 assessments collected from policyholders pursuant to s.
643 627.351(6)(b)4.d. ~~627.351(6)(b)3.d.~~, of the Citizens Property
644 Insurance Corporation until the earlier of the following:

- 645 1. The end of the calendar year in which it first wrote
646 0.5 percent or more of the statewide aggregate direct written
647 premium for any line of residential property coverage; or
648 2. December 31, 1997, or December 31 of the third year in
649 which it wrote such coverage in this state, whichever is later.

650 (c) Other than an insurer that is exempt under paragraph

651 (b), an insurer that in any calendar year increases its total
652 structure exposure subject to wind coverage by 25 percent or
653 more over its exposure for the preceding calendar year is, with
654 respect to that year, exempt from deficit assessments imposed
655 pursuant to s. 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~, but not
656 emergency assessments collected from policyholders pursuant to
657 s. 627.351(6)(b)4.d. ~~627.351(6)(b)3.d.~~, of the Citizens Property
658 Insurance Corporation attributable to such increase in exposure.

659 (d) Any exemption or credit from regular assessments
660 authorized by this section shall last no longer than 3 years
661 following the cancellation or expiration of the policy by the
662 corporation. With the approval of the office, the board may
663 extend such credits for an additional year if the insurer
664 guarantees an additional year of renewability for all policies
665 removed from the corporation, or for 2 additional years if the
666 insurer guarantees 2 additional years of renewability for all
667 policies so removed.

668 (6) COMMERCIAL RESIDENTIAL TAKE-OUT PLANS.—

669 (d) The calculation of an insurer's regular assessment
670 liability under s. 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~, but not
671 emergency assessments collected from policyholders pursuant to
672 s. 627.351(6)(b)4.d. ~~627.351(6)(b)3.d.~~, shall, with respect to
673 commercial residential policies removed from the corporation
674 under an approved take-out plan, exclude such removed policies
675 for the succeeding 3 years, as follows:

676 1. In the first year following removal of the policies,

677 the policies are excluded from the calculation to the extent of
 678 100 percent.

679 2. In the second year following removal of the policies,
 680 the policies are excluded from the calculation to the extent of
 681 75 percent.

682 3. In the third year following removal of the policies,
 683 the policies are excluded from the calculation to the extent of
 684 50 percent.

685 (e) An insurer that first wrote commercial residential
 686 property coverage in this state on or after June 1, 1996, is
 687 exempt from regular assessments under s. 627.351(6)(b)4.a.
 688 ~~627.351(6)(b)3.a.~~, but not emergency assessments collected from
 689 policyholders pursuant to s. 627.351(6)(b)4.d.
 690 ~~627.351(6)(b)3.d.~~, with respect to commercial residential
 691 policies until the earlier of:

692 1. The end of the calendar year in which such insurer
 693 first wrote 0.5 percent or more of the statewide aggregate
 694 direct written premium for commercial residential property
 695 coverage; or

696 2. December 31 of the third year in which such insurer
 697 wrote commercial residential property coverage in this state.

698 (f) An insurer that is not otherwise exempt from regular
 699 assessments under s. 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~ with
 700 respect to commercial residential policies is, for any calendar
 701 year in which such insurer increased its total commercial
 702 residential hurricane exposure by 25 percent or more over its

703 exposure for the preceding calendar year, exempt from regular
 704 assessments under s. 627.351(6)(b)4.a. ~~627.351(6)(b)3.a.~~, but
 705 not emergency assessments collected from policyholders pursuant
 706 to s. 627.351(6)(b)4.d. ~~627.351(6)(b)3.d.~~, attributable to such
 707 increased exposure.

708 Section 6. Subsections (1), (2), and (5) of section
 709 627.4102, Florida Statutes, are amended to read:

710 627.4102 Informational filing of forms.—

711 (1)(a) Property and casualty forms, except workers'
 712 compensation forms and except as provided in subsection (2) for
 713 personal lines forms, are exempt from the approval process
 714 required under s. 627.410 if:

715 1.(a) The form is ~~has been~~ electronically submitted to the
 716 office in an informational filing made through I-File 30 days
 717 before the delivery or issuance for delivery of the form within
 718 this state, except as provided in subsection (2) for personal
 719 lines forms; and

720 2.(b) At the time the informational filing is made, a
 721 notarized certification is attached to the filing certifying
 722 ~~that certifies~~ that each form within the filing complies ~~is in~~
 723 ~~compliance~~ with all applicable state laws and rules. The
 724 certification must be on the insurer's letterhead and signed and
 725 dated by the insurer's president, chief executive officer,
 726 general counsel, or an employee of the insurer responsible for
 727 the filing on behalf of the insurer. The certification must
 728 contain the following statement, and no other language: "I,

729 ... (name) ..., as ... (title) ... of ... (insurer name) ..., ~~do~~
 730 ~~hereby~~ certify that this form filing has been thoroughly and
 731 diligently reviewed by myself ~~me~~ and by all appropriate company
 732 personnel, as well as company consultants, if applicable, and
 733 certify that each form contained within the filing complies ~~is~~
 734 ~~in compliance~~ with all applicable Florida laws and rules. If
 735 ~~Should~~ a form is ~~be~~ found ~~not~~ to be out of ~~in~~ compliance with
 736 any Florida law or rule ~~laws and rules~~, I acknowledge that the
 737 Office of Insurance Regulation shall disapprove the form."

738 (b)-(2) If the filing contains a form that does ~~is~~ not
 739 comply ~~in compliance~~ with state laws and rules, the form filing,
 740 at the discretion of the office, is subject to prior review and
 741 approval pursuant to s. 627.410, and the period for review and
 742 approval established under s. 627.410(2) begins to run on the
 743 date that the office notifies the insurer of the discovery of
 744 the noncompliant form.

745 (2) Except as provided in this subsection, personal lines
 746 property and casualty forms are exempt from the approval process
 747 required under s. 627.410 and may be filed in accordance with
 748 subsection (1). Notwithstanding subparagraph (1)(a)1., a
 749 personal lines form must be submitted to the office at least 90
 750 days before the delivery or issuance for delivery of the form
 751 within this state. Upon expiration of the 90-day period, the
 752 form is deemed approved unless, before such expiration, the
 753 office affirmatively approves or disapproves the form. The
 754 office's approval of the form constitutes a waiver of any

755 unexpired portion of the 90-day waiting period. However, if
756 before or after expiration of the 90-day period, the office
757 determines that the form does not comply with any law or rule,
758 the office shall disapprove or withdraw its previous approval of
759 the form. Upon the office's disapproval or withdrawal of its
760 previous approval of the form, the insurer must cease using the
761 form until such time that the office approves the disapproves
762 the form or approves a replacement form. The office may require
763 the insurer to replace any disapproved form that has already
764 been issued and to subject the replacement form to prior review
765 and approval pursuant to s. 627.410.

766 ~~(5) The provisions of this section supersede and replace~~
767 ~~the existing order issued by the office exempting specified~~
768 ~~property and casualty forms from the requirements of s. 627.410.~~

769 Section 7. Section 627.422, Florida Statutes, is amended
770 to read:

771 627.422 Assignment of policies.—A policy may be
772 assignable, or not assignable, as provided by its terms. Subject
773 to its terms relating to assignability, any life or health
774 insurance policy under the terms of which the beneficiary may be
775 changed upon the sole request of the policyowner may be assigned
776 either by pledge or transfer of title, by an assignment executed
777 by the policyowner alone and delivered to the insurer, whether
778 or not the pledgee or assignee is the insurer. Any such
779 assignment shall entitle the insurer to deal with the assignee
780 as the owner or pledgee of the policy in accordance with the

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781 terms of the assignment, until the insurer has received at its
782 home office written notice of termination of the assignment or
783 pledge or written notice by or on behalf of some other person
784 claiming some interest in the policy in conflict with the
785 assignment. A property insurance policy may prohibit the post
786 loss assignment of rights, benefits, causes of action, chose in
787 action, or other contractual rights under the policy, except for
788 the limited purposes of naming a contractor a loss payee,
789 payment of attorney fees, and public adjuster fees. Except as
790 provided in this section, any post loss assignment of rights,
791 benefits, causes of action, chose in action, or other
792 contractual rights under a property insurance policy which
793 prohibits such assignment shall render the assignment void.

794 Section 8. Subsection (7) of section 627.701, Florida
795 Statutes, is amended to read:

796 ~~(7) Prior to issuing a personal lines residential property~~
797 ~~insurance policy on or after April 1, 1997, or prior to the~~
798 ~~first renewal of a residential property insurance policy on or~~
799 ~~after April 1, 1997, the insurer must offer a deductible equal~~
800 ~~to \$500 applicable to losses from perils other than hurricane.~~
801 ~~The insurer must provide the policyholder with notice of the~~
802 ~~availability of the deductible specified in this subsection in a~~
803 ~~form approved by the office at least once every 3 years. The~~
804 ~~failure to provide such notice constitutes a violation of this~~
805 ~~code but does not affect the coverage provided under the policy.~~
806 ~~An insurer may require a higher deductible only as part of a~~

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807 ~~deductible program lawfully in effect on June 1, 1996, or as~~
808 ~~part of a similar deductible program.~~

809 Section 9. Paragraph (b) of subsection (1) and subsection
810 (4) of section 627.706, Florida Statutes, are amended to read:

811 627.706 Sinkhole insurance; catastrophic ground cover
812 collapse; definitions.—

813 (1)

814 (b) The insurer shall make available, for an appropriate
815 additional premium, coverage for sinkhole losses on any
816 structure, including the contents of personal property contained
817 therein, in an amount equal to the full amount of coverage on
818 the structure. The insurer may also offer less coverage equal to
819 25 percent or 50 percent of the amount of coverage on the
820 structure, with an appropriate reduction in the additional
821 premium to the extent provided in the form to which the coverage
822 attaches. The insurer may require an inspection of the property
823 before issuance of sinkhole loss coverage. A policy for
824 residential property insurance may include a deductible amount
825 applicable to sinkhole losses equal to 1 percent, 2 percent, 5
826 percent, or 10 percent of the policy dwelling limits, with
827 appropriate premium discounts offered with each deductible
828 amount.

829 (4) An insurer offering sinkhole coverage to policyholders
830 before or after the adoption of s. 30, chapter 2007-1, Laws of
831 Florida, may renew policies pursuant to s. 627.43141 or nonrenew
832 the policies of policyholders maintaining sinkhole coverage at

833 the option of the insurer, and provide an offer of coverage or
834 renewal that includes catastrophic ground cover collapse and
835 excludes sinkhole coverage. Insurers acting in accordance with
836 this subsection are subject to the following requirements:

837 (a) Policyholders must be notified that the renewal or a
838 nonrenewal is for purposes of removing sinkhole coverage, and
839 that the policyholder is being offered a policy that provides
840 coverage for catastrophic ground cover collapse.

841 (b) Policyholders must be provided an actuarially
842 reasonable premium credit or discount for the removal of
843 sinkhole coverage and provision of only catastrophic ground
844 cover collapse.

845 (c) Subject to the provisions of this subsection and the
846 insurer's approved underwriting or insurability guidelines, the
847 insurer shall provide each policyholder with the opportunity to
848 purchase an endorsement to his or her policy providing sinkhole
849 coverage and may require an inspection of the property before
850 issuance of a sinkhole coverage endorsement.

851 (d) Section 624.4305 does not apply to nonrenewal notices
852 issued pursuant to this subsection.

853 Section 10. Paragraph (b) of subsection (15) of section
854 627.7074, Florida Statutes, is amended to read:

855 627.7074 Alternative procedure for resolution of disputed
856 sinkhole insurance claims.—

857 (15) If the insurer timely agrees in writing to comply and
858 timely complies with the recommendation of the neutral

859 evaluator, but the policyholder declines to resolve the matter
 860 in accordance with the recommendation of the neutral evaluator
 861 pursuant to this section:

862 (b) The actions of the insurer are not a confession of
 863 judgment or admission of liability, and the insurer is not
 864 liable for attorney ~~attorney's~~ fees under s. 627.428 or other
 865 provisions of the insurance code ~~unless the policyholder obtains~~
 866 ~~a judgment that is more favorable than the recommendation of the~~
 867 ~~neutral evaluator.~~

868 Section 11. Paragraph (b) of subsection (11) of section
 869 626.854, Florida Statutes, is amended, and subsection (18) is
 870 added to that section, to read:

871 626.854 "Public adjuster" defined; prohibitions.—The
 872 Legislature finds that it is necessary for the protection of the
 873 public to regulate public insurance adjusters and to prevent the
 874 unauthorized practice of law.

875 (11)

876 (b) A public adjuster may not charge, agree to, or accept
 877 from any source compensation, payment, commission, fee, or any
 878 other thing of value in excess of:

879 1. Ten percent of the amount of insurance claim payments
 880 made by the insurer for claims based on events that are the
 881 subject of a declaration of a state of emergency by the
 882 Governor. ~~This provision applies to claims made during the year~~
 883 ~~after the declaration of emergency. After that year, the~~
 884 ~~limitations in subparagraph 2. apply.~~

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885 2. Fifteen ~~Twenty~~ percent of the amount of insurance claim
886 payments made by the insurer for claims that are not based on
887 events that are the subject of a declaration of a state of
888 emergency by the Governor.

889 (18) A public adjuster, public adjuster apprentice, or any
890 person acting on behalf of a public adjuster or apprentice may
891 not enter into a contract or accept a power of attorney which
892 vests in the public adjuster, public adjuster apprentice, or any
893 person acting on behalf of a public adjuster or apprentice the
894 effective authority to choose the persons, entities, or
895 companies that will perform repair work.

896 Section 12. This act shall take effect July 1, 2014.