

By the Committees on Appropriations; and Banking and Insurance;
and Senators Flores and Margolis

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1 A bill to be entitled
2 An act relating to operations of the Citizens Property
3 Insurance Corporation; amending s. 627.351, F.S.;
4 specifying that a consumer representative appointed by
5 the Governor to the Citizens Property Insurance
6 Corporation's board of governors is not prohibited
7 from practicing in a certain profession if required or
8 permitted by law or ordinance; revising the
9 requirements for licensed agents of the corporation;
10 authorizing the use of specified information by
11 certain entities in analyzing risks and prohibiting
12 the use of such information for the direct
13 solicitation of policyholders; requiring the take-out
14 program to be revised for specified purposes;
15 requiring policyholders after a specified date to
16 receive certain information relating to a
17 demonstration of interest to insure by private
18 insurers; requiring the corporation to develop uniform
19 formats for certain information; allowing a
20 policyholder to elect to limit the frequency of
21 solicitations for take-out offers; providing
22 circumstances under which a policyholder whose policy
23 was taken out to be considered a renewal policyholder
24 for certain rate increase purposes; providing an
25 effective date.

26
27 Be It Enacted by the Legislature of the State of Florida:

28
29 Section 1. Paragraphs (c) and (x) of subsection (6) of

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30 section 627.351, Florida Statutes, are amended, and paragraph
31 (ii) is added to that subsection, to read:

32 627.351 Insurance risk apportionment plans.—

33 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

35 1. Must provide for adoption of residential property and
36 casualty insurance policy forms and commercial residential and
37 nonresidential property insurance forms, which must be approved
38 by the office before use. The corporation shall adopt the
39 following policy forms:

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

44 b. Basic personal lines policy forms that are policies
45 similar to an HO-8 policy or a dwelling fire policy that provide
46 coverage meeting the requirements of the secondary mortgage
47 market, but which is more limited than the coverage under a
48 standard policy.

49 c. Commercial lines residential and nonresidential policy
50 forms that are generally similar to the basic perils of full
51 coverage obtainable for commercial residential structures and
52 commercial nonresidential structures in the admitted voluntary
53 market.

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

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59 e. Commercial lines nonresidential property insurance forms
60 that cover the peril of wind only. The forms are applicable only
61 to nonresidential properties located in areas eligible for
62 coverage under the coastal account referred to in sub-
63 subparagraph (b)2.a.

64 f. The corporation may adopt variations of the policy forms
65 listed in sub-subparagraphs a.-e. which contain more restrictive
66 coverage.

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

71 2. Must provide that the corporation adopt a program in
72 which the corporation and authorized insurers enter into quota
73 share primary insurance agreements for hurricane coverage, as
74 defined in s. 627.4025(2)(a), for eligible risks, and adopt
75 property insurance forms for eligible risks which cover the
76 peril of wind only.

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

78 (I) "Quota share primary insurance" means an arrangement in
79 which the primary hurricane coverage of an eligible risk is
80 provided in specified percentages by the corporation and an
81 authorized insurer. The corporation and authorized insurer are
82 each solely responsible for a specified percentage of hurricane
83 coverage of an eligible risk as set forth in a quota share
84 primary insurance agreement between the corporation and an
85 authorized insurer and the insurance contract. The
86 responsibility of the corporation or authorized insurer to pay
87 its specified percentage of hurricane losses of an eligible

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88 risk, as set forth in the agreement, may not be altered by the
89 inability of the other party to pay its specified percentage of
90 losses. Eligible risks that are provided hurricane coverage
91 through a quota share primary insurance arrangement must be
92 provided policy forms that set forth the obligations of the
93 corporation and authorized insurer under the arrangement,
94 clearly specify the percentages of quota share primary insurance
95 provided by the corporation and authorized insurer, and
96 conspicuously and clearly state that the authorized insurer and
97 the corporation may not be held responsible beyond their
98 specified percentage of coverage of hurricane losses.

99 (II) "Eligible risks" means personal lines residential and
100 commercial lines residential risks that meet the underwriting
101 criteria of the corporation and are located in areas that were
102 eligible for coverage by the Florida Windstorm Underwriting
103 Association on January 1, 2002.

104 b. The corporation may enter into quota share primary
105 insurance agreements with authorized insurers at corporation
106 coverage levels of 90 percent and 50 percent.

107 c. If the corporation determines that additional coverage
108 levels are necessary to maximize participation in quota share
109 primary insurance agreements by authorized insurers, the
110 corporation may establish additional coverage levels. However,
111 the corporation's quota share primary insurance coverage level
112 may not exceed 90 percent.

113 d. Any quota share primary insurance agreement entered into
114 between an authorized insurer and the corporation must provide
115 for a uniform specified percentage of coverage of hurricane
116 losses, by county or territory as set forth by the corporation

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117 board, for all eligible risks of the authorized insurer covered
118 under the agreement.

119 e. Any quota share primary insurance agreement entered into
120 between an authorized insurer and the corporation is subject to
121 review and approval by the office. However, such agreement shall
122 be authorized only as to insurance contracts entered into
123 between an authorized insurer and an insured who is already
124 insured by the corporation for wind coverage.

125 f. For all eligible risks covered under quota share primary
126 insurance agreements, the exposure and coverage levels for both
127 the corporation and authorized insurers shall be reported by the
128 corporation to the Florida Hurricane Catastrophe Fund. For all
129 policies of eligible risks covered under such agreements, the
130 corporation and the authorized insurer must maintain complete
131 and accurate records for the purpose of exposure and loss
132 reimbursement audits as required by fund rules. The corporation
133 and the authorized insurer shall each maintain duplicate copies
134 of policy declaration pages and supporting claims documents.

135 g. The corporation board shall establish in its plan of
136 operation standards for quota share agreements which ensure that
137 there is no discriminatory application among insurers as to the
138 terms of the agreements, pricing of the agreements, incentive
139 provisions if any, and consideration paid for servicing policies
140 or adjusting claims.

141 h. The quota share primary insurance agreement between the
142 corporation and an authorized insurer must set forth the
143 specific terms under which coverage is provided, including, but
144 not limited to, the sale and servicing of policies issued under
145 the agreement by the insurance agent of the authorized insurer

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146 producing the business, the reporting of information concerning
147 eligible risks, the payment of premium to the corporation, and
148 arrangements for the adjustment and payment of hurricane claims
149 incurred on eligible risks by the claims adjuster and personnel
150 of the authorized insurer. Entering into a quota sharing
151 insurance agreement between the corporation and an authorized
152 insurer is voluntary and at the discretion of the authorized
153 insurer.

154 3. May provide that the corporation may employ or otherwise
155 contract with individuals or other entities to provide
156 administrative or professional services that may be appropriate
157 to effectuate the plan. The corporation may borrow funds by
158 issuing bonds or by incurring other indebtedness, and shall have
159 other powers reasonably necessary to effectuate the requirements
160 of this subsection, including, without limitation, the power to
161 issue bonds and incur other indebtedness in order to refinance
162 outstanding bonds or other indebtedness. The corporation may
163 seek judicial validation of its bonds or other indebtedness
164 under chapter 75. The corporation may issue bonds or incur other
165 indebtedness, or have bonds issued on its behalf by a unit of
166 local government pursuant to subparagraph (q)2. in the absence
167 of a hurricane or other weather-related event, upon a
168 determination by the corporation, subject to approval by the
169 office, that such action would enable it to efficiently meet the
170 financial obligations of the corporation and that such
171 financings are reasonably necessary to effectuate the
172 requirements of this subsection. The corporation may take all
173 actions needed to facilitate tax-free status for such bonds or
174 indebtedness, including formation of trusts or other affiliated

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175 entities. The corporation may pledge assessments, projected
176 recoveries from the Florida Hurricane Catastrophe Fund, other
177 reinsurance recoverables, policyholder surcharges and other
178 surcharges, and other funds available to the corporation as
179 security for bonds or other indebtedness. In recognition of s.
180 10, Art. I of the State Constitution, prohibiting the impairment
181 of obligations of contracts, it is the intent of the Legislature
182 that no action be taken whose purpose is to impair any bond
183 indenture or financing agreement or any revenue source committed
184 by contract to such bond or other indebtedness.

185 4. Must require that the corporation operate subject to the
186 supervision and approval of a board of governors consisting of
187 nine individuals who are residents of this state and who are
188 from different geographical areas of the state, one of whom is
189 appointed by the Governor and serves solely to advocate on
190 behalf of the consumer. The appointment of a consumer
191 representative by the Governor is deemed to be within the scope
192 of the exemption provided in s. 112.313(7)(b) and is in addition
193 to the appointments authorized under sub-subparagraph a.

194 a. The Governor, the Chief Financial Officer, the President
195 of the Senate, and the Speaker of the House of Representatives
196 shall each appoint two members of the board. At least one of the
197 two members appointed by each appointing officer must have
198 demonstrated expertise in insurance and be deemed to be within
199 the scope of the exemption provided in s. 112.313(7)(b). The
200 Chief Financial Officer shall designate one of the appointees as
201 chair. All board members serve at the pleasure of the appointing
202 officer. All members of the board are subject to removal at will
203 by the officers who appointed them. All board members, including

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204 the chair, must be appointed to serve for 3-year terms beginning
205 annually on a date designated by the plan. However, for the
206 first term beginning on or after July 1, 2009, each appointing
207 officer shall appoint one member of the board for a 2-year term
208 and one member for a 3-year term. A board vacancy shall be
209 filled for the unexpired term by the appointing officer. The
210 Chief Financial Officer shall appoint a technical advisory group
211 to provide information and advice to the board in connection
212 with the board's duties under this subsection. The executive
213 director and senior managers of the corporation shall be engaged
214 by the board and serve at the pleasure of the board. Any
215 executive director appointed on or after July 1, 2006, is
216 subject to confirmation by the Senate. The executive director is
217 responsible for employing other staff as the corporation may
218 require, subject to review and concurrence by the board.

219 b. The board shall create a Market Accountability Advisory
220 Committee to assist the corporation in developing awareness of
221 its rates and its customer and agent service levels in
222 relationship to the voluntary market insurers writing similar
223 coverage.

224 (I) The members of the advisory committee consist of the
225 following 11 persons, one of whom must be elected chair by the
226 members of the committee: four representatives, one appointed by
227 the Florida Association of Insurance Agents, one by the Florida
228 Association of Insurance and Financial Advisors, one by the
229 Professional Insurance Agents of Florida, and one by the Latin
230 American Association of Insurance Agencies; three
231 representatives appointed by the insurers with the three highest
232 voluntary market share of residential property insurance

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233 business in the state; one representative from the Office of
234 Insurance Regulation; one consumer appointed by the board who is
235 insured by the corporation at the time of appointment to the
236 committee; one representative appointed by the Florida
237 Association of Realtors; and one representative appointed by the
238 Florida Bankers Association. All members shall be appointed to
239 3-year terms and may serve for consecutive terms.

240 (II) The committee shall report to the corporation at each
241 board meeting on insurance market issues which may include rates
242 and rate competition with the voluntary market; service,
243 including policy issuance, claims processing, and general
244 responsiveness to policyholders, applicants, and agents; and
245 matters relating to depopulation.

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

248 a. Subject to s. 627.3517, with respect to personal lines
249 residential risks, if the risk is offered coverage from an
250 authorized insurer at the insurer's approved rate under a
251 standard policy including wind coverage or, if consistent with
252 the insurer's underwriting rules as filed with the office, a
253 basic policy including wind coverage, for a new application to
254 the corporation for coverage, the risk is not eligible for any
255 policy issued by the corporation unless the premium for coverage
256 from the authorized insurer is more than 15 percent greater than
257 the premium for comparable coverage from the corporation.
258 Whenever an offer of coverage for a personal lines residential
259 risk is received for a policyholder of the corporation at
260 renewal from an authorized insurer, if the offer is equal to or
261 less than the corporation's renewal premium for comparable

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262 coverage, the risk is not eligible for coverage with the
263 corporation. If the risk is not able to obtain such offer, the
264 risk is eligible for a standard policy including wind coverage
265 or a basic policy including wind coverage issued by the
266 corporation; however, if the risk could not be insured under a
267 standard policy including wind coverage regardless of market
268 conditions, the risk is eligible for a basic policy including
269 wind coverage unless rejected under subparagraph 8. However, a
270 policyholder removed from the corporation through an assumption
271 agreement remains eligible for coverage from the corporation
272 until the end of the assumption period. The corporation shall
273 determine the type of policy to be provided on the basis of
274 objective standards specified in the underwriting manual and
275 based on generally accepted underwriting practices.

276 (I) If the risk accepts an offer of coverage through the
277 market assistance plan or through a mechanism established by the
278 corporation other than a plan established by s. 627.3518, before
279 a policy is issued to the risk by the corporation or during the
280 first 30 days of coverage by the corporation, and the producing
281 agent who submitted the application to the plan or to the
282 corporation is not currently appointed by the insurer, the
283 insurer shall:

284 (A) Pay to the producing agent of record of the policy for
285 the first year, an amount that is the greater of the insurer's
286 usual and customary commission for the type of policy written or
287 a fee equal to the usual and customary commission of the
288 corporation; or

289 (B) Offer to allow the producing agent of record of the
290 policy to continue servicing the policy for at least 1 year and

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291 offer to pay the agent the greater of the insurer's or the
292 corporation's usual and customary commission for the type of
293 policy written.

294
295 If the producing agent is unwilling or unable to accept
296 appointment, the new insurer shall pay the agent in accordance
297 with sub-sub-sub-subparagraph (A).

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

302 (A) Pay to the producing agent of record, for the first
303 year, an amount that is the greater of the insurer's usual and
304 customary commission for the type of policy written or a fee
305 equal to the usual and customary commission of the corporation;
306 or

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

311
312 If the producing agent is unwilling or unable to accept
313 appointment, the new insurer shall pay the agent in accordance
314 with sub-sub-sub-subparagraph (A).

315 b. With respect to commercial lines residential risks, for
316 a new application to the corporation for coverage, if the risk
317 is offered coverage under a policy including wind coverage from
318 an authorized insurer at its approved rate, the risk is not
319 eligible for a policy issued by the corporation unless the

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320 premium for coverage from the authorized insurer is more than 15
321 percent greater than the premium for comparable coverage from
322 the corporation. Whenever an offer of coverage for a commercial
323 lines residential risk is received for a policyholder of the
324 corporation at renewal from an authorized insurer, if the offer
325 is equal to or less than the corporation's renewal premium for
326 comparable coverage, the risk is not eligible for coverage with
327 the corporation. If the risk is not able to obtain any such
328 offer, the risk is eligible for a policy including wind coverage
329 issued by the corporation. However, a policyholder removed from
330 the corporation through an assumption agreement remains eligible
331 for coverage from the corporation until the end of the
332 assumption period.

333 (I) If the risk accepts an offer of coverage through the
334 market assistance plan or through a mechanism established by the
335 corporation other than a plan established by s. 627.3518, before
336 a policy is issued to the risk by the corporation or during the
337 first 30 days of coverage by the corporation, and the producing
338 agent who submitted the application to the plan or the
339 corporation is not currently appointed by the insurer, the
340 insurer shall:

341 (A) Pay to the producing agent of record of the policy, for
342 the first year, an amount that is the greater of the insurer's
343 usual and customary commission for the type of policy written or
344 a fee equal to the usual and customary commission of the
345 corporation; or

346 (B) Offer to allow the producing agent of record of the
347 policy to continue servicing the policy for at least 1 year and
348 offer to pay the agent the greater of the insurer's or the

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349 corporation's usual and customary commission for the type of
350 policy written.

351

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

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

359 (A) Pay to the producing agent of record, for the first
360 year, an amount that is the greater of the insurer's usual and
361 customary commission for the type of policy written or a fee
362 equal to the usual and customary commission of the corporation;
363 or

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

368

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

372 c. For purposes of determining comparable coverage under
373 sub-subparagraphs a. and b., the comparison must be based on
374 those forms and coverages that are reasonably comparable. The
375 corporation may rely on a determination of comparable coverage
376 and premium made by the producing agent who submits the
377 application to the corporation, made in the agent's capacity as

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378 the corporation's agent. A comparison may be made solely of the
379 premium with respect to the main building or structure only on
380 the following basis: the same coverage A or other building
381 limits; the same percentage hurricane deductible that applies on
382 an annual basis or that applies to each hurricane for commercial
383 residential property; the same percentage of ordinance and law
384 coverage, if the same limit is offered by both the corporation
385 and the authorized insurer; the same mitigation credits, to the
386 extent the same types of credits are offered both by the
387 corporation and the authorized insurer; the same method for loss
388 payment, such as replacement cost or actual cash value, if the
389 same method is offered both by the corporation and the
390 authorized insurer in accordance with underwriting rules; and
391 any other form or coverage that is reasonably comparable as
392 determined by the board. If an application is submitted to the
393 corporation for wind-only coverage in the coastal account, the
394 premium for the corporation's wind-only policy plus the premium
395 for the ex-wind policy that is offered by an authorized insurer
396 to the applicant must be compared to the premium for multiperil
397 coverage offered by an authorized insurer, subject to the
398 standards for comparison specified in this subparagraph. If the
399 corporation or the applicant requests from the authorized
400 insurer a breakdown of the premium of the offer by types of
401 coverage so that a comparison may be made by the corporation or
402 its agent and the authorized insurer refuses or is unable to
403 provide such information, the corporation may treat the offer as
404 not being an offer of coverage from an authorized insurer at the
405 insurer's approved rate.

406 6. Must include rules for classifications of risks and

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407 rates.

408 7. Must provide that if premium and investment income for
409 an account attributable to a particular calendar year are in
410 excess of projected losses and expenses for the account
411 attributable to that year, such excess shall be held in surplus
412 in the account. Such surplus must be available to defray
413 deficits in that account as to future years and used for that
414 purpose before assessing assessable insurers and assessable
415 insureds as to any calendar year.

416 8. Must provide objective criteria and procedures to be
417 uniformly applied to all applicants in determining whether an
418 individual risk is so hazardous as to be uninsurable. In making
419 this determination and in establishing the criteria and
420 procedures, the following must be considered:

421 a. Whether the likelihood of a loss for the individual risk
422 is substantially higher than for other risks of the same class;
423 and

424 b. Whether the uncertainty associated with the individual
425 risk is such that an appropriate premium cannot be determined.

426

427 The acceptance or rejection of a risk by the corporation shall
428 be construed as the private placement of insurance, and the
429 provisions of chapter 120 do not apply.

430 9. Must provide that the corporation make its best efforts
431 to procure catastrophe reinsurance at reasonable rates, to cover
432 its projected 100-year probable maximum loss as determined by
433 the board of governors.

434 10. The policies issued by the corporation must provide
435 that if the corporation or the market assistance plan obtains an

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436 offer from an authorized insurer to cover the risk at its
437 approved rates, the risk is no longer eligible for renewal
438 through the corporation, except as otherwise provided in this
439 subsection.

440 11. Corporation policies and applications must include a
441 notice that the corporation policy could, under this section, be
442 replaced with a policy issued by an authorized insurer which
443 does not provide coverage identical to the coverage provided by
444 the corporation. The notice must also specify that acceptance of
445 corporation coverage creates a conclusive presumption that the
446 applicant or policyholder is aware of this potential.

447 12. May establish, subject to approval by the office,
448 different eligibility requirements and operational procedures
449 for any line or type of coverage for any specified county or
450 area if the board determines that such changes are justified due
451 to the voluntary market being sufficiently stable and
452 competitive in such area or for such line or type of coverage
453 and that consumers who, in good faith, are unable to obtain
454 insurance through the voluntary market through ordinary methods
455 continue to have access to coverage from the corporation. If
456 coverage is sought in connection with a real property transfer,
457 the requirements and procedures may not provide an effective
458 date of coverage later than the date of the closing of the
459 transfer as established by the transferor, the transferee, and,
460 if applicable, the lender.

461 13. Must provide that, with respect to the coastal account,
462 any assessable insurer with a surplus as to policyholders of \$25
463 million or less writing 25 percent or more of its total
464 countrywide property insurance premiums in this state may

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465 petition the office, within the first 90 days of each calendar
466 year, to qualify as a limited apportionment company. A regular
467 assessment levied by the corporation on a limited apportionment
468 company for a deficit incurred by the corporation for the
469 coastal account may be paid to the corporation on a monthly
470 basis as the assessments are collected by the limited
471 apportionment company from its insureds, but a limited
472 apportionment company must begin collecting the regular
473 assessments not later than 90 days after the regular assessments
474 are levied by the corporation, and the regular assessments must
475 be paid in full within 15 months after being levied by the
476 corporation. A limited apportionment company shall collect from
477 its policyholders any emergency assessment imposed under sub-
478 subparagraph (b)3.d. The plan must provide that, if the office
479 determines that any regular assessment will result in an
480 impairment of the surplus of a limited apportionment company,
481 the office may direct that all or part of such assessment be
482 deferred as provided in subparagraph (q)4. However, an emergency
483 assessment to be collected from policyholders under sub-
484 subparagraph (b)3.d. may not be limited or deferred.

485 14. Must provide that the corporation appoint as its
486 licensed agents only those agents who throughout such
487 appointments also hold an appointment as defined in s.
488 626.015(3) by ~~with~~ an insurer who ~~at the time of the agent's~~
489 ~~initial appointment by the corporation~~ is authorized to write
490 and is actually writing or renewing personal lines residential
491 property coverage, commercial residential property coverage, or
492 commercial nonresidential property coverage within the state.

493 15. Must provide a premium payment plan option to its

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494 policyholders which, at a minimum, allows for quarterly and
495 semiannual payment of premiums. A monthly payment plan may, but
496 is not required to, be offered.

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

500 17. Must provide coverage for manufactured or mobile home
501 dwellings. Such coverage must also include the following
502 attached structures:

503 a. Screened enclosures that are aluminum framed or screened
504 enclosures that are not covered by the same or substantially the
505 same materials as those of the primary dwelling;

506 b. Carports that are aluminum or carports that are not
507 covered by the same or substantially the same materials as those
508 of the primary dwelling; and

509 c. Patios that have a roof covering that is constructed of
510 materials that are not the same or substantially the same
511 materials as those of the primary dwelling.

512

513 The corporation shall make available a policy for mobile homes
514 or manufactured homes for a minimum insured value of at least
515 \$3,000.

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

518 19. May require commercial property to meet specified
519 hurricane mitigation construction features as a condition of
520 eligibility for coverage.

521 20. Must provide that new or renewal policies issued by the
522 corporation on or after January 1, 2012, which cover sinkhole

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523 loss do not include coverage for any loss to appurtenant
524 structures, driveways, sidewalks, decks, or patios that are
525 directly or indirectly caused by sinkhole activity. The
526 corporation shall exclude such coverage using a notice of
527 coverage change, which may be included with the policy renewal,
528 and not by issuance of a notice of nonrenewal of the excluded
529 coverage upon renewal of the current policy.

530 21. As of January 1, 2012, must require that the agent
531 obtain from an applicant for coverage from the corporation an
532 acknowledgment signed by the applicant, which includes, at a
533 minimum, the following statement:

534 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
535 AND ASSESSMENT LIABILITY:

536 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
537 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
538 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
539 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
540 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
541 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
542 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
543 LEGISLATURE.

544 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
545 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
546 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
547 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
548 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
549 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
550 ARE REGULATED AND APPROVED BY THE STATE.

551 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY

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552 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
553 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
554 FLORIDA LEGISLATURE.

555 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
556 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
557 STATE OF FLORIDA.

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

562 b. The signed acknowledgment form creates a conclusive
563 presumption that the policyholder understood and accepted his or
564 her potential surcharge and assessment liability as a
565 policyholder of the corporation.

566 (x)1. The following records of the corporation are
567 confidential and exempt from the provisions of s. 119.07(1) and
568 s. 24(a), Art. I of the State Constitution:

569 a. Underwriting files, except that a policyholder or an
570 applicant shall have access to his or her own underwriting
571 files. Confidential and exempt underwriting file records may
572 also be released to other governmental agencies upon written
573 request and demonstration of need; such records held by the
574 receiving agency remain confidential and exempt as provided
575 herein.

576 b. Claims files, until termination of all litigation and
577 settlement of all claims arising out of the same incident,
578 although portions of the claims files may remain exempt, as
579 otherwise provided by law. Confidential and exempt claims file
580 records may be released to other governmental agencies upon

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581 written request and demonstration of need; such records held by
582 the receiving agency remain confidential and exempt as provided
583 herein.

584 c. Records obtained or generated by an internal auditor
585 pursuant to a routine audit, until the audit is completed, or if
586 the audit is conducted as part of an investigation, until the
587 investigation is closed or ceases to be active. An investigation
588 is considered "active" while the investigation is being
589 conducted with a reasonable, good faith belief that it could
590 lead to the filing of administrative, civil, or criminal
591 proceedings.

592 d. Matters reasonably encompassed in privileged attorney-
593 client communications.

594 e. Proprietary information licensed to the corporation
595 under contract and the contract provides for the confidentiality
596 of such proprietary information.

597 f. All information relating to the medical condition or
598 medical status of a corporation employee which is not relevant
599 to the employee's capacity to perform his or her duties, except
600 as otherwise provided in this paragraph. Information that is
601 exempt shall include, but is not limited to, information
602 relating to workers' compensation, insurance benefits, and
603 retirement or disability benefits.

604 g. Upon an employee's entrance into the employee assistance
605 program, a program to assist any employee who has a behavioral
606 or medical disorder, substance abuse problem, or emotional
607 difficulty which affects the employee's job performance, all
608 records relative to that participation shall be confidential and
609 exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I

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610 of the State Constitution, except as otherwise provided in s.
611 112.0455(11).

612 h. Information relating to negotiations for financing,
613 reinsurance, depopulation, or contractual services, until the
614 conclusion of the negotiations.

615 i. Minutes of closed meetings regarding underwriting files,
616 and minutes of closed meetings regarding an open claims file
617 until termination of all litigation and settlement of all claims
618 with regard to that claim, except that information otherwise
619 confidential or exempt by law shall be redacted.

620 2. If an authorized insurer is considering underwriting a
621 risk insured by the corporation, relevant underwriting files and
622 confidential claims files may be released to the insurer
623 provided the insurer agrees in writing, notarized and under
624 oath, to maintain the confidentiality of such files. If a file
625 is transferred to an insurer, that file is no longer a public
626 record because it is not held by an agency subject to the
627 provisions of the public records law. Underwriting files and
628 confidential claims files may also be released to staff and the
629 board of governors of the market assistance plan established
630 pursuant to s. 627.3515, who must retain the confidentiality of
631 such files, except such files may be released to authorized
632 insurers that are considering assuming the risks to which the
633 files apply, provided the insurer agrees in writing, notarized
634 and under oath, to maintain the confidentiality of such files.
635 Finally, the corporation or the board or staff of the market
636 assistance plan may make the following information obtained from
637 underwriting files and confidential claims files available to
638 licensed general lines insurance agents: name, address, and

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639 telephone number of the residential property owner or insured;
640 location of the risk; rating information; loss history; and
641 policy type. The receiving licensed general lines insurance
642 agent must retain the confidentiality of the information
643 received and may use the information only for the purposes of
644 developing a take-out plan to be submitted to the office for
645 approval or otherwise analyzing the underwriting of a risk or
646 risks insured by the corporation on behalf of the private
647 insurance market. The licensed general lines agent and an
648 insurer receiving information under this subparagraph may not
649 use the information for the direct solicitation of
650 policyholders. An entity that has obtained a permit to become an
651 authorized insurer, a reinsurer, a reinsurance broker, or a
652 modeling company may receive the information available to a
653 licensed general lines agent for the sole purpose of analyzing
654 risks for underwriting in the private insurance market and must
655 retain the confidentiality of the information received. Such
656 entities may not use the information for the direct solicitation
657 of policyholders.

658 3. A policyholder who has filed suit against the
659 corporation has the right to discover the contents of his or her
660 own claims file to the same extent that discovery of such
661 contents would be available from a private insurer in litigation
662 as provided by the Florida Rules of Civil Procedure, the Florida
663 Evidence Code, and other applicable law. Pursuant to subpoena, a
664 third party has the right to discover the contents of an
665 insured's or applicant's underwriting or claims file to the same
666 extent that discovery of such contents would be available from a
667 private insurer by subpoena as provided by the Florida Rules of

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668 Civil Procedure, the Florida Evidence Code, and other applicable
669 law, and subject to any confidentiality protections requested by
670 the corporation and agreed to by the seeking party or ordered by
671 the court. The corporation may release confidential underwriting
672 and claims file contents and information as it deems necessary
673 and appropriate to underwrite or service insurance policies and
674 claims, subject to any confidentiality protections deemed
675 necessary and appropriate by the corporation.

676 4. Portions of meetings of the corporation are exempt from
677 the provisions of s. 286.011 and s. 24(b), Art. I of the State
678 Constitution wherein confidential underwriting files or
679 confidential open claims files are discussed. All portions of
680 corporation meetings which are closed to the public shall be
681 recorded by a court reporter. The court reporter shall record
682 the times of commencement and termination of the meeting, all
683 discussion and proceedings, the names of all persons present at
684 any time, and the names of all persons speaking. No portion of
685 any closed meeting shall be off the record. Subject to the
686 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's
687 notes of any closed meeting shall be retained by the corporation
688 for a minimum of 5 years. A copy of the transcript, less any
689 exempt matters, of any closed meeting wherein claims are
690 discussed shall become public as to individual claims after
691 settlement of the claim.

692 (ii) The corporation shall revise the programs adopted
693 pursuant to sub-subparagraph (6)(q)3.a. to maximize policyholder
694 options and encourage increased participation by insurers and
695 agents.

696 1. After January 1, 2016, such revisions must include a

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697 process by which policyholders are informed if one or more
698 insurers demonstrate an interest in taking out that policy from
699 the corporation. This demonstration of interest must include the
700 amount of the estimated premium, a description of the coverage,
701 including an explanation of differences, and a comparison of the
702 estimated premium and coverage offered by the insurer to the
703 estimated premium and coverage provided by the corporation. The
704 corporation shall develop a uniform format for the estimated
705 premium and coverage information required by this subparagraph.
706 After January 1, 2016, a policy may not be taken out from the
707 corporation unless the provisions of this subparagraph are met.

708 2. A policyholder may elect not to be solicited for take-
709 out offers more than once in a 6-month period.

710 3. A policyholder whose policy was taken out by an insurer
711 in the previous 36 months is considered a renewal policyholder
712 under s. 627.3518 if the corporation determines that the insurer
713 continues to insure the policyholder and that the initial
714 premium of the insurer exceeded its estimated premium by more
715 than 10 percent or the insurer increased the rate on the policy
716 in excess of the increase allowed for the corporation under
717 subparagraph (6) (n) 6.

718 Section 2. This act shall take effect July 1, 2015.