A bill to be entitled 1 2 An act relating to the Department of Financial 3 Services; amending s. 48.151, F.S.; authorizing the 4 department to create an Internet-based system for the 5 electronic transmission and acceptance of service of 6 process documents; amending s. 110.1315, F.S.; 7 deleting a requirement that the Executive Office of 8 the Governor review and approve certain alternative 9 retirement income security programs; amending s. 10 112.215, F.S.; revising and providing definitions; revising responsibilities of the Chief Financial 11 12 Officer; amending s. 137.09, F.S.; revising 13 requirements for the approval of certain bonds; 14 amending s. 215.97, F.S.; revising and providing 15 definitions; exempting certain entities from certain auditing requirements; providing requirements for 16 certain contracts and agreements funded by state 17 financial assistance; amending s. 374.983, F.S.; 18 19 revising membership requirements for the governing 20 body of the Florida Inland Navigation District; 21 amending s. 624.307, F.S.; revising requirements 2.2 relating to the Chief Financial Officer serving as the attorney to receive service of legal process; amending 23 24 s. 624.423, F.S.; authorizing the department to create 25 an Internet-based system for the electronic 26 transmission and acceptance of service of process

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documents; providing duties of the Chief Financial Officer; revising procedures for process served upon the Chief Financial Officer; providing a definition; amending s. 624.502, F.S.; adding a fee for service of process to an unauthorized insurer; amending s. 626.907, F.S.; revising requirements related to service of process upon an insurer or person representing or aiding such insurer; amending s. 627.7074, F.S.; providing an additional ground for the disqualification of a neutral evaluator; amending s. 627.706, F.S.; providing requirements related to sinkhole insurance coverage; amending s. 633.208, F.S.; revising applicability of the Life Safety Code; amending s. 633.408, F.S.; providing for the expiration of firefighter and volunteer firefighter certificates of compliance and completion; amending s. 633.412, F.S.; authorizing, instead of requiring, the Division of State Fire Marshal to suspend or revoke a firefighter's certification under certain conditions; amending s. 633.414, F.S.; providing and revising requirements for the retention of firefighter and fire service instructor certification; amending s. 633.426, F.S.; revising a definition; revising requirements related to ineligibility to apply for or renew certain firefighter certification; providing an effective date.

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

- Section 1. Subsection (3) of section 48.151, Florida Statutes, is amended to read:
 - 48.151 Service on statutory agents for certain persons.-
- (3) The Chief Financial Officer or his or her assistant or deputy or another person in charge of the office is the agent for service of process on all insurers applying for authority to transact insurance in this state, all licensed nonresident insurance agents, all nonresident disability insurance agents licensed pursuant to s. 626.835, any unauthorized insurer under s. 626.906 or s. 626.937, domestic reciprocal insurers, fraternal benefit societies under chapter 632, warranty associations under chapter 634, prepaid limited health service organizations under chapter 636, and persons required to file statements under s. 628.461. For purposes of this subsection, the department may create an Internet-based system for the electronic transmission and acceptance of service of process documents.
- Section 2. Subsection (1) of section 110.1315, Florida Statutes, is amended to read:
- 110.1315 Alternative retirement benefits; other-personal-services employees.—
- (1) Upon review and approval by the Executive Office of the Governor, The Department of Financial Services shall provide

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an alternative retirement income security program for eligible temporary and seasonal employees of the state who are compensated from appropriations for other personal services. The Department of Financial Services may contract with a private vendor or vendors to administer the program under a defined-contribution plan under ss. 401(a) and 403(b) or s. 457 of the Internal Revenue Code, and the program must provide retirement benefits as required under s. 3121(b)(7)(F) of the Internal Revenue Code. The Department of Financial Services may develop a request for proposals and solicit qualified vendors to compete for the award of the contract. A vendor shall be selected on the basis of the plan that best serves the interest of the participating employees and the state. The proposal must comply with all necessary federal and state laws and rules.

Section 3. Subsection (2) and paragraph (a) of subsection (4) of section 112.215, Florida Statutes, are amended to read:
112.215 Government employees; deferred compensation program.—

- (2) For the purposes of this section, the term:
- (a) "Employee" means <u>a</u> any person, whether appointed, elected, or under contract, providing services for <u>a</u> governmental entity for which compensation or statutory fees are <u>paid</u>.
- (b) "Governmental entity" means the state; a any state agency; a special purpose district or water management district; a or county or other political subdivision of the state; a any

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municipality; \underline{a} any state university board of trustees; or \underline{a} any constitutional county officer under s. 1(d), Art. VIII of the State Constitution for which compensation or statutory fees are paid.

(4) (a) The Chief Financial Officer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or persons, and may include employees of other governmental entities in the plan and approve one or more such plans for implementation by and on behalf of the state or other governmental entity and its agencies and employees.

Section 4. Section 137.09, Florida Statutes, is amended to read:

137.09 Justification and approval of bonds.—Each surety upon every bond of any county officer shall make affidavit that he or she is a resident of the county for which the officer is to be commissioned, and that he or she has sufficient visible property therein unencumbered and not exempt from sale under legal process to make good his or her bond. Every such bond shall be approved by the board of county commissioners and by the Department of Financial Services when the board they and it determines that such bond are satisfied in their judgment that the same is legal, sufficient, and proper to be approved.

Section 5. Paragraphs (a), (b), (g), (j), (m), and (v) of

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subsection (2), paragraph (e) of subsection (4), and paragraph (o) of subsection (8) of section 215.97, Florida Statutes, are amended, subsections (9) through (11) are renumbered as subsections (10) through (12), respectively, and a new subsection (9) is added to that section, to read:

215.97 Florida Single Audit Act.-

- (2) Definitions; as used in this section, the term:
- (a) "Audit threshold" means the threshold amount used to determine when a state single audit or project-specific audit of a nonstate entity shall be conducted in accordance with this section. Each nonstate entity that expends a total amount of state financial assistance equal to or in excess of \$750,000 \$500,000 in any fiscal year of such nonstate entity shall be required to have a state single audit, or a project-specific audit, for such fiscal year in accordance with the requirements of this section. Every 2 years the Auditor General, after consulting with the Executive Office of the Governor, the Department of Financial Services, and all state awarding agencies, shall review the threshold amount for requiring audits under this section and may adjust such threshold amount consistent with the purposes of this section.
- (b) "Auditing standards" means the auditing standards as stated in the rules of the Auditor General as applicable to forprofit organizations, nonprofit organizations, or local governmental entities.
 - (g) "Higher education entity" means a Florida College

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System institution, as defined in s. 1000.21(3), or a state university, as defined in s. 1000.21(6). "For-profit organization" means any organization or sole proprietor that is not a governmental entity or a nonprofit organization.

- (j) "Local governmental entity" means a county as a whole, municipality, or special district or any other entity excluding a district school board or_{τ} charter school, Florida College System institution, or public university, however styled, which independently exercises any type of governmental function within the state.
- (m) "Nonstate entity" means a local governmental entity, higher education entity, or nonprofit organization, or forprofit organization that receives state financial assistance.
- (v) "State project-specific audit" means an audit of one state project performed in accordance with the requirements of subsection (11) $\frac{(10)}{(10)}$.
 - (4) The Department of Financial Services shall:
- (e) Make enhancements to the state's accounting system to provide for the:
- 1. Recording of state financial assistance and federal financial assistance appropriations and expenditures within the state awarding agencies' operating funds.
- 2. Recording of state project number identifiers, as provided in the Catalog of State Financial Assistance, for state financial assistance.
 - 3. Establishment and recording of an identification code

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for each financial transaction, including awarding state agencies' disbursements of state financial assistance and federal financial assistance, as to the corresponding type or organization that is party to the transaction (e.g., other governmental agencies and, nonprofit organizations, and forprofit organizations), and disbursements of federal financial assistance, as to whether the party to the transaction is or is not a nonstate entity.

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- (8) Each recipient or subrecipient of state financial assistance shall comply with the following:
- (o) A higher education entity is exempt from the requirements in paragraph (2) (a) and this subsection. A contract involving the State University System or the Florida College System funded by state financial assistance may be in the form of:
- 1. A fixed-price contract that entitles the provider to receive full compensation for the fixed contract amount upon completion of all contract deliverables;
- 2. A fixed-rate-per-unit contract that entitles the provider to receive compensation for each contract deliverable provided;
- 3. A cost-reimbursable contract that entitles the provider to receive compensation for actual allowable costs incurred in performing contract deliverables; or
- 4. A combination of the contract forms described in subparagraphs 1., 2., and 3.

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209 (9) The following applies to any contract or agreement
210 between a state awarding agency and a higher education entity
211 that is funded by state financial assistance:
212 (a) The contract or agreement must be:
213 1. A fixed-price contract or agreement that entitles the

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- 1. A fixed-price contract or agreement that entitles the provider to receive compensation for the fixed-price contract or agreement amount upon completion of all contract or agreement deliverables;
- 2. A fixed-rate-per-unit contract or agreement that entitles the provider to receive compensation for each contract or agreement deliverable provided;
- 3. A cost-reimbursable contract or agreement that entitles the provider to receive compensation for actual allowable costs incurred in performing contract or agreement deliverables; or
- 4. A combination of the contract or agreement forms described in subparagraphs 1., 2., and 3.
- (b) The contract or agreement must comply with the provisions of s. 215.971(1).
- (c) The contract or agreement must comply with the provisions of s. 216.3475.
- (d) If a higher education entity has extremely limited or no required activities related to the administration of a state project and only acts as a conduit of state financial assistance, the requirements of this subsection do not apply to the higher education entity. However, the subrecipient that is provided state financial assistance by such higher education

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entity is subject to the requirements of this subsection.

- (e) This subsection does not exempt a higher education entity from compliance with any provision of law relating to maintaining records concerning state financial assistance to a higher education entity or allowing access and examination of such records by the state awarding agency, the higher education entity, the Department of Financial Services, or the Auditor General.
- (f) This subsection does not prohibit the state awarding agency from including terms and conditions in the contract or agreement which require additional assurances that the state financial assistance meets the applicable requirements of laws, regulations, and other compliance rules.
- Section 6. Subsection (2) of section 374.983, Florida Statutes, is amended to read:
 - 374.983 Governing body.-

(2) The present board of commissioners of the district shall continue to hold office until their respective terms shall expire. Thereafter the members of the board shall continue to be appointed by the Governor for a term of 4 years and until their successors shall be duly appointed. Specifically, commencing on January 10, 1997, the Governor shall appoint the commissioners from Broward, Indian River, Martin, St. Johns, and Volusia Counties and on January 10, 1999, the Governor shall appoint the commissioners from Brevard, Miami-Dade, Duval, Flagler, Palm Beach, and St. Lucie Counties. The Governor shall appoint the

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commissioner from Nassau County for an initial term that coincides with the period remaining in the current terms of the commissioners from Broward, Indian River, Martin, St. Johns, and Volusia Counties. Thereafter, the commissioner from Nassau County shall be appointed to a 4-year term. Each new appointee must be confirmed by the Senate. Whenever a vacancy occurs among the commissioners, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the commissioner whose place he or she is selected to fill. Each commissioner under this act before he or she assumes office shall be required to give a good and sufficient surety bond in the sum of \$10,000 payable to the Governor and his or her successors in office, conditioned upon the faithful performance of the duties of his or her office, such bond to be approved by and filed with the board of commissioners of the district Chief Financial Officer. Any and all premiums upon such surety bonds shall be paid by the board of commissioners of the such district as a necessary expense of the district.

Section 7. Subsection (9) of section 624.307, Florida Statutes, is amended to read:

624.307 General powers; duties.-

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(9) Upon receiving service of legal process issued in any civil action or proceeding in this state against any regulated person or unauthorized insurer under s. 626.906 or s. 626.937 required to appoint the Chief Financial Officer as its attorney to receive service of all legal process, the Chief Financial

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Officer, as attorney, may, in lieu of sending the process by registered or certified mail, send the process or make it available by any other verifiable means, including, but not limited to, making the documents available by electronic transmission from a secure website established by the department, to the person last designated by the regulated person or the unauthorized insurer to receive the process. When process documents are made available electronically, the Chief Financial Officer shall send a notice of receipt of service of process to the person last designated by the regulated person or unauthorized insurer to receive legal process. The notice must state the date and manner in which the copy of the process was made available to the regulated person or unauthorized insurer being served and contain an Internet hyperlink to obtain a copy of the process.

Section 8. Section 624.423, Florida Statutes, is amended to read:

624.423 Serving process.—

(1) Service of process upon the Chief Financial Officer as process agent of the insurer (under s. 624.422) shall be made by serving a copy of the process upon the Chief Financial Officer or upon her or his assistant, deputy, or other person in charge of her or his office. In lieu of serving a copy of the process by mail to or personal service upon the Chief Financial Officer or her or his assistant, deputy, or other person in charge of her or his office, the department may create an Internet-based

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system for the electronic transmission and acceptance of service of process documents. Upon receiving such service, the Chief Financial Officer shall retain a record copy and promptly forward one copy of the process by registered or certified mail or by other verifiable means, as provided in s. 624.307(9), to the person last designated by the insurer to receive the same, as provided in under s. 624.422(2). For purposes of this section, records may be retained as paper or electronic copies.

- Officer as an insurer's process agent, the insurer shall not be required to answer or plead except within 20 days after the date upon which the Chief Financial Officer sent or made available by other verifiable means mailed a copy of the process served upon her or him as required by subsection (1).
- (3) Process served upon the Chief Financial Officer and sent or made available in accordance with this section and s.

 624.307(9) copy thereof forwarded as in this section provided shall for all purposes constitute valid and binding service thereof upon the insurer.
- (4) For purposes of this section, the term "insurer" includes any unauthorized insurer under s. 626.906 or s. 626.937.
- 335 Section 9. Section 624.502, Florida Statutes, is amended to read:
 - 624.502 Service of process fee.—In all instances as provided in any section of the insurance code and s. 48.151(3)

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in which service of process is authorized to be made upon the Chief Financial Officer or the director of the office, the plaintiff shall pay to the department or office a fee of \$15 for such service of process to an authorized insurer or \$25 for such service of process to an unauthorized insurer, which fee shall be deposited into the Administrative Trust Fund.

Section 10. Subsection (1) of section 626.907, Florida Statutes, is amended to read:

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626.907 Service of process; judgment by default.-

Service of process upon an insurer or person representing or aiding such insurer pursuant to s. 626.906 shall be made by delivering to and leaving with the Chief Financial Officer or his or her assistant or deputy or another some person in apparent charge of the his or her office two copies thereof and the service of process fee as required in s. 624.502. The Chief Financial Officer shall forthwith mail by registered mail one of the copies of such process to the defendant at the defendant's last known principal place of business as provided by the party submitting the documents and shall keep a record of all process so served upon him or her. The service of process is sufficient, provided notice of such service and a copy of the process are sent within 10 days thereafter by registered mail by plaintiff or plaintiff's attorney to the defendant at the defendant's last known principal place of business, and the defendant's receipt, or receipt issued by the post office with which the letter is registered, showing the name of the sender

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of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff or plaintiff's attorney showing a compliance herewith are filed with the clerk of the court in which the action is pending on or before the date the defendant is required to appear, or within such further time as the court may allow.

- Section 11. Paragraph (a) of subsection (7) of section 627.7074, Florida Statutes, is amended to read:
- 627.7074 Alternative procedure for resolution of disputed sinkhole insurance claims.—
- (7) Upon receipt of a request for neutral evaluation, the department shall provide the parties a list of certified neutral evaluators. The department shall allow the parties to submit requests to disqualify evaluators on the list for cause.
- (a) The department shall disqualify neutral evaluators for cause based only on any of the following grounds:
- 1. A familial relationship within the third degree exists between the neutral evaluator and either party or a representative of either party.
- 2. The proposed neutral evaluator has, in a professional capacity, previously represented either party or a representative of either party in the same or a substantially related matter.
- 3. The proposed neutral evaluator has, in a professional capacity, represented another person in the same or a substantially related matter and that person's interests are

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materially adverse to the interests of the parties. The term "substantially related matter" means participation by the neutral evaluator on the same claim, property, or adjacent property.

- 4. The proposed neutral evaluator has, within the preceding 5 years, worked as an employer or employee of any party to the case.
- 5. The proposed neutral evaluator has, within the preceding 5 years, worked for the company or firm that performed the initial testing described in s. 627.7072.
- Section 12. Paragraph (b) of subsection (1) of section 627.706, Florida Statutes, is amended to read:
- 627.706 Sinkhole insurance; catastrophic ground cover collapse; definitions.—

(1)

(b) The insurer shall make available, for an appropriate additional premium, coverage for sinkhole losses on any structure, including the contents of personal property contained therein, to the extent provided in the form to which the coverage attaches, unless the location of the risk does not meet the underwriting requirements for sinkhole coverage filed with the office by the insurer. If the location of the risk fulfills such underwriting requirements, the insurer may require an inspection of the property before issuance of sinkhole loss coverage. An inspection of the property is not required if the location of the risk does not meet such underwriting

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requirements. A policy for residential property insurance may include a deductible amount applicable to sinkhole losses equal to 1 percent, 2 percent, 5 percent, or 10 percent of the policy dwelling limits, with appropriate premium discounts offered with each deductible amount.

Section 13. Subsection (8) of section 633.208, Florida Statutes, is amended to read:

633.208 Minimum firesafety standards.-

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The provisions of the Life Safety Code, as contained in the Florida Fire Prevention Code, do not apply to newly constructed one-family and two-family dwellings. However, fire sprinkler protection may be permitted by local government in lieu of other fire protection-related development requirements for such structures. While local governments may adopt fire sprinkler requirements for one- and two-family dwellings under this subsection, it is the intent of the Legislature that the economic consequences of the fire sprinkler mandate on home owners be studied before the enactment of such a requirement. After the effective date of this act, any local government that desires to adopt a fire sprinkler requirement on one- or twofamily dwellings must prepare an economic cost and benefit report that analyzes the application of fire sprinklers to oneor two-family dwellings or any proposed residential subdivision. The report must consider the tradeoffs and specific cost savings and benefits of fire sprinklers for future owners of property. The report must include an assessment of the cost savings from

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any reduced or eliminated impact fees if applicable, the reduction in special fire district tax, insurance fees, and other taxes or fees imposed, and the waiver of certain infrastructure requirements including the reduction of roadway widths, the reduction of water line sizes, increased fire hydrant spacing, increased dead-end roadway length, and a reduction in cul-de-sac sizes relative to the costs from fire sprinkling. A failure to prepare an economic report shall result in the invalidation of the fire sprinkler requirement to any one- or two-family dwelling or any proposed subdivision. In addition, a local jurisdiction or utility may not charge any additional fee, above what is charged to a non-fire sprinklered dwelling, on the basis that a one- or two-family dwelling unit is protected by a fire sprinkler system.

Section 14. Paragraph (b) of subsection (6) of section 633.408, Florida Statutes, is amended, and subsection (9) is added to that section, to read:

- 633.408 Firefighter and volunteer firefighter training and certification.—
- (4) The division shall issue a firefighter certificate of compliance to an individual who does all of the following:
- (b) Passes the Minimum Standards Course examination within 6 months after completing the Minimum Standards Course.
- (9) A certificate of compliance or completion issued under this section expires 4 years after the date of issuance unless renewed as provided in s. 633.414.

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Section 15. Subsection (2) of section 633.412, Florida

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470 Statutes, is amended to read: 471 633.412 Firefighters; qualifications for certification.-472 If the division suspends or revokes an individual's certificate, the division may, in accordance with standards 473 474 provided by rule, must suspend or revoke all other certificates 475 issued to the individual by the division pursuant to this part. 476 Section 16. Subsections (3) through (5) of section 477 633.414, Florida Statutes, are renumbered as sections (4) 478 through (6), respectively, subsection (1) is amended, and 479 subsections (3), (7), and (8) are added to that section, to 480 read: 481 633.414 Retention of firefighter certification.-482 In order for a firefighter to retain her or his 483 Firefighter Certificate of Compliance, every 4 years he or she 484 must apply to the division on forms provided by it and 485 demonstrate that he or she meets the requirements for renewal 486 provided in this chapter and by rule, which must include the 487 following: 488 (a) Be active as a firefighter; 489 (b) Maintain a current and valid fire service instructor 490 certificate, instruct at least 40 hours during the 4-year

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(b) (c) Within 6 months before the 4-year period expires,

period, and provide proof of such instruction to the division,

which proof must be registered in an electronic database

CODING: Words stricken are deletions; words underlined are additions.

designated by the division;

successfully complete the Firefighter Retention a Refresher Course consisting of a minimum of 40 hours of training to be prescribed by rule; or

- $\underline{\text{(c)}}$ Within 6 months before the 4-year period expires, successfully retake and pass the Minimum Standards Course examination pursuant to s. 633.408.
- (3) In order for an instructor to retain her or his Fire Service Instructor Certificate, every 4 years he or she must:
- (a) Maintain a current and valid Fire Service Instructor Certificate.
 - (b) Instruct at least 40 hours during the 4-year period.
- (c) Provide proof of such instruction to the division, which proof must be registered in an electronic database designated by the division.
- (7) The certification of a firefighter, volunteer firefighter, or instructor who fails to meet the requirements of this section will expire.
- (8) The State Fire Marshal may deny, refuse to renew, suspend, or revoke the certificate of a firefighter, volunteer firefighter, or instructor if the State Fire Marshal finds that any of the following grounds exist:
- (a) Any cause for which issuance of a certificate could have been denied had it existed and been known to the division when the firefighter, volunteer firefighter, or instructor initially applied for his or her certificate.
 - (b) Violation of this chapter or any rule or order of the

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- (c) Falsification of records relating to any certificates issued by the division.
- Section 17. Paragraph (b) of subsection (1) and subsection (2) of section 633.426, Florida Statutes, are amended to read:
- 633.426 Disciplinary action; standards for revocation of certification.—
 - (1) For purposes of this section, the term:
- (b) "Certification" or "certified" means the act of holding a current and valid certificate that meets the requirements for renewal of certification pursuant to this chapter and by rule.
- (2) An individual is ineligible to apply for certification or renew certification after July 1, 2013, if the individual has, at any time, been:
- (a) Convicted of a misdemeanor relating to the certification or to perjury or false statements.
- (b) Convicted of a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States or of any state thereof, or under the law of any other country.
- (c) Dishonorably discharged from any of the Armed Forces of the United States.
 - Section 18. This act shall take effect July 1, 2016.