

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 revising provisions related to the corporation's use
11 of certain public and private hurricane loss
12 projection models in establishing certain rates;
13 authorizing the use of specified information by
14 certain entities in analyzing risks or developing
15 rating plans; prohibiting the use of such information
16 for the direct solicitation of policyholders;
17 requiring the corporation to revise certain programs
18 by a specified date; requiring the corporation to
19 publish a periodic schedule of cycles for certain
20 purposes; specifying information required to be
21 included in certain take-out requests; requiring the
22 corporation to maintain and make available specified
23 lists of insurers requesting to take out a policy;
24 requiring the corporation to provide policyholders and
25 the agents of record with a specified notice regarding
26 policy renewal options; providing an effective date.

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

Section 1. Paragraphs (c), (n), and (x) of subsection (6) of section 627.351, Florida Statutes, are amended, and paragraph (ii) is added to that subsection, to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(c) The corporation's plan of operation:

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

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

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

c. Commercial lines residential and nonresidential policy forms that are generally similar to the basic perils of full coverage obtainable for commercial residential structures and

53 commercial nonresidential structures in the admitted voluntary
54 market.

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

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

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

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

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

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

79 (I) "Quota share primary insurance" means an arrangement
80 in which the primary hurricane coverage of an eligible risk is
81 provided in specified percentages by the corporation and an
82 authorized insurer. The corporation and authorized insurer are
83 each solely responsible for a specified percentage of hurricane
84 coverage of an eligible risk as set forth in a quota share
85 primary insurance agreement between the corporation and an
86 authorized insurer and the insurance contract. The
87 responsibility of the corporation or authorized insurer to pay
88 its specified percentage of hurricane losses of an eligible
89 risk, as set forth in the agreement, may not be altered by the
90 inability of the other party to pay its specified percentage of
91 losses. Eligible risks that are provided hurricane coverage
92 through a quota share primary insurance arrangement must be
93 provided policy forms that set forth the obligations of the
94 corporation and authorized insurer under the arrangement,
95 clearly specify the percentages of quota share primary insurance
96 provided by the corporation and authorized insurer, and
97 conspicuously and clearly state that the authorized insurer and
98 the corporation may not be held responsible beyond their
99 specified percentage of coverage of hurricane losses.

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

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

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

114 d. Any quota share primary insurance agreement entered
115 into between an authorized insurer and the corporation must
116 provide for a uniform specified percentage of coverage of
117 hurricane losses, by county or territory as set forth by the
118 corporation board, for all eligible risks of the authorized
119 insurer covered under the agreement.

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

126 f. For all eligible risks covered under quota share
127 primary insurance agreements, the exposure and coverage levels
128 for both the corporation and authorized insurers shall be
129 reported by the corporation to the Florida Hurricane Catastrophe
130 Fund. For all policies of eligible risks covered under such

131 | agreements, the corporation and the authorized insurer must
132 | maintain complete and accurate records for the purpose of
133 | exposure and loss reimbursement audits as required by fund
134 | rules. The corporation and the authorized insurer shall each
135 | maintain duplicate copies of policy declaration pages and
136 | supporting claims documents.

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

143 | h. The quota share primary insurance agreement between the
144 | corporation and an authorized insurer must set forth the
145 | specific terms under which coverage is provided, including, but
146 | not limited to, the sale and servicing of policies issued under
147 | the agreement by the insurance agent of the authorized insurer
148 | producing the business, the reporting of information concerning
149 | eligible risks, the payment of premium to the corporation, and
150 | arrangements for the adjustment and payment of hurricane claims
151 | incurred on eligible risks by the claims adjuster and personnel
152 | of the authorized insurer. Entering into a quota sharing
153 | insurance agreement between the corporation and an authorized
154 | insurer is voluntary and at the discretion of the authorized
155 | insurer.

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

182 10, Art. I of the State Constitution, prohibiting the impairment
183 of obligations of contracts, it is the intent of the Legislature
184 that no action be taken whose purpose is to impair any bond
185 indenture or financing agreement or any revenue source committed
186 by contract to such bond or other indebtedness.

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

196 a. The Governor, the Chief Financial Officer, the
197 President of the Senate, and the Speaker of the House of
198 Representatives shall each appoint two members of the board. At
199 least one of the two members appointed by each appointing
200 officer must have demonstrated expertise in insurance and be
201 deemed to be within the scope of the exemption provided in s.
202 112.313(7) (b). The Chief Financial Officer shall designate one
203 of the appointees as chair. All board members serve at the
204 pleasure of the appointing officer. All members of the board are
205 subject to removal at will by the officers who appointed them.
206 All board members, including the chair, must be appointed to
207 serve for 3-year terms beginning annually on a date designated

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

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

227 (I) The members of the advisory committee consist of the
228 following 11 persons, one of whom must be elected chair by the
229 members of the committee: four representatives, one appointed by
230 the Florida Association of Insurance Agents, one by the Florida
231 Association of Insurance and Financial Advisors, one by the
232 Professional Insurance Agents of Florida, and one by the Latin
233 American Association of Insurance Agencies; three

234 representatives appointed by the insurers with the three highest
235 voluntary market share of residential property insurance
236 business in the state; one representative from the Office of
237 Insurance Regulation; one consumer appointed by the board who is
238 insured by the corporation at the time of appointment to the
239 committee; one representative appointed by the Florida
240 Association of Realtors; and one representative appointed by the
241 Florida Bankers Association. All members shall be appointed to
242 3-year terms and may serve for consecutive terms.

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

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

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

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

279 (I) If the risk accepts an offer of coverage through the
280 market assistance plan or through a mechanism established by the
281 corporation other than a plan established by s. 627.3518, before
282 a policy is issued to the risk by the corporation or during the
283 first 30 days of coverage by the corporation, and the producing
284 agent who submitted the application to the plan or to the

285 corporation is not currently appointed by the insurer, the
 286 insurer shall:

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

292 (B) Offer to allow the producing agent of record of the
 293 policy to continue servicing the policy for at least 1 year and
 294 offer to pay the agent the greater of the insurer's or the
 295 corporation's usual and customary commission for the type of
 296 policy written.

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

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

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

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

314

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

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

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

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

349 (B) Offer to allow the producing agent of record of the
 350 policy to continue servicing the policy for at least 1 year and
 351 offer to pay the agent the greater of the insurer's or the
 352 corporation's usual and customary commission for the type of
 353 policy written.

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

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

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

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

371

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

375 c. For purposes of determining comparable coverage under
376 sub-subparagraphs a. and b., the comparison must be based on
377 those forms and coverages that are reasonably comparable. The
378 corporation may rely on a determination of comparable coverage
379 and premium made by the producing agent who submits the
380 application to the corporation, made in the agent's capacity as
381 the corporation's agent. A comparison may be made solely of the
382 premium with respect to the main building or structure only on
383 the following basis: the same coverage A or other building
384 limits; the same percentage hurricane deductible that applies on
385 an annual basis or that applies to each hurricane for commercial
386 residential property; the same percentage of ordinance and law
387 coverage, if the same limit is offered by both the corporation

388 and the authorized insurer; the same mitigation credits, to the
389 extent the same types of credits are offered both by the
390 corporation and the authorized insurer; the same method for loss
391 payment, such as replacement cost or actual cash value, if the
392 same method is offered both by the corporation and the
393 authorized insurer in accordance with underwriting rules; and
394 any other form or coverage that is reasonably comparable as
395 determined by the board. If an application is submitted to the
396 corporation for wind-only coverage in the coastal account, the
397 premium for the corporation's wind-only policy plus the premium
398 for the ex-wind policy that is offered by an authorized insurer
399 to the applicant must be compared to the premium for multiperil
400 coverage offered by an authorized insurer, subject to the
401 standards for comparison specified in this subparagraph. If the
402 corporation or the applicant requests from the authorized
403 insurer a breakdown of the premium of the offer by types of
404 coverage so that a comparison may be made by the corporation or
405 its agent and the authorized insurer refuses or is unable to
406 provide such information, the corporation may treat the offer as
407 not being an offer of coverage from an authorized insurer at the
408 insurer's approved rate.

409 6. Must include rules for classifications of risks and
410 rates.

411 7. Must provide that if premium and investment income for
412 an account attributable to a particular calendar year are in
413 excess of projected losses and expenses for the account

414 attributable to that year, such excess shall be held in surplus
415 in the account. Such surplus must be available to defray
416 deficits in that account as to future years and used for that
417 purpose before assessing assessable insurers and assessable
418 insureds as to any calendar year.

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

424 a. Whether the likelihood of a loss for the individual
425 risk is substantially higher than for other risks of the same
426 class; and

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

429

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

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

437 10. The policies issued by the corporation must provide
438 that if the corporation or the market assistance plan obtains an
439 offer from an authorized insurer to cover the risk at its

440 approved rates, the risk is no longer eligible for renewal
441 through the corporation, except as otherwise provided in this
442 subsection.

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

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

464 13. Must provide that, with respect to the coastal
465 account, any assessable insurer with a surplus as to

466 policyholders of \$25 million or less writing 25 percent or more
467 of its total countrywide property insurance premiums in this
468 state may petition the office, within the first 90 days of each
469 calendar year, to qualify as a limited apportionment company. A
470 regular assessment levied by the corporation on a limited
471 apportionment company for a deficit incurred by the corporation
472 for the coastal account may be paid to the corporation on a
473 monthly basis as the assessments are collected by the limited
474 apportionment company from its insureds, but a limited
475 apportionment company must begin collecting the regular
476 assessments not later than 90 days after the regular assessments
477 are levied by the corporation, and the regular assessments must
478 be paid in full within 15 months after being levied by the
479 corporation. A limited apportionment company shall collect from
480 its policyholders any emergency assessment imposed under sub-
481 subparagraph (b)3.d. The plan must provide that, if the office
482 determines that any regular assessment will result in an
483 impairment of the surplus of a limited apportionment company,
484 the office may direct that all or part of such assessment be
485 deferred as provided in subparagraph (q)4. However, an emergency
486 assessment to be collected from policyholders under sub-
487 subparagraph (b)3.d. may not be limited or deferred.

488 14. Must provide that the corporation appoint as its
489 licensed agents only those agents who throughout such
490 appointments also hold an appointment as defined in s.
491 626.015(3) by ~~with~~ an insurer who ~~at the time of the agent's~~

492 ~~initial appointment by the corporation~~ is authorized to write
493 and is actually writing or renewing personal lines residential
494 property coverage, commercial residential property coverage, or
495 commercial nonresidential property coverage within the state.

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

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

503 17. Must provide coverage for manufactured or mobile home
504 dwellings. Such coverage must also include the following
505 attached structures:

506 a. Screened enclosures that are aluminum framed or
507 screened enclosures that are not covered by the same or
508 substantially the same materials as those of the primary
509 dwelling;

510 b. Carports that are aluminum or carports that are not
511 covered by the same or substantially the same materials as those
512 of the primary dwelling; and

513 c. Patios that have a roof covering that is constructed of
514 materials that are not the same or substantially the same
515 materials as those of the primary dwelling.

516

517 The corporation shall make available a policy for mobile homes
 518 or manufactured homes for a minimum insured value of at least
 519 \$3,000.

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

522 19. May require commercial property to meet specified
 523 hurricane mitigation construction features as a condition of
 524 eligibility for coverage.

525 20. Must provide that new or renewal policies issued by
 526 the corporation on or after January 1, 2012, which cover
 527 sinkhole loss do not include coverage for any loss to
 528 appurtenant structures, driveways, sidewalks, decks, or patios
 529 that are directly or indirectly caused by sinkhole activity. The
 530 corporation shall exclude such coverage using a notice of
 531 coverage change, which may be included with the policy renewal,
 532 and not by issuance of a notice of nonrenewal of the excluded
 533 coverage upon renewal of the current policy.

534 21. As of January 1, 2012, must require that the agent
 535 obtain from an applicant for coverage from the corporation an
 536 acknowledgment signed by the applicant, which includes, at a
 537 minimum, the following statement:

538 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
 539 AND ASSESSMENT LIABILITY:

540 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
 541 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
 542 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,

543 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
544 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
545 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
546 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
547 LEGISLATURE.

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

555 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
556 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
557 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
558 FLORIDA LEGISLATURE.

559 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
560 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
561 STATE OF FLORIDA.

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

566 b. The signed acknowledgment form creates a conclusive
567 presumption that the policyholder understood and accepted his or

568 her potential surcharge and assessment liability as a
569 policyholder of the corporation.

570 (n)1. Rates for coverage provided by the corporation must
571 be actuarially sound and subject to s. 627.062, except as
572 otherwise provided in this paragraph. The corporation shall file
573 its recommended rates with the office at least annually. The
574 corporation shall provide any additional information regarding
575 the rates which the office requires. The office shall consider
576 the recommendations of the board and issue a final order
577 establishing the rates for the corporation within 45 days after
578 the recommended rates are filed. The corporation may not pursue
579 an administrative challenge or judicial review of the final
580 order of the office.

581 2. In addition to the rates otherwise determined pursuant
582 to this paragraph, the corporation shall impose and collect an
583 amount equal to the premium tax provided in s. 624.509 to
584 augment the financial resources of the corporation.

585 3. After the public hurricane loss projection ~~less-~~
586 ~~projection~~ model under s. 627.06281 has been found to be
587 accurate and reliable by the Florida Commission on Hurricane
588 Loss Projection Methodology, the model shall be considered when
589 establishing ~~serve as the minimum benchmark for determining~~ the
590 windstorm portion of the corporation's rates. The corporation
591 may use the public hurricane loss projection model or other
592 model or method found to be acceptable or reliable by the
593 Florida Commission on Hurricane Loss Projection Methodology, and

594 as further provided in 627.0628, to calculate rates for the
595 windstorm portion of the corporation's rates. This subparagraph
596 does not require or allow the corporation to adopt rates lower
597 than the rates otherwise required or allowed by this paragraph.

598 4. The rate filings for the corporation which were
599 approved by the office and took effect January 1, 2007, are
600 rescinded, except for those rates that were lowered. As soon as
601 possible, the corporation shall begin using the lower rates that
602 were in effect on December 31, 2006, and provide refunds to
603 policyholders who paid higher rates as a result of that rate
604 filing. The rates in effect on December 31, 2006, remain in
605 effect for the 2007 and 2008 calendar years except for any rate
606 change that results in a lower rate. The next rate change that
607 may increase rates shall take effect pursuant to a new rate
608 filing recommended by the corporation and established by the
609 office, subject to this paragraph.

610 5. Beginning on July 15, 2009, and annually thereafter,
611 the corporation must make a recommended actuarially sound rate
612 filing for each personal and commercial line of business it
613 writes, to be effective no earlier than January 1, 2010.

614 6. Beginning on or after January 1, 2010, and
615 notwithstanding the board's recommended rates and the office's
616 final order regarding the corporation's filed rates under
617 subparagraph 1., the corporation shall annually implement a rate
618 increase which, except for sinkhole coverage, does not exceed 10

619 percent for any single policy issued by the corporation,
620 excluding coverage changes and surcharges.

621 7. The corporation may also implement an increase to
622 reflect the effect on the corporation of the cash buildup factor
623 pursuant to s. 215.555(5)(b).

624 8. The corporation's implementation of rates as prescribed
625 in subparagraph 6. shall cease for any line of business written
626 by the corporation upon the corporation's implementation of
627 actuarially sound rates. Thereafter, the corporation shall
628 annually make a recommended actuarially sound rate filing for
629 each commercial and personal line of business the corporation
630 writes.

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

634 a. Underwriting files, except that a policyholder or an
635 applicant shall have access to his or her own underwriting
636 files. Confidential and exempt underwriting file records may
637 also be released to other governmental agencies upon written
638 request and demonstration of need; such records held by the
639 receiving agency remain confidential and exempt as provided
640 herein.

641 b. Claims files, until termination of all litigation and
642 settlement of all claims arising out of the same incident,
643 although portions of the claims files may remain exempt, as
644 otherwise provided by law. Confidential and exempt claims file

645 records may be released to other governmental agencies upon
646 written request and demonstration of need; such records held by
647 the receiving agency remain confidential and exempt as provided
648 herein.

649 c. Records obtained or generated by an internal auditor
650 pursuant to a routine audit, until the audit is completed, or if
651 the audit is conducted as part of an investigation, until the
652 investigation is closed or ceases to be active. An investigation
653 is considered "active" while the investigation is being
654 conducted with a reasonable, good faith belief that it could
655 lead to the filing of administrative, civil, or criminal
656 proceedings.

657 d. Matters reasonably encompassed in privileged attorney-
658 client communications.

659 e. Proprietary information licensed to the corporation
660 under contract and the contract provides for the confidentiality
661 of such proprietary information.

662 f. All information relating to the medical condition or
663 medical status of a corporation employee which is not relevant
664 to the employee's capacity to perform his or her duties, except
665 as otherwise provided in this paragraph. Information that is
666 exempt shall include, but is not limited to, information
667 relating to workers' compensation, insurance benefits, and
668 retirement or disability benefits.

669 g. Upon an employee's entrance into the employee
670 assistance program, a program to assist any employee who has a

671 behavioral or medical disorder, substance abuse problem, or
672 emotional difficulty which affects the employee's job
673 performance, all records relative to that participation shall be
674 confidential and exempt from the provisions of s. 119.07(1) and
675 s. 24(a), Art. I of the State Constitution, except as otherwise
676 provided in s. 112.0455(11).

677 h. Information relating to negotiations for financing,
678 reinsurance, depopulation, or contractual services, until the
679 conclusion of the negotiations.

680 i. Minutes of closed meetings regarding underwriting
681 files, and minutes of closed meetings regarding an open claims
682 file until termination of all litigation and settlement of all
683 claims with regard to that claim, except that information
684 otherwise confidential or exempt by law shall be redacted.

685 2. If an authorized insurer is considering underwriting a
686 risk insured by the corporation, relevant underwriting files and
687 confidential claims files may be released to the insurer
688 provided the insurer agrees in writing, notarized and under
689 oath, to maintain the confidentiality of such files. If a file
690 is transferred to an insurer, that file is no longer a public
691 record because it is not held by an agency subject to the
692 provisions of the public records law. Underwriting files and
693 confidential claims files may also be released to staff and the
694 board of governors of the market assistance plan established
695 pursuant to s. 627.3515, who must retain the confidentiality of
696 such files, except such files may be released to authorized

697 insurers that are considering assuming the risks to which the
698 files apply, provided the insurer agrees in writing, notarized
699 and under oath, to maintain the confidentiality of such files.
700 Finally, the corporation or the board or staff of the market
701 assistance plan may make the following information obtained from
702 underwriting files and confidential claims files available to
703 licensed general lines insurance agents: name, address, and
704 telephone number of the residential property owner or insured;
705 location of the risk; rating information; loss history; and
706 policy type. The receiving licensed general lines insurance
707 agent must retain the confidentiality of the information
708 received and may use the information only for the purposes of
709 developing a take-out plan to be submitted to the office for
710 approval or otherwise analyzing the underwriting of a risk or
711 risks insured by the corporation on behalf of the private
712 insurance market. The licensed general lines agent receiving
713 information under this subparagraph may not use the information
714 for the direct solicitation of policyholders. An entity that has
715 obtained a permit to become an authorized insurer, a reinsurer
716 that may provide reinsurance under s. 624.610, a licensed
717 reinsurance broker, a licensed rating organization, or a
718 modeling company may receive the information available to a
719 licensed general lines agent for the sole purpose of analyzing
720 risks for underwriting or developing rating plans in the private
721 insurance market and must retain the confidentiality of the
722 information received. Such entities may not use the information

723 for the direct solicitation of policyholders.

724 3. A policyholder who has filed suit against the
725 corporation has the right to discover the contents of his or her
726 own claims file to the same extent that discovery of such
727 contents would be available from a private insurer in litigation
728 as provided by the Florida Rules of Civil Procedure, the Florida
729 Evidence Code, and other applicable law. Pursuant to subpoena, a
730 third party has the right to discover the contents of an
731 insured's or applicant's underwriting or claims file to the same
732 extent that discovery of such contents would be available from a
733 private insurer by subpoena as provided by the Florida Rules of
734 Civil Procedure, the Florida Evidence Code, and other applicable
735 law, and subject to any confidentiality protections requested by
736 the corporation and agreed to by the seeking party or ordered by
737 the court. The corporation may release confidential underwriting
738 and claims file contents and information as it deems necessary
739 and appropriate to underwrite or service insurance policies and
740 claims, subject to any confidentiality protections deemed
741 necessary and appropriate by the corporation.

742 4. Portions of meetings of the corporation are exempt from
743 the provisions of s. 286.011 and s. 24(b), Art. I of the State
744 Constitution wherein confidential underwriting files or
745 confidential open claims files are discussed. All portions of
746 corporation meetings which are closed to the public shall be
747 recorded by a court reporter. The court reporter shall record
748 the times of commencement and termination of the meeting, all

749 discussion and proceedings, the names of all persons present at
750 any time, and the names of all persons speaking. No portion of
751 any closed meeting shall be off the record. Subject to the
752 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's
753 notes of any closed meeting shall be retained by the corporation
754 for a minimum of 5 years. A copy of the transcript, less any
755 exempt matters, of any closed meeting wherein claims are
756 discussed shall become public as to individual claims after
757 settlement of the claim.

758 (ii) The corporation shall revise the programs adopted
759 pursuant to sub-subparagraph (q)3.a. for personal lines
760 residential policies to maximize policyholder options and
761 encourage increased participation by insurers and agents. After
762 January 1, 2017, a policy may not be taken out of the
763 corporation unless the provisions of this paragraph are met.

764 1. The corporation must publish a periodic schedule of
765 cycles during which an insurer may identify, and notify the
766 corporation of, policies that the insurer is requesting to take
767 out. A request must include a description of the coverage
768 offered and an estimated premium and must be submitted to the
769 corporation in a form and manner prescribed by the corporation.

770 2. The corporation must maintain and make available to the
771 agent of record a consolidated list of all insurers requesting
772 to take out a policy. The list must include a description of the
773 coverage offered and the estimated premium for each take-out
774 request.

775 3. The corporation must provide written notice to the
776 policyholder and the agent of record of all insurers requesting
777 to take out the policy and of the policyholder's option to
778 accept a take-out offer or to reject all take-out offers and to
779 remain with the corporation. The notice must be in a format
780 prescribed by the corporation and include, for each take-out
781 offer:

- 782 a. The amount of the estimated premium;
783 b. A description of the coverage; and
784 c. A comparison of the estimated premium and coverage
785 offered by the insurer to the estimated premium and coverage
786 provided by the corporation.

787 Section 2. This act shall take effect July 1, 2016.