

By the Committee on Banking and Insurance; and Senator Brandes

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1 A bill to be entitled  
2 An act relating to nonadmitted insurance market  
3 reform; amending s. 626.916, F.S.; deleting a  
4 limitation on per-policy fees charged by surplus lines  
5 agents for exporting certified policies; requiring  
6 that such fees be itemized separately for the customer  
7 before purchase and enumerated in the policy; amending  
8 s. 626.931, F.S.; deleting a requirement for surplus  
9 lines agents to quarterly file a certain affidavit  
10 with the Florida Surplus Lines Service Office;  
11 amending s. 626.932, F.S.; conforming a provision to  
12 changes made by the act; amending ss. 626.935 and  
13 629.401, F.S.; conforming provisions to changes made  
14 by the act; amending s. 627.715, F.S.; extending the  
15 expiration date of a provision authorizing surplus  
16 lines agents to export contracts or endorsements  
17 providing flood coverage to eligible surplus lines  
18 insurers without making a certain diligent effort to  
19 seek coverage from authorized insurers; providing an  
20 effective date.

21  
22 Be It Enacted by the Legislature of the State of Florida:

23  
24 Section 1. Subsection (4) of section 626.916, Florida  
25 Statutes, is amended to read:

26 626.916 Eligibility for export.—

27 (4) A reasonable per-policy fee, ~~not to exceed \$35,~~ may be  
28 charged by the filing surplus lines agent for each policy  
29 certified for export. The fee must be itemized separately for

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30 the customer before purchase and enumerated in the policy.

31 Section 2. Section 626.931, Florida Statutes, is amended to  
32 read:

33 626.931 ~~Agent affidavit and Insurer reporting~~  
34 requirements.-

35 ~~(1) Each surplus lines agent that has transacted business~~  
36 ~~during a calendar quarter shall on or before the 45th day~~  
37 ~~following the calendar quarter file with the Florida Surplus~~  
38 ~~Lines Service Office an affidavit, on forms as prescribed and~~  
39 ~~furnished by the Florida Surplus Lines Service Office, stating~~  
40 ~~that all surplus lines insurance transacted by him or her during~~  
41 ~~such calendar quarter has been submitted to the Florida Surplus~~  
42 ~~Lines Service Office as required.~~

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

46 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on or  
47 before the end of the month following each calendar quarter,  
48 file with the Florida Surplus Lines Service Office a verified  
49 report of all surplus lines insurance transacted by such insurer  
50 for insurance risks located in this state during such calendar  
51 quarter.

52 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or  
53 before June 30 of each year, file with the Florida Surplus Lines  
54 Service Office a verified report of all surplus lines insurance  
55 transacted by such insurer for insurance risks located in this  
56 state during the preceding calendar year.

57 (3)~~(5)~~ The department may waive the filing requirements  
58 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

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59        (4)~~(6)~~ Each insurer's report and supporting information  
60 shall be in a computer-readable format as determined by the  
61 Florida Surplus Lines Service Office or shall be submitted on  
62 forms prescribed by the Florida Surplus Lines Service Office and  
63 shall show for each applicable agent:

64            (a) A listing of all policies, certificates, cover notes,  
65 or other forms of confirmation of insurance coverage or any  
66 substitutions thereof or endorsements thereto and the  
67 identifying number; and

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

70        Section 3. Paragraph (a) of subsection (2) of section  
71 626.932, Florida Statutes, is amended to read:

72            626.932 Surplus lines tax.—

73            (2) (a) The surplus lines agent shall make payable to the  
74 department the tax related to each calendar quarter's business  
75 as reported to the Florida Surplus Lines Service Office~~7~~ and  
76 remit the tax to the Florida Surplus Lines Service Office at the  
77 same time as the remittance required under s. 626.9325 ~~provided~~  
78 ~~for the filing of the quarterly affidavit, under s. 626.931~~. The  
79 Florida Surplus Lines Service Office shall forward to the  
80 department the taxes and any interest collected pursuant to  
81 paragraph (b)~~7~~ within 10 days of receipt.

82        Section 4. Paragraph (d) of subsection (1) of section  
83 626.935, Florida Statutes, is amended, and present paragraphs  
84 (e) through (i) of subsection (1) of that section are  
85 redesignated as paragraphs (d) through (h), respectively, to  
86 read:

87            626.935 Suspension, revocation, or refusal of surplus lines

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88 agent's license.-

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

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

95 Section 5. Paragraph (a) of subsection (1) of section  
96 629.401, Florida Statutes, is amended to read:

97 629.401 Insurance exchange.-

98 (1) There may be created one or more insurance exchanges,  
99 with one or more offices each, subject to such rules as are  
100 adopted by the commission. For the purposes of this section, the  
101 term "exchange" applies to any such insurance exchange proposed  
102 or created under this section. The purposes of the exchange are:

103 (a) To provide a facility for the underwriting of:

104 1. Reinsurance of all kinds of insurance.

105 2. Direct insurance of all kinds on risks located entirely  
106 outside the United States.

107 3. Surplus lines insurance for risks located in this state  
108 eligible for export under s. 626.916 or s. 626.917 and placed  
109 through a licensed Florida surplus lines agent subject to  
110 compliance with ~~the provisions of~~ ss. 626.921, 626.922, 626.923,  
111 626.924, 626.929, 626.9295, and 626.930, ~~and 626.931~~. With  
112 respect to compliance with s. 626.924, the required legend may  
113 refer to any coverage provided for by a security fund  
114 established under paragraph (3)(d).

115 4. Surplus lines insurance in any other state subject to  
116 the applicable surplus lines laws of such other state for risks

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117 located entirely outside of this state.

118 Section 6. Subsection (4) of section 627.715, Florida  
119 Statutes, is amended to read:

120 627.715 Flood insurance.—An authorized insurer may issue an  
121 insurance policy, contract, or endorsement providing personal  
122 lines residential coverage for the peril of flood or excess  
123 coverage for the peril of flood on any structure or the contents  
124 of personal property contained therein, subject to this section.  
125 This section does not apply to commercial lines residential or  
126 commercial lines nonresidential coverage for the peril of flood.  
127 An insurer may issue flood insurance policies, contracts,  
128 endorsements, or excess coverage on a standard, preferred,  
129 customized, flexible, or supplemental basis.

130 (4) A surplus lines agent may export a contract or  
131 endorsement providing flood coverage to an eligible surplus  
132 lines insurer without making a diligent effort to seek such  
133 coverage from three or more authorized insurers under s.  
134 626.916(1)(a). This subsection expires July 1, 2025 ~~2019~~, or on  
135 the date on which the Commissioner of Insurance Regulation  
136 determines in writing that there is an adequate admitted market  
137 to provide coverage for the peril of flood consistent with this  
138 section, whichever date occurs first. If there are fewer than  
139 three admitted insurers on the date this subsection expires, the  
140 number of declinations necessary to meet the diligent-effort  
141 requirement shall be no fewer than the number of authorized  
142 insurers providing flood coverage.

143 Section 7. This act shall take effect July 1, 2019.