

By Senator Brandes

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1 A bill to be entitled
2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 627.021, F.S.; revising
4 applicability; amending s. 627.351, F.S.; revising the
5 method for determining the amounts of potential
6 surcharges to be levied against policyholders under
7 certain circumstances; requiring the corporation to
8 levy an annual legal expenses surcharge; revising
9 conditions for eligibility for coverage with the
10 corporation to require a certain minimum premium;
11 specifying a limit for agent commission rates;
12 revising the application of annual rate increase
13 limits to certain policies issued by the corporation;
14 requiring a property owner to provide proof of current
15 homestead exemption to remain eligible for coverage
16 subject to certain limitations on rate increases;
17 providing that eligible surplus lines insurers may
18 participate, in the same manner and on the same terms
19 as an authorized insurer, in depopulation, take-out,
20 or keep-out programs relating to policies removed from
21 Citizens Property Insurance Corporation; providing
22 certain exceptions, conditions, and requirements
23 relating to such participation by a surplus lines
24 insurer in the corporation's depopulation, take-out,
25 or keep-out programs; providing thresholds for
26 eligibility for coverage by the corporation for risks
27 offered coverage from qualified surplus lines
28 insurers; authorizing information from underwriting
29 files and confidential claims files to be released by

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30 the corporation to specified entities considering
31 writing or underwriting risks insured by the
32 corporation under certain circumstances; specifying
33 that only the corporation's transfer of a policy file
34 to an insurer, as opposed to the transfer of any file,
35 changes the file's public record status; making
36 technical changes; amending s. 627.3517, F.S.; making
37 technical changes; amending s. 627.3518, F.S., and
38 reenacting subsections (6) and (7), relating to the
39 Citizens Property Insurance Corporation policyholder
40 eligibility clearinghouse program, to incorporate the
41 amendments made to s. 627.351, F.S., in references
42 thereto; conforming provisions to changes made by the
43 act; providing an effective date.

44

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

46

47 Section 1. Subsection (2) of section 627.021, Florida
48 Statutes, is amended to read:

49 627.021 Scope of this part.—

50 (2) This part does not apply to:

51 (a) Reinsurance, except joint reinsurance as provided in s.
52 627.311.

53 (b) Insurance against loss of or damage to aircraft, their
54 hulls, accessories, or equipment, or against liability, other
55 than workers' compensation and employer's liability, arising out
56 of the ownership, maintenance, or use of aircraft.

57 (c) Insurance of vessels or craft, their cargoes, marine
58 builders' risks, marine protection and indemnity, or other risks

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59 commonly insured under marine insurance policies.

60 (d) Commercial inland marine insurance.

61 (e) Except as may be specifically stated to apply, surplus
62 lines insurance placed under ~~the provisions of~~ ss. 626.913-
63 626.937.

64 Section 2. Paragraphs (b), (c), (n), (q), and (x) of
65 subsection (6) of section 627.351, Florida Statutes, are amended
66 to read:

67 627.351 Insurance risk apportionment plans.—

68 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

69 (b)1. All insurers authorized to write one or more subject
70 lines of business in this state are subject to assessment by the
71 corporation and, for the purposes of this subsection, are
72 referred to collectively as "assessable insurers." Insurers
73 writing one or more subject lines of business in this state
74 pursuant to part VIII of chapter 626 are not assessable
75 insurers; however, insureds who procure one or more subject
76 lines of business in this state pursuant to part VIII of chapter
77 626 are subject to assessment by the corporation and are
78 referred to collectively as "assessable insureds." An insurer's
79 assessment liability begins on the first day of the calendar
80 year following the year in which the insurer was issued a
81 certificate of authority to transact insurance for subject lines
82 of business in this state and terminates 1 year after the end of
83 the first calendar year during which the insurer no longer holds
84 a certificate of authority to transact insurance for subject
85 lines of business in this state.

86 2.a. All revenues, assets, liabilities, losses, and
87 expenses of the corporation shall be divided into three separate

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88 accounts as follows:

89 (I) A personal lines account for personal residential
90 policies issued by the corporation which provides comprehensive,
91 multiperil coverage on risks that are not located in areas
92 eligible for coverage by the Florida Windstorm Underwriting
93 Association as those areas were defined on January 1, 2002, and
94 for policies that do not provide coverage for the peril of wind
95 on risks that are located in such areas;

96 (II) A commercial lines account for commercial residential
97 and commercial nonresidential policies issued by the corporation
98 which provides coverage for basic property perils on risks that
99 are not located in areas eligible for coverage by the Florida
100 Windstorm Underwriting Association as those areas were defined
101 on January 1, 2002, and for policies that do not provide
102 coverage for the peril of wind on risks that are located in such
103 areas; and

104 (III) A coastal account for personal residential policies
105 and commercial residential and commercial nonresidential
106 property policies issued by the corporation which provides
107 coverage for the peril of wind on risks that are located in
108 areas eligible for coverage by the Florida Windstorm
109 Underwriting Association as those areas were defined on January
110 1, 2002. The corporation may offer policies that provide
111 multiperil coverage and shall offer policies that provide
112 coverage only for the peril of wind for risks located in areas
113 eligible for coverage in the coastal account. Effective July 1,
114 2014, the corporation shall cease offering new commercial
115 residential policies providing multiperil coverage and shall
116 instead continue to offer commercial residential wind-only

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117 policies, and may offer commercial residential policies
118 excluding wind. The corporation may, however, continue to renew
119 a commercial residential multiperil policy on a building that is
120 insured by the corporation on June 30, 2014, under a multiperil
121 policy. In issuing multiperil coverage, the corporation may use
122 its approved policy forms and rates for the personal lines
123 account. An applicant or insured who is eligible to purchase a
124 multiperil policy from the corporation may purchase a multiperil
125 policy from an authorized insurer without prejudice to the
126 applicant's or insured's eligibility to prospectively purchase a
127 policy that provides coverage only for the peril of wind from
128 the corporation. An applicant or insured who is eligible for a
129 corporation policy that provides coverage only for the peril of
130 wind may elect to purchase or retain such policy and also
131 purchase or retain coverage excluding wind from an authorized
132 insurer without prejudice to the applicant's or insured's
133 eligibility to prospectively purchase a policy that provides
134 multiperil coverage from the corporation. It is the goal of the
135 Legislature that there be an overall average savings of 10
136 percent or more for a policyholder who currently has a wind-only
137 policy with the corporation, and an ex-wind policy with a
138 voluntary insurer or the corporation, and who obtains a
139 multiperil policy from the corporation. It is the intent of the
140 Legislature that the offer of multiperil coverage in the coastal
141 account be made and implemented in a manner that does not
142 adversely affect the tax-exempt status of the corporation or
143 creditworthiness of or security for currently outstanding
144 financing obligations or credit facilities of the coastal
145 account, the personal lines account, or the commercial lines

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146 account. The coastal account must also include quota share
147 primary insurance under subparagraph (c)2. The area eligible for
148 coverage under the coastal account also includes the area within
149 Port Canaveral, which is bordered on the south by the City of
150 Cape Canaveral, bordered on the west by the Banana River, and
151 bordered on the north by Federal Government property.

152 b. The three separate accounts must be maintained as long
153 as financing obligations entered into by the Florida Windstorm
154 Underwriting Association or Residential Property and Casualty
155 Joint Underwriting Association are outstanding, in accordance
156 with the terms of the corresponding financing documents. If the
157 financing obligations are no longer outstanding, the corporation
158 may use a single account for all revenues, assets, liabilities,
159 losses, and expenses of the corporation. Consistent with this
160 subparagraph and prudent investment policies that minimize the
161 cost of carrying debt, the board shall exercise its best efforts
162 to retire existing debt or obtain the approval of necessary
163 parties to amend the terms of existing debt, so as to structure
164 the most efficient plan for consolidating the three separate
165 accounts into a single account.

166 c. Creditors of the Residential Property and Casualty Joint
167 Underwriting Association and the accounts specified in sub-sub-
168 subparagraphs a.(I) and (II) may have a claim against, and
169 recourse to, those accounts and no claim against, or recourse
170 to, the account referred to in sub-sub-subparagraph a.(III).
171 Creditors of the Florida Windstorm Underwriting Association have
172 a claim against, and recourse to, the account referred to in
173 sub-sub-subparagraph a.(III) and no claim against, or recourse
174 to, the accounts referred to in sub-sub-subparagraphs a.(I) and

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175 (II).

176 d. Revenues, assets, liabilities, losses, and expenses not
177 attributable to particular accounts shall be prorated among the
178 accounts.

179 e. The Legislature finds that the revenues of the
180 corporation are revenues that are necessary to meet the
181 requirements set forth in documents authorizing the issuance of
182 bonds under this subsection.

183 f. The income of the corporation may not inure to the
184 benefit of any private person.

185 3. With respect to a deficit in an account:

186 a. After accounting for the Citizens policyholder surcharge
187 imposed under sub-subparagraph i., if the remaining projected
188 deficit incurred in the coastal account in a particular calendar
189 year:

190 (I) Is not greater than 2 percent of the aggregate
191 statewide direct written premium for the subject lines of
192 business for the prior calendar year, the entire deficit shall
193 be recovered through regular assessments of assessable insurers
194 under paragraph (q) and assessable insureds.

195 (II) Exceeds 2 percent of the aggregate statewide direct
196 written premium for the subject lines of business for the prior
197 calendar year, the corporation shall levy regular assessments on
198 assessable insurers under paragraph (q) and on assessable
199 insureds in an amount equal to the greater of 2 percent of the
200 projected deficit or 2 percent of the aggregate statewide direct
201 written premium for the subject lines of business for the prior
202 calendar year. Any remaining projected deficit shall be
203 recovered through emergency assessments under sub-subparagraph

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204 d.

205 b. Each assessable insurer's share of the amount being
206 assessed under sub-subparagraph a. must be in the proportion
207 that the assessable insurer's direct written premium for the
208 subject lines of business for the year preceding the assessment
209 bears to the aggregate statewide direct written premium for the
210 subject lines of business for that year. The assessment
211 percentage applicable to each assessable insured is the ratio of
212 the amount being assessed under sub-subparagraph a. to the
213 aggregate statewide direct written premium for the subject lines
214 of business for the prior year. Assessments levied by the
215 corporation on assessable insurers under sub-subparagraph a.
216 must be paid as required by the corporation's plan of operation
217 and paragraph (q). Assessments levied by the corporation on
218 assessable insureds under sub-subparagraph a. shall be collected
219 by the surplus lines agent at the time the surplus lines agent
220 collects the surplus lines tax required by s. 626.932, and paid
221 to the Florida Surplus Lines Service Office at the time the
222 surplus lines agent pays the surplus lines tax to that office.
223 Upon receipt of regular assessments from surplus lines agents,
224 the Florida Surplus Lines Service Office shall transfer the
225 assessments directly to the corporation as determined by the
226 corporation.

227 c. After accounting for the Citizens policyholder surcharge
228 imposed under sub-subparagraph i., the remaining projected
229 deficits in the personal lines account and in the commercial
230 lines account in a particular calendar year shall be recovered
231 through emergency assessments under sub-subparagraph d.

232 d. Upon a determination by the board of governors that a

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233 projected deficit in an account exceeds the amount that is
234 expected to be recovered through regular assessments under sub-
235 subparagraph a., plus the amount that is expected to be
236 recovered through surcharges under sub-subparagraph i., the
237 board, after verification by the office, shall levy emergency
238 assessments for as many years as necessary to cover the
239 deficits, to be collected by assessable insurers and the
240 corporation and collected from assessable insureds upon issuance
241 or renewal of policies for subject lines of business, excluding
242 National Flood Insurance policies. The amount collected in a
243 particular year must be a uniform percentage of that year's
244 direct written premium for subject lines of business and all
245 accounts of the corporation, excluding National Flood Insurance
246 Program policy premiums, as annually determined by the board and
247 verified by the office. The office shall verify the arithmetic
248 calculations involved in the board's determination within 30
249 days after receipt of the information on which the determination
250 was based. The office shall notify assessable insurers and the
251 Florida Surplus Lines Service Office of the date on which
252 assessable insurers shall begin to collect and assessable
253 insureds shall begin to pay such assessment. The date must be at
254 least 90 days after the date the corporation levies emergency
255 assessments pursuant to this sub-subparagraph. Notwithstanding
256 any other provision of law, the corporation and each assessable
257 insurer that writes subject lines of business shall collect
258 emergency assessments from its policyholders without such
259 obligation being affected by any credit, limitation, exemption,
260 or deferment. Emergency assessments levied by the corporation on
261 assessable insureds shall be collected by the surplus lines

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262 agent at the time the surplus lines agent collects the surplus
263 lines tax required by s. 626.932 and paid to the Florida Surplus
264 Lines Service Office at the time the surplus lines agent pays
265 the surplus lines tax to that office. The emergency assessments
266 collected shall be transferred directly to the corporation on a
267 periodic basis as determined by the corporation and held by the
268 corporation solely in the applicable account. The aggregate
269 amount of emergency assessments levied for an account in any
270 calendar year may be less than but may not exceed the greater of
271 10 percent of the amount needed to cover the deficit, plus
272 interest, fees, commissions, required reserves, and other costs
273 associated with financing the original deficit, or 10 percent of
274 the aggregate statewide direct written premium for subject lines
275 of business and all accounts of the corporation for the prior
276 year, plus interest, fees, commissions, required reserves, and
277 other costs associated with financing the deficit.

278 e. The corporation may pledge the proceeds of assessments,
279 projected recoveries from the Florida Hurricane Catastrophe
280 Fund, other insurance and reinsurance recoverables, policyholder
281 surcharges and other surcharges, and other funds available to
282 the corporation as the source of revenue for and to secure bonds
283 issued under paragraph (q), bonds or other indebtedness issued
284 under subparagraph (c)3., or lines of credit or other financing
285 mechanisms issued or created under this subsection, or to retire
286 any other debt incurred as a result of deficits or events giving
287 rise to deficits, or in any other way that the board determines
288 will efficiently recover such deficits. The purpose of the lines
289 of credit or other financing mechanisms is to provide additional
290 resources to assist the corporation in covering claims and

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291 expenses attributable to a catastrophe. As used in this
292 subsection, the term "assessments" includes regular assessments
293 under sub-subparagraph a. or subparagraph (q)1. and emergency
294 assessments under sub-subparagraph d. Emergency assessments
295 collected under sub-subparagraph d. are not part of an insurer's
296 rates, are not premium, and are not subject to premium tax,
297 fees, or commissions; however, failure to pay the emergency
298 assessment shall be treated as failure to pay premium. The
299 emergency assessments shall continue as long as any bonds issued
300 or other indebtedness incurred with respect to a deficit for
301 which the assessment was imposed remain outstanding, unless
302 adequate provision has been made for the payment of such bonds
303 or other indebtedness pursuant to the documents governing such
304 bonds or indebtedness.

305 f. As used in this subsection for purposes of any deficit
306 incurred on or after January 25, 2007, the term "subject lines
307 of business" means insurance written by assessable insurers or
308 procured by assessable insureds for all property and casualty
309 lines of business in this state, but not including workers'
310 compensation or medical malpractice. As used in this sub-
311 subparagraph, the term "property and casualty lines of business"
312 includes all lines of business identified on Form 2, Exhibit of
313 Premiums and Losses, in the annual statement required of
314 authorized insurers under s. 624.424 and any rule adopted under
315 this section, except for those lines identified as accident and
316 health insurance and except for policies written under the
317 National Flood Insurance Program or the Federal Crop Insurance
318 Program. For purposes of this sub-subparagraph, the term
319 "workers' compensation" includes both workers' compensation

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320 insurance and excess workers' compensation insurance.

321 g. The Florida Surplus Lines Service Office shall determine
322 annually the aggregate statewide written premium in subject
323 lines of business procured by assessable insureds and report
324 that information to the corporation in a form and at a time the
325 corporation specifies to ensure that the corporation can meet
326 the requirements of this subsection and the corporation's
327 financing obligations.

328 h. The Florida Surplus Lines Service Office shall verify
329 the proper application by surplus lines agents of assessment
330 percentages for regular assessments and emergency assessments
331 levied under this subparagraph on assessable insureds and assist
332 the corporation in ensuring the accurate, timely collection and
333 payment of assessments by surplus lines agents as required by
334 the corporation.

335 i. Upon determination by the board of governors that an
336 account has a projected deficit, the board shall levy a Citizens
337 policyholder surcharge against all policyholders of the
338 corporation.

339 (I) The surcharge shall be levied as a uniform percentage
340 of the premium for the policy ~~of up to 15 percent of such~~
341 ~~premium~~, which funds shall be used to offset the deficit, as
342 follows:

343 (A) If the total number of policyholders of the corporation
344 is less than 1 million, a surcharge of 15 percent of the premium
345 shall be levied.

346 (B) If the total number of policyholders of the corporation
347 is at least 1 million but less than 1.5 million policyholders, a
348 surcharge of 20 percent of the premium shall be levied.

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349 (C) If the total number of policyholders of the corporation
350 is at least 1.5 million, a surcharge of 25 percent of the
351 premium shall be levied.

352 (II) The surcharge is payable upon cancellation or
353 termination of the policy, upon renewal of the policy, or upon
354 issuance of a new policy by the corporation within the first 12
355 months after the date of the levy or the period of time
356 necessary to fully collect the surcharge amount.

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

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

365 j. If the amount of any assessments or surcharges collected
366 from corporation policyholders, assessable insurers or their
367 policyholders, or assessable insureds exceeds the amount of the
368 deficits, such excess amounts shall be remitted to and retained
369 by the corporation in a reserve to be used by the corporation,
370 as determined by the board of governors and approved by the
371 office, to pay claims or reduce any past, present, or future
372 plan-year deficits or to reduce outstanding debt.

373 4. After accounting for the rate limitations specified in
374 subparagraph (n)6., any remaining deficit in legal expenses must
375 be recovered through an annual Citizens policyholder legal
376 expenses surcharge against all policyholders of the corporation.
377 The surcharge must be levied as a uniform percentage of the

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378 premium for the policy. The surcharge is payable upon issuance
379 of a new policy by the corporation and upon each subsequent
380 renewal of the policy. The surcharge is not considered premium
381 and is not subject to commissions, fees, or premium taxes.
382 However, failure to pay the surcharge must be treated as failure
383 to pay premium.

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

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

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

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

399 c. Commercial lines residential and nonresidential policy
400 forms that are generally similar to the basic perils of full
401 coverage obtainable for commercial residential structures and
402 commercial nonresidential structures in the admitted voluntary
403 market.

404 d. Personal lines and commercial lines residential property
405 insurance forms that cover the peril of wind only. The forms are
406 applicable only to residential properties located in areas

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407 eligible for coverage under the coastal account referred to in
408 sub-subparagraph (b)2.a.

409 e. Commercial lines nonresidential property insurance forms
410 that cover the peril of wind only. The forms are applicable only
411 to nonresidential properties located in areas eligible for
412 coverage under the coastal account referred to in sub-
413 subparagraph (b)2.a.

414 f. The corporation may adopt variations of the policy forms
415 listed in sub-subparagraphs a.-e. which contain more restrictive
416 coverage.

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

421 2. Must provide that the corporation adopt a program in
422 which the corporation and authorized insurers enter into quota
423 share primary insurance agreements for hurricane coverage, as
424 defined in s. 627.4025(2)(a), for eligible risks, and adopt
425 property insurance forms for eligible risks which cover the
426 peril of wind only.

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

428 (I) "Quota share primary insurance" means an arrangement in
429 which the primary hurricane coverage of an eligible risk is
430 provided in specified percentages by the corporation and an
431 authorized insurer. The corporation and authorized insurer are
432 each solely responsible for a specified percentage of hurricane
433 coverage of an eligible risk as set forth in a quota share
434 primary insurance agreement between the corporation and an
435 authorized insurer and the insurance contract. The

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436 responsibility of the corporation or authorized insurer to pay
437 its specified percentage of hurricane losses of an eligible
438 risk, as set forth in the agreement, may not be altered by the
439 inability of the other party to pay its specified percentage of
440 losses. Eligible risks that are provided hurricane coverage
441 through a quota share primary insurance arrangement must be
442 provided policy forms that set forth the obligations of the
443 corporation and authorized insurer under the arrangement,
444 clearly specify the percentages of quota share primary insurance
445 provided by the corporation and authorized insurer, and
446 conspicuously and clearly state that the authorized insurer and
447 the corporation may not be held responsible beyond their
448 specified percentage of coverage of hurricane losses.

449 (II) "Eligible risks" means personal lines residential and
450 commercial lines residential risks that meet the underwriting
451 criteria of the corporation and are located in areas that were
452 eligible for coverage by the Florida Windstorm Underwriting
453 Association on January 1, 2002.

454 b. The corporation may enter into quota share primary
455 insurance agreements with authorized insurers at corporation
456 coverage levels of 90 percent and 50 percent.

457 c. If the corporation determines that additional coverage
458 levels are necessary to maximize participation in quota share
459 primary insurance agreements by authorized insurers, the
460 corporation may establish additional coverage levels. However,
461 the corporation's quota share primary insurance coverage level
462 may not exceed 90 percent.

463 d. Any quota share primary insurance agreement entered into
464 between an authorized insurer and the corporation must provide

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465 for a uniform specified percentage of coverage of hurricane
466 losses, by county or territory as set forth by the corporation
467 board, for all eligible risks of the authorized insurer covered
468 under the agreement.

469 e. Any quota share primary insurance agreement entered into
470 between an authorized insurer and the corporation is subject to
471 review and approval by the office. However, such agreement shall
472 be authorized only as to insurance contracts entered into
473 between an authorized insurer and an insured who is already
474 insured by the corporation for wind coverage.

475 f. For all eligible risks covered under quota share primary
476 insurance agreements, the exposure and coverage levels for both
477 the corporation and authorized insurers shall be reported by the
478 corporation to the Florida Hurricane Catastrophe Fund. For all
479 policies of eligible risks covered under such agreements, the
480 corporation and the authorized insurer must maintain complete
481 and accurate records for the purpose of exposure and loss
482 reimbursement audits as required by fund rules. The corporation
483 and the authorized insurer shall each maintain duplicate copies
484 of policy declaration pages and supporting claims documents.

485 g. The corporation board shall establish in its plan of
486 operation standards for quota share agreements which ensure that
487 there is no discriminatory application among insurers as to the
488 terms of the agreements, pricing of the agreements, incentive
489 provisions if any, and consideration paid for servicing policies
490 or adjusting claims.

491 h. The quota share primary insurance agreement between the
492 corporation and an authorized insurer must set forth the
493 specific terms under which coverage is provided, including, but

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494 not limited to, the sale and servicing of policies issued under
495 the agreement by the insurance agent of the authorized insurer
496 producing the business, the reporting of information concerning
497 eligible risks, the payment of premium to the corporation, and
498 arrangements for the adjustment and payment of hurricane claims
499 incurred on eligible risks by the claims adjuster and personnel
500 of the authorized insurer. Entering into a quota sharing
501 insurance agreement between the corporation and an authorized
502 insurer is voluntary and at the discretion of the authorized
503 insurer.

504 3. May provide that the corporation may employ or otherwise
505 contract with individuals or other entities to provide
506 administrative or professional services that may be appropriate
507 to effectuate the plan. The corporation may borrow funds by
508 issuing bonds or by incurring other indebtedness, and shall have
509 other powers reasonably necessary to effectuate the requirements
510 of this subsection, including, without limitation, the power to
511 issue bonds and incur other indebtedness in order to refinance
512 outstanding bonds or other indebtedness. The corporation may
513 seek judicial validation of its bonds or other indebtedness
514 under chapter 75. The corporation may issue bonds or incur other
515 indebtedness, or have bonds issued on its behalf by a unit of
516 local government pursuant to subparagraph (q)2. in the absence
517 of a hurricane or other weather-related event, upon a
518 determination by the corporation, subject to approval by the
519 office, that such action would enable it to efficiently meet the
520 financial obligations of the corporation and that such
521 financings are reasonably necessary to effectuate the
522 requirements of this subsection. The corporation may take all

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523 actions needed to facilitate tax-free status for such bonds or
524 indebtedness, including formation of trusts or other affiliated
525 entities. The corporation may pledge assessments, projected
526 recoveries from the Florida Hurricane Catastrophe Fund, other
527 reinsurance recoverables, policyholder surcharges and other
528 surcharges, and other funds available to the corporation as
529 security for bonds or other indebtedness. In recognition of s.
530 10, Art. I of the State Constitution, prohibiting the impairment
531 of obligations of contracts, it is the intent of the Legislature
532 that no action be taken whose purpose is to impair any bond
533 indenture or financing agreement or any revenue source committed
534 by contract to such bond or other indebtedness.

535 4. Must require that the corporation operate subject to the
536 supervision and approval of a board of governors consisting of
537 nine individuals who are residents of this state and who are
538 from different geographical areas of this ~~the~~ state, one of whom
539 is appointed by the Governor and serves solely to advocate on
540 behalf of the consumer. The appointment of a consumer
541 representative by the Governor is deemed to be within the scope
542 of the exemption provided in s. 112.313(7)(b) and is in addition
543 to the appointments authorized under sub-subparagraph a.

544 a. The Governor, the Chief Financial Officer, the President
545 of the Senate, and the Speaker of the House of Representatives
546 shall each appoint two members of the board. At least one of the
547 two members appointed by each appointing officer must have
548 demonstrated expertise in insurance and be deemed to be within
549 the scope of the exemption provided in s. 112.313(7)(b). The
550 Chief Financial Officer shall designate one of the appointees as
551 chair. All board members serve at the pleasure of the appointing

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552 officer. All members of the board are subject to removal at will
553 by the officers who appointed them. All board members, including
554 the chair, must be appointed to serve for 3-year terms beginning
555 annually on a date designated by the plan. However, for the
556 first term beginning on or after July 1, 2009, each appointing
557 officer shall appoint one member of the board for a 2-year term
558 and one member for a 3-year term. A board vacancy shall be
559 filled for the unexpired term by the appointing officer. The
560 Chief Financial Officer shall appoint a technical advisory group
561 to provide information and advice to the board in connection
562 with the board's duties under this subsection. The executive
563 director and senior managers of the corporation shall be engaged
564 by the board and serve at the pleasure of the board. Any
565 executive director appointed on or after July 1, 2006, is
566 subject to confirmation by the Senate. The executive director is
567 responsible for employing other staff as the corporation may
568 require, subject to review and concurrence by the board.

569 b. The board shall create a Market Accountability Advisory
570 Committee to assist the corporation in developing awareness of
571 its rates and its customer and agent service levels in
572 relationship to the voluntary market insurers writing similar
573 coverage.

574 (I) The members of the advisory committee consist of the
575 following 11 persons, one of whom must be elected chair by the
576 members of the committee: four representatives, one appointed by
577 the Florida Association of Insurance Agents, one by the Florida
578 Association of Insurance and Financial Advisors, one by the
579 Professional Insurance Agents of Florida, and one by the Latin
580 American Association of Insurance Agencies; three

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581 representatives appointed by the insurers with the three highest
582 voluntary market share of residential property insurance
583 business in this ~~the~~ state; one representative from the Office
584 of Insurance Regulation; one consumer appointed by the board who
585 is insured by the corporation at the time of appointment to the
586 committee; one representative appointed by the Florida
587 Association of Realtors; and one representative appointed by the
588 Florida Bankers Association. All members shall be appointed to
589 3-year terms and may serve for consecutive terms.

590 (II) The committee shall report to the corporation at each
591 board meeting on insurance market issues that ~~which~~ may include
592 rates and rate competition with the voluntary market; service,
593 including policy issuance, claims processing, and general
594 responsiveness to policyholders, applicants, and agents; and
595 matters relating to depopulation.

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

598 a. Subject to s. 627.3517, with respect to personal lines
599 residential risks, if the risk is offered coverage from an
600 authorized insurer at the insurer's approved rate under a
601 standard policy including wind coverage or, if consistent with
602 the insurer's underwriting rules as filed with the office, a
603 basic policy including wind coverage, for a new application to
604 the corporation for coverage, the risk is not eligible for any
605 policy issued by the corporation unless the premium for coverage
606 from the authorized insurer is more than 15 percent greater than
607 the premium for comparable coverage from the corporation.
608 Whenever an offer of coverage for a personal lines residential
609 risk is received for a policyholder of the corporation ~~at~~

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610 ~~renewal~~ from an authorized insurer, ~~if the offer is equal to or~~
611 ~~less than the corporation's renewal premium for comparable~~
612 ~~coverage~~, the risk is not eligible for coverage with the
613 corporation unless the premium for comparable coverage from the
614 authorized insurer is more than 15 percent greater than the
615 premium for nonhomestead personal residential properties under
616 subparagraph (n)1. If the risk is not able to obtain such offer,
617 the risk is eligible for a standard policy including wind
618 coverage or a basic policy including wind coverage issued by the
619 corporation; however, if the risk could not be insured under a
620 standard policy including wind coverage regardless of market
621 conditions, the risk is eligible for a basic policy including
622 wind coverage unless rejected under subparagraph 8. However, a
623 policyholder removed from the corporation through an assumption
624 agreement remains eligible for coverage from the corporation
625 until the end of the assumption period. The corporation shall
626 determine the type of policy to be provided on the basis of
627 objective standards specified in the underwriting manual and
628 based on generally accepted underwriting practices.

629 (I) If the risk accepts an offer of coverage through the
630 market assistance plan or through a mechanism established by the
631 corporation other than a plan established by s. 627.3518, before
632 a policy is issued to the risk by the corporation or during the
633 first 30 days of coverage by the corporation, and the producing
634 agent who submitted the application to the plan or to the
635 corporation is not currently appointed by the insurer, the
636 insurer shall:

637 (A) Pay to the producing agent of record of the policy for
638 the first year, an amount that is the greater of the insurer's

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639 usual and customary commission for the type of policy written or
640 a fee equal to the usual and customary commission of the
641 corporation; or

642 (B) Offer to allow the producing agent of record of the
643 policy to continue servicing the policy for at least 1 year and
644 offer to pay the agent the greater of the insurer's or the
645 corporation's usual and customary commission for the type of
646 policy written.

647

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

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

655 (A) Pay to the producing agent of record, for the first
656 year, an amount that is the greater of the insurer's usual and
657 customary commission for the type of policy written or a fee
658 equal to the usual and customary commission of the corporation;
659 or

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

664

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

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668 b. With respect to commercial lines residential risks, for
669 a new application to the corporation for coverage, if the risk
670 is offered coverage under a policy including wind coverage from
671 an authorized insurer at its approved rate, the risk is not
672 eligible for a policy issued by the corporation unless the
673 premium for coverage from the authorized insurer is more than 15
674 percent greater than the premium for comparable coverage from
675 the corporation. Whenever an offer of coverage for a commercial
676 lines residential risk is received for a policyholder of the
677 corporation at renewal from an authorized insurer, if the offer
678 is equal to or less than the corporation's renewal premium for
679 comparable coverage, the risk is not eligible for coverage with
680 the corporation. If the risk is not able to obtain any such
681 offer, the risk is eligible for a policy including wind coverage
682 issued by the corporation. However, a policyholder removed from
683 the corporation through an assumption agreement remains eligible
684 for coverage from the corporation until the end of the
685 assumption period.

686 (I) If the risk accepts an offer of coverage through the
687 market assistance plan or through a mechanism established by the
688 corporation other than a plan established by s. 627.3518, before
689 a policy is issued to the risk by the corporation or during the
690 first 30 days of coverage by the corporation, and the producing
691 agent who submitted the application to the plan or the
692 corporation is not currently appointed by the insurer, the
693 insurer shall:

694 (A) Pay to the producing agent of record of the policy, for
695 the first year, an amount that is the greater of the insurer's
696 usual and customary commission for the type of policy written or

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697 a fee equal to the usual and customary commission of the
698 corporation; or

699 (B) Offer to allow the producing agent of record of the
700 policy to continue servicing the policy for at least 1 year and
701 offer to pay the agent the greater of the insurer's or the
702 corporation's usual and customary commission for the type of
703 policy written.

704

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

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

712 (A) Pay to the producing agent of record, for the first
713 year, an amount that is the greater of the insurer's usual and
714 customary commission for the type of policy written or a fee
715 equal to the usual and customary commission of the corporation;
716 or

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

721

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

725 c. For purposes of determining comparable coverage under

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726 sub-subparagraphs a. and b., the comparison must be based on
727 those forms and coverages that are reasonably comparable. The
728 corporation may rely on a determination of comparable coverage
729 and premium made by the producing agent who submits the
730 application to the corporation, made in the agent's capacity as
731 the corporation's agent. A comparison may be made solely of the
732 premium with respect to the main building or structure only on
733 the following basis: the same coverage A or other building
734 limits; the same percentage hurricane deductible that applies on
735 an annual basis or that applies to each hurricane for commercial
736 residential property; the same percentage of ordinance and law
737 coverage, if the same limit is offered by both the corporation
738 and the authorized insurer; the same mitigation credits, to the
739 extent the same types of credits are offered both by the
740 corporation and the authorized insurer; the same method for loss
741 payment, such as replacement cost or actual cash value, if the
742 same method is offered both by the corporation and the
743 authorized insurer in accordance with underwriting rules; and
744 any other form or coverage that is reasonably comparable as
745 determined by the board. If an application is submitted to the
746 corporation for wind-only coverage in the coastal account, the
747 premium for the corporation's wind-only policy plus the premium
748 for the ex-wind policy that is offered by an authorized insurer
749 to the applicant must be compared to the premium for multiperil
750 coverage offered by an authorized insurer, subject to the
751 standards for comparison specified in this subparagraph. If the
752 corporation or the applicant requests from the authorized
753 insurer a breakdown of the premium of the offer by types of
754 coverage so that a comparison may be made by the corporation or

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755 its agent and the authorized insurer refuses or is unable to
756 provide such information, the corporation may treat the offer as
757 not being an offer of coverage from an authorized insurer at the
758 insurer's approved rate.

759 6. Must include rules for classifications of risks and
760 rates.

761 7. Must provide that if premium and investment income for
762 an account attributable to a particular calendar year are in
763 excess of projected losses and expenses for the account
764 attributable to that year, such excess shall be held in surplus
765 in the account. Such surplus must be available to defray
766 deficits in that account as to future years and used for that
767 purpose before assessing assessable insurers and assessable
768 insureds as to any calendar year.

769 8. Must provide objective criteria and procedures to be
770 uniformly applied to all applicants in determining whether an
771 individual risk is so hazardous as to be uninsurable. In making
772 this determination and in establishing the criteria and
773 procedures, the following must be considered:

774 a. Whether the likelihood of a loss for the individual risk
775 is substantially higher than for other risks of the same class;
776 and

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

779

780 The acceptance or rejection of a risk by the corporation shall
781 be construed as the private placement of insurance, and ~~the~~
782 ~~provisions of~~ chapter 120 does ~~de~~ not apply.

783 9. Must provide that the corporation make its best efforts

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784 to procure catastrophe reinsurance at reasonable rates, to cover
785 its projected 100-year probable maximum loss as determined by
786 the board of governors.

787 10. The policies issued by the corporation must provide
788 that if the corporation or the market assistance plan obtains an
789 offer from an authorized insurer to cover the risk at its
790 approved rates, the risk is no longer eligible for renewal
791 through the corporation, except as otherwise provided in this
792 subsection.

793 11. Corporation policies and applications must include a
794 notice that the corporation policy could, under this section, be
795 replaced with a policy issued by an authorized insurer which
796 does not provide coverage identical to the coverage provided by
797 the corporation. The notice must also specify that acceptance of
798 corporation coverage creates a conclusive presumption that the
799 applicant or policyholder is aware of this potential.

800 12. May establish, subject to approval by the office,
801 different eligibility requirements and operational procedures
802 for any line or type of coverage for any specified county or
803 area if the board determines that such changes are justified due
804 to the voluntary market being sufficiently stable and
805 competitive in such area or for such line or type of coverage
806 and that consumers who, in good faith, are unable to obtain
807 insurance through the voluntary market through ordinary methods
808 continue to have access to coverage from the corporation. If
809 coverage is sought in connection with a real property transfer,
810 the requirements and procedures may not provide an effective
811 date of coverage later than the date of the closing of the
812 transfer as established by the transferor, the transferee, and,

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813 if applicable, the lender.

814 13. Must provide that, with respect to the coastal account,
815 any assessable insurer with a surplus as to policyholders of \$25
816 million or less writing 25 percent or more of its total
817 countrywide property insurance premiums in this state may
818 petition the office, within the first 90 days of each calendar
819 year, to qualify as a limited apportionment company. A regular
820 assessment levied by the corporation on a limited apportionment
821 company for a deficit incurred by the corporation for the
822 coastal account may be paid to the corporation on a monthly
823 basis as the assessments are collected by the limited
824 apportionment company from its insureds, but a limited
825 apportionment company must begin collecting the regular
826 assessments not later than 90 days after the regular assessments
827 are levied by the corporation, and the regular assessments must
828 be paid in full within 15 months after being levied by the
829 corporation. A limited apportionment company shall collect from
830 its policyholders any emergency assessment imposed under sub-
831 subparagraph (b)3.d. The plan must provide that, if the office
832 determines that any regular assessment will result in an
833 impairment of the surplus of a limited apportionment company,
834 the office may direct that all or part of such assessment be
835 deferred as provided in subparagraph (q)4. However, an emergency
836 assessment to be collected from policyholders under sub-
837 subparagraph (b)3.d. may not be limited or deferred.

838 14. Must provide that the corporation appoint as its
839 licensed agents only those agents who throughout such
840 appointments also hold an appointment as defined in s. 626.015
841 by an insurer who is authorized to write and is actually writing

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842 or renewing personal lines residential property coverage,
843 commercial residential property coverage, or commercial
844 nonresidential property coverage within this ~~the~~ state.

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

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

852 17. Must provide coverage for manufactured or mobile home
853 dwellings. Such coverage must also include the following
854 attached structures:

855 a. Screened enclosures that are aluminum framed or screened
856 enclosures that are not covered by the same or substantially the
857 same materials as those of the primary dwelling;

858 b. Carports that are aluminum or carports that are not
859 covered by the same or substantially the same materials as those
860 of the primary dwelling; and

861 c. Patios that have a roof covering that is constructed of
862 materials that are not the same or substantially the same
863 materials as those of the primary dwelling.

864
865 The corporation shall make available a policy for mobile homes
866 or manufactured homes for a minimum insured value of at least
867 \$3,000.

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

870 19. May require commercial property to meet specified

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871 hurricane mitigation construction features as a condition of
872 eligibility for coverage.

873 20. Must provide that new or renewal policies issued by the
874 corporation on or after January 1, 2012, which cover sinkhole
875 loss do not include coverage for any loss to appurtenant
876 structures, driveways, sidewalks, decks, or patios that are
877 directly or indirectly caused by sinkhole activity. The
878 corporation shall exclude such coverage using a notice of
879 coverage change, which may be included with the policy renewal,
880 and not by issuance of a notice of nonrenewal of the excluded
881 coverage upon renewal of the current policy.

882 21. As of January 1, 2012, must require that the agent
883 obtain from an applicant for coverage from the corporation an
884 acknowledgment signed by the applicant, which includes, at a
885 minimum, the following statement:

886
887 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
888 AND ASSESSMENT LIABILITY:

889
890 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
891 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
892 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
893 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
894 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
895 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
896 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
897 LEGISLATURE.

898 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
899 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,

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900 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
901 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
902 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
903 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
904 ARE REGULATED AND APPROVED BY THE STATE.

905 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
906 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
907 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
908 FLORIDA LEGISLATURE.

909 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
910 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
911 STATE OF FLORIDA.

912

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

917 b. The signed acknowledgment form creates a conclusive
918 presumption that the policyholder understood and accepted his or
919 her potential surcharge and assessment liability as a
920 policyholder of the corporation.

921 22. The corporation shall pay a producing agent of record a
922 reasonable commission not to exceed the average of commissions
923 paid in the preceding year by the 20 admitted insurers writing
924 the greatest market share of property insurance in this state.

925 (n)1. Rates for coverage provided by the corporation must
926 be actuarially sound and subject to s. 627.062, except as
927 otherwise provided in this paragraph. The corporation shall file
928 its recommended rates with the office at least annually. The

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929 corporation shall provide any additional information regarding
930 the rates which the office requires. The office shall consider
931 the recommendations of the board and issue a final order
932 establishing the rates for the corporation within 45 days after
933 the recommended rates are filed. The corporation may not pursue
934 an administrative challenge or judicial review of the final
935 order of the office.

936 2. In addition to the rates otherwise determined pursuant
937 to this paragraph, the corporation shall impose and collect an
938 amount equal to the premium tax provided in s. 624.509 to
939 augment the financial resources of the corporation.

940 3. ~~After~~ The public hurricane loss-projection model under
941 s. 627.06281, if ~~has been~~ found to be accurate and reliable by
942 the Florida Commission on Hurricane Loss Projection Methodology,
943 ~~the model~~ shall be considered when establishing the windstorm
944 portion of the corporation's rates. The corporation may use the
945 public model results in combination with the results of private
946 models to calculate rates for the windstorm portion of the
947 corporation's rates. This subparagraph does not require or allow
948 the corporation to adopt rates lower than the rates otherwise
949 required or allowed by this paragraph.

950 4. The rate filings for the corporation which were approved
951 by the office and took effect January 1, 2007, are rescinded,
952 except for those rates that were lowered. As soon as possible,
953 the corporation shall begin using the lower rates that were in
954 effect on December 31, 2006, and provide refunds to
955 policyholders who paid higher rates as a result of that rate
956 filing. The rates in effect on December 31, 2006, remain in
957 effect for the 2007 and 2008 calendar years except for any rate

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958 change that results in a lower rate. The next rate change that
959 may increase rates shall take effect pursuant to a new rate
960 filing recommended by the corporation and established by the
961 office, subject to this paragraph.

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

966 6. Beginning on or after January 1, 2022 ~~January 1, 2010~~,
967 and notwithstanding the board's recommended rates and the
968 office's final order regarding the corporation's filed rates
969 under subparagraph 1., the corporation shall annually implement
970 a rate increase which, except for sinkhole coverage, does not
971 exceed 10 percent for any single policy renewed ~~issued~~ by the
972 corporation covering a homestead personal residential property
973 that has a dwelling replacement cost below \$700,000 or that is a
974 single condominium unit that has a combined dwelling and
975 contents replacement cost below \$700,000, excluding coverage
976 changes and surcharges, if the policy was initially issued by
977 the corporation before July 1, 2021. Upon renewal, a property
978 owner must provide proof of a current Florida homestead
979 exemption to the corporation to remain eligible for coverage
980 provided pursuant to this subparagraph.

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

984 8. The corporation's implementation of rates as prescribed
985 in subparagraph 6. shall cease for any line of business written
986 by the corporation upon the corporation's implementation of

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987 actuarially sound rates. Thereafter, the corporation shall
988 annually make a recommended actuarially sound rate filing for
989 each commercial and personal line of business the corporation
990 writes.

991 (q)1. The corporation shall certify to the office its needs
992 for annual assessments as to a particular calendar year, and for
993 any interim assessments that it deems to be necessary to sustain
994 operations as to a particular year pending the receipt of annual
995 assessments. Upon verification, the office shall approve such
996 certification, and the corporation shall levy such annual or
997 interim assessments. Such assessments shall be prorated as
998 provided in paragraph (b). The corporation shall take all
999 reasonable and prudent steps necessary to collect the amount of
1000 assessments due from each assessable insurer, including, if
1001 prudent, filing suit to collect the assessments, and the office
1002 may provide such assistance to the corporation it deems
1003 appropriate. If the corporation is unable to collect an
1004 assessment from any assessable insurer, the uncollected
1005 assessments shall be levied as an additional assessment against
1006 the assessable insurers and any assessable insurer required to
1007 pay an additional assessment as a result of such failure to pay
1008 shall have a cause of action against such nonpaying assessable
1009 insurer. Assessments shall be included as an appropriate factor
1010 in the making of rates. The failure of a surplus lines agent to
1011 collect and remit any regular or emergency assessment levied by
1012 the corporation is considered to be a violation of s. 626.936
1013 and subjects the surplus lines agent to the penalties provided
1014 in that section.

1015 2. The governing body of any unit of local government, any

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1016 residents of which are insured by the corporation, may issue
1017 bonds as defined in s. 125.013 or s. 166.101 from time to time
1018 to fund an assistance program, in conjunction with the
1019 corporation, for the purpose of defraying deficits of the
1020 corporation. In order to avoid needless and indiscriminate
1021 proliferation, duplication, and fragmentation of such assistance
1022 programs, any unit of local government, any residents of which
1023 are insured by the corporation, may provide for the payment of
1024 losses, regardless of whether or not the losses occurred within
1025 or outside of the territorial jurisdiction of the local
1026 government. Revenue bonds under this subparagraph may not be
1027 issued until validated pursuant to chapter 75, unless a state of
1028 emergency is declared by executive order or proclamation of the
1029 Governor pursuant to s. 252.36 making such findings as are
1030 necessary to determine that it is in the best interests of, and
1031 necessary for, the protection of the public health, safety, and
1032 general welfare of residents of this state and declaring it an
1033 essential public purpose to permit certain municipalities or
1034 counties to issue such bonds as will permit relief to claimants
1035 and policyholders of the corporation. Any such unit of local
1036 government may enter into such contracts with the corporation
1037 and with any other entity created pursuant to this subsection as
1038 are necessary to carry out this paragraph. Any bonds issued
1039 under this subparagraph shall be payable from and secured by
1040 moneys received by the corporation from emergency assessments
1041 under sub-subparagraph (b)3.d., and assigned and pledged to or
1042 on behalf of the unit of local government for the benefit of the
1043 holders of such bonds. The funds, credit, property, and taxing
1044 power of the state or of the unit of local government may ~~shall~~

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1045 not be pledged for the payment of such bonds.

1046 3.a. The corporation shall adopt one or more programs
1047 subject to approval by the office for the reduction of both new
1048 and renewal writings in the corporation. Beginning January 1,
1049 2008, any program the corporation adopts for the payment of
1050 bonuses to an insurer for each risk the insurer removes from the
1051 corporation shall comply with s. 627.3511(2) and may not exceed
1052 the amount referenced in s. 627.3511(2) for each risk removed.
1053 The corporation may consider any prudent and not unfairly
1054 discriminatory approach to reducing corporation writings, and
1055 may adopt a credit against assessment liability or other
1056 liability that provides an incentive for insurers to take risks
1057 out of the corporation and to keep risks out of the corporation
1058 by maintaining or increasing voluntary writings in counties or
1059 areas in which corporation risks are highly concentrated and a
1060 program to provide a formula under which an insurer voluntarily
1061 taking risks out of the corporation by maintaining or increasing
1062 voluntary writings will be relieved wholly or partially from
1063 assessments under sub-subparagraph (b)3.a. However, any "take-
1064 out bonus" or payment to an insurer must be conditioned on the
1065 property being insured for at least 5 years by the insurer,
1066 unless canceled or nonrenewed by the policyholder. If the policy
1067 is canceled or nonrenewed by the policyholder before the end of
1068 the 5-year period, the amount of the take-out bonus must be
1069 prorated for the time period the policy was insured. When the
1070 corporation enters into a contractual agreement for a take-out
1071 plan, the producing agent of record of the corporation policy is
1072 entitled to retain any unearned commission on such policy, and
1073 the insurer shall either:

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1074 (I) Pay to the producing agent of record of the policy, for
1075 the first year, an amount which is the greater of the insurer's
1076 usual and customary commission for the type of policy written or
1077 a policy fee equal to the usual and customary commission of the
1078 corporation; or

1079 (II) Offer to allow the producing agent of record of the
1080 policy to continue servicing the policy for a period of not less
1081 than 1 year and offer to pay the agent the insurer's usual and
1082 customary commission for the type of policy written. If the
1083 producing agent is unwilling or unable to accept appointment by
1084 the new insurer, the new insurer shall pay the agent in
1085 accordance with sub-sub-subparagraph (I).

1086 b. Any credit or exemption from regular assessments adopted
1087 under this subparagraph shall last no longer than the 3 years
1088 following the cancellation or expiration of the policy by the
1089 corporation. With the approval of the office, the board may
1090 extend such credits for an additional year if the insurer
1091 guarantees an additional year of renewability for all policies
1092 removed from the corporation, or for 2 additional years if the
1093 insurer guarantees 2 additional years of renewability for all
1094 policies so removed.

1095 c. There shall be no credit, limitation, exemption, or
1096 deferment from emergency assessments to be collected from
1097 policyholders pursuant to sub-subparagraph (b)3.d.

1098 d. Notwithstanding any other provision of law, for purposes
1099 of a depopulation, take-out, or keep-out program adopted by the
1100 corporation, including an initial or renewal offer of coverage
1101 made to a policyholder removed from the corporation pursuant to
1102 such program, an eligible surplus lines insurer may participate

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1103 in the program in the same manner and on the same terms as an
1104 authorized insurer, except as provided under this sub-
1105 subparagraph.

1106 (I) To qualify for participation, the surplus lines insurer
1107 must first obtain approval from the office for its depopulation,
1108 take-out, or keep-out plan and then comply with all of the
1109 corporation's requirements for the plan applicable to admitted
1110 insurers and with all statutory provisions applicable to the
1111 removal of policies from the corporation.

1112 (II) In considering a surplus lines insurer's request for
1113 approval for its plan, the office shall determine that the
1114 surplus lines insurer meets the following requirements:

1115 (A) Maintains surplus of \$50 million on a company or pooled
1116 basis;

1117 (B) Maintains a financial strength rating of A- or higher
1118 by A.M. Best Company;

1119 (C) Maintains reserves, surplus, reinsurance, and
1120 reinsurance equivalents sufficient to cover the insurer's 100-
1121 year probable maximum hurricane loss at least twice in a single
1122 hurricane season, and submits such reinsurance to the office to
1123 review for purposes of the take-out;

1124 (D) Provides prominent notice to the policyholder before
1125 the assumption of the policy that surplus lines policies are not
1126 provided coverage by the Florida Insurance Guaranty Association,
1127 and an outline of any substantial differences in coverage
1128 between the existing policy and the policy being offered to the
1129 insured; and

1130 (E) Provides policy coverage similar to that provided by
1131 the corporation.

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1132 (III) To obtain approval for a plan, the surplus lines
1133 insurer must file the following with the office:

1134 (A) Information requested by the office to demonstrate
1135 compliance with s. 624.404(3), including biographical
1136 affidavits, fingerprints processed pursuant to s. 624.34, and
1137 the results of criminal history records checks for officers and
1138 directors of the insurer and its parent or holding company;

1139 (B) A service-of-process consent and agreement form
1140 executed by the insurer;

1141 (C) Proof that the insurer has been an eligible or
1142 authorized insurer for at least 3 years;

1143 (D) A duly authenticated copy of the insurer's current
1144 audited financial statement, in English, expressing all monetary
1145 values in United States dollars, at an exchange rate then
1146 current and shown in the statement, in the case of statements
1147 originally made in the currencies of other countries, and
1148 including any additional information relative to the insurer as
1149 the office may request;

1150 (E) A complete certified copy of the latest official
1151 financial statement required by the insurer's domiciliary state,
1152 if different from sub-sub-sub-subparagraph (D); and

1153 (F) A copy of the United States trust account agreement, if
1154 applicable.

1155

1156 This sub-subparagraph does not subject any surplus lines insurer
1157 to requirements in addition to part VIII of chapter 626. Surplus
1158 lines brokers making an offer of coverage under this sub-
1159 paragraph are not required to comply with s. 626.916(1)(a),
1160 (b), (c), and (e).

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1161 (IV) Within 10 days after the date of assumption, the
1162 surplus lines insurer assuming policies from the corporation
1163 shall remit a special deposit equal to the unearned premium net
1164 of unearned commissions on the assumed block of business to the
1165 Bureau of Collateral Management within the Department of
1166 Financial Services. The surplus lines insurer shall submit to
1167 the office, along with the initial deposit, an accounting of the
1168 policies assumed and the amount of unearned premium for such
1169 policies and a sworn affidavit attesting to its accuracy by an
1170 officer of the surplus lines insurer. Thereafter, the surplus
1171 lines insurer shall make a filing within 10 days after each
1172 calendar quarter attesting to the unearned premium in force for
1173 the previous quarter on policies assumed from the corporation,
1174 and shall submit additional funds with that filing if the
1175 special deposit is insufficient to cover the unearned premium on
1176 assumed policies, or shall receive a return of funds within 60
1177 days if the special deposit exceeds the amount of unearned
1178 premium required for assumed policies. The special deposit is an
1179 asset of the surplus lines insurer which is held by the
1180 department for the benefit of state policyholders of the surplus
1181 lines insurer in the event of the insolvency of the surplus
1182 lines insurer. If an order of liquidation is entered in any
1183 state against the surplus lines insurer, the department may use
1184 the special deposit for payment of unearned premium or policy
1185 claims, return all or part of the deposit to the domiciliary
1186 receiver, or use the funds in accordance with any action
1187 authorized under part I of chapter 631 or in compliance with any
1188 order of a court having jurisdiction over the insolvency.

1189 (V) Surplus lines brokers representing a surplus lines

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1190 insurer on a take-out program shall obtain confirmation, in
1191 written or e-mail form, from each producing agent in advance
1192 stating that the agent is willing to participate in the take-out
1193 program with the surplus lines insurer engaging in the take-out
1194 program. The take-out program is also subject to s. 627.3517. If
1195 a policyholder is selected for removal from the corporation by a
1196 surplus lines insurer and an authorized insurer, the corporation
1197 shall give the offer of coverage from the authorized insurer
1198 priority.

1199 (VI) (A) When offered comparable coverage from a qualified
1200 surplus lines insurer no greater than 15 percent higher than the
1201 premium charged by the corporation, a risk that has a dwelling
1202 replacement cost of \$700,000 or more or a single condominium
1203 unit that has a combined dwelling and contents replacement cost
1204 of \$700,000 or more is not eligible for coverage by the
1205 corporation.

1206 (B) When offered coverage from a qualified surplus lines
1207 insurer, a risk that has a dwelling replacement cost below
1208 \$700,000 or a single condominium unit that has a combined
1209 dwelling and contents replacement cost below \$700,000 remains
1210 eligible for coverage by the corporation.

1211 4. The plan shall provide for the deferment, in whole or in
1212 part, of the assessment of an assessable insurer, other than an
1213 emergency assessment collected from policyholders pursuant to
1214 sub-subparagraph (b)3.d., if the office finds that payment of
1215 the assessment would endanger or impair the solvency of the
1216 insurer. In the event an assessment against an assessable
1217 insurer is deferred in whole or in part, the amount by which
1218 such assessment is deferred may be assessed against the other

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1219 assessable insurers in a manner consistent with the basis for
1220 assessments set forth in paragraph (b).

1221 5. Effective July 1, 2007, in order to evaluate the costs
1222 and benefits of approved take-out plans, if the corporation pays
1223 a bonus or other payment to an insurer for an approved take-out
1224 plan, it shall maintain a record of the address or such other
1225 identifying information on the property or risk removed in order
1226 to track if and when the property or risk is later insured by
1227 the corporation.

1228 6. Any policy taken out, assumed, or removed from the
1229 corporation is, as of the effective date of the take-out,
1230 assumption, or removal, direct insurance issued by the insurer
1231 and not by the corporation, even if the corporation continues to
1232 service the policies. This subparagraph applies to policies of
1233 the corporation and not policies taken out, assumed, or removed
1234 from any other entity.

1235 7. For a policy taken out, assumed, or removed from the
1236 corporation, the insurer may, for a period of no more than 3
1237 years, continue to use any of the corporation's policy forms or
1238 endorsements that apply to the policy taken out, removed, or
1239 assumed without obtaining approval from the office for use of
1240 such policy form or endorsement.

1241 (x)1. The following records of the corporation are
1242 confidential and exempt from ~~the provisions of~~ s. 119.07(1) and
1243 s. 24(a), Art. I of the State Constitution:

1244 a. Underwriting files, except that a policyholder or an
1245 applicant shall have access to his or her own underwriting
1246 files. Confidential and exempt underwriting file records may
1247 also be released to other governmental agencies upon written

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1248 request and demonstration of need; such records held by the
1249 receiving agency remain confidential and exempt as provided
1250 herein.

1251 b. Claims files, until termination of all litigation and
1252 settlement of all claims arising out of the same incident,
1253 although portions of the claims files may remain exempt, as
1254 otherwise provided by law. Confidential and exempt claims file
1255 records may be released to other governmental agencies upon
1256 written request and demonstration of need; such records held by
1257 the receiving agency remain confidential and exempt as provided
1258 herein.

1259 c. Records obtained or generated by an internal auditor
1260 pursuant to a routine audit, until the audit is completed, or if
1261 the audit is conducted as part of an investigation, until the
1262 investigation is closed or ceases to be active. An investigation
1263 is considered "active" while the investigation is being
1264 conducted with a reasonable, good faith belief that it could
1265 lead to the filing of administrative, civil, or criminal
1266 proceedings.

1267 d. Matters reasonably encompassed in privileged attorney-
1268 client communications.

1269 e. Proprietary information licensed to the corporation
1270 under contract and the contract provides for the confidentiality
1271 of such proprietary information.

1272 f. All information relating to the medical condition or
1273 medical status of a corporation employee which is not relevant
1274 to the employee's capacity to perform his or her duties, except
1275 as otherwise provided in this paragraph. Information that is
1276 exempt includes ~~shall include~~, but is not limited to,

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1277 information relating to workers' compensation, insurance
1278 benefits, and retirement or disability benefits.

1279 g. Upon an employee's entrance into the employee assistance
1280 program, a program to assist any employee who has a behavioral
1281 or medical disorder, substance abuse problem, or emotional
1282 difficulty that affects the employee's job performance, all
1283 records relative to that participation are ~~shall be~~ confidential
1284 and exempt from ~~the provisions of~~ s. 119.07(1) and s. 24(a),
1285 Art. I of the State Constitution, except as otherwise provided
1286 in s. 112.0455(11).

1287 h. Information relating to negotiations for financing,
1288 reinsurance, depopulation, or contractual services, until the
1289 conclusion of the negotiations.

1290 i. Minutes of closed meetings regarding underwriting files,
1291 and minutes of closed meetings regarding an open claims file
1292 until termination of all litigation and settlement of all claims
1293 with regard to that claim, except that information otherwise
1294 confidential or exempt by law shall be redacted.

1295 2. If an authorized insurer, a reinsurance intermediary, an
1296 eligible surplus lines insurer, or an entity that has filed an
1297 application with the office for licensure as a property and
1298 casualty insurer in this state is considering writing or
1299 assisting in the underwriting of a risk insured by the
1300 corporation, relevant information from both the underwriting
1301 files and confidential claims files may be released to the
1302 insurer, reinsurance intermediary, eligible surplus lines
1303 insurer, or entity that has been created to seek authority to
1304 write property insurance in this state, provided the recipient
1305 ~~insurer~~ agrees in writing, notarized and under oath, to maintain

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1306 the confidentiality of such files. If a policy file is
1307 transferred to an insurer, that policy file is no longer a
1308 public record because it is not held by an agency subject to ~~the~~
1309 ~~provisions of~~ the public records law. Underwriting files and
1310 confidential claims files may also be released to staff and the
1311 board of governors of the market assistance plan established
1312 pursuant to s. 627.3515, who must retain the confidentiality of
1313 such files, except such files may be released to authorized
1314 insurers that are considering assuming the risks to which the
1315 files apply, provided the insurer agrees in writing, notarized
1316 and under oath, to maintain the confidentiality of such files.
1317 Finally, the corporation or the board or staff of the market
1318 assistance plan may make the following information obtained from
1319 underwriting files and confidential claims files available to an
1320 entity that has obtained a permit to become an authorized
1321 insurer, a reinsurer that may provide reinsurance under s.
1322 624.610, a licensed reinsurance broker, a licensed rating
1323 organization, a modeling company, or a licensed general lines
1324 insurance agent: name, address, and telephone number of the
1325 residential property owner or insured; location of the risk;
1326 rating information; loss history; and policy type. The receiving
1327 person must retain the confidentiality of the information
1328 received and may use the information only for the purposes of
1329 developing a take-out plan or a rating plan to be submitted to
1330 the office for approval or otherwise analyzing the underwriting
1331 of a risk or risks insured by the corporation on behalf of the
1332 private insurance market. A licensed general lines insurance
1333 agent may not use such information for the direct solicitation
1334 of policyholders.

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1335 3. A policyholder who has filed suit against the
1336 corporation has the right to discover the contents of his or her
1337 own claims file to the same extent that discovery of such
1338 contents would be available from a private insurer in litigation
1339 as provided by the Florida Rules of Civil Procedure, the Florida
1340 Evidence Code, and other applicable law. Pursuant to subpoena, a
1341 third party has the right to discover the contents of an
1342 insured's or applicant's underwriting or claims file to the same
1343 extent that discovery of such contents would be available from a
1344 private insurer by subpoena as provided by the Florida Rules of
1345 Civil Procedure, the Florida Evidence Code, and other applicable
1346 law, and subject to any confidentiality protections requested by
1347 the corporation and agreed to by the seeking party or ordered by
1348 the court. The corporation may release confidential underwriting
1349 and claims file contents and information as it deems necessary
1350 and appropriate to underwrite or service insurance policies and
1351 claims, subject to any confidentiality protections deemed
1352 necessary and appropriate by the corporation.

1353 4. Portions of meetings of the corporation are exempt from
1354 the provisions of s. 286.011 and s. 24(b), Art. I of the State
1355 Constitution wherein confidential underwriting files or
1356 confidential open claims files are discussed. All portions of
1357 corporation meetings which are closed to the public shall be
1358 recorded by a court reporter. The court reporter shall record
1359 the times of commencement and termination of the meeting, all
1360 discussion and proceedings, the names of all persons present at
1361 any time, and the names of all persons speaking. No portion of
1362 any closed meeting shall be off the record. Subject to the
1363 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's

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1364 notes of any closed meeting shall be retained by the corporation
1365 for a minimum of 5 years. A copy of the transcript, less any
1366 exempt matters, of any closed meeting wherein claims are
1367 discussed shall become public as to individual claims after
1368 settlement of the claim.

1369 Section 3. Section 627.3517, Florida Statutes, is amended
1370 to read:

1371 627.3517 Consumer choice.—No provision of s. 627.351, s.
1372 627.3511, or s. 627.3515 shall be construed to impair the right
1373 of any insurance risk apportionment plan policyholder, upon
1374 receipt of any keep-out ~~keepout~~ or take-out offer, to retain his
1375 or her current agent, so long as that agent is duly licensed and
1376 appointed by the insurance risk apportionment plan or otherwise
1377 authorized to place business with the insurance risk
1378 apportionment plan. This right may ~~shall~~ not be canceled,
1379 suspended, impeded, abridged, or otherwise compromised by any
1380 rule, plan of operation, or depopulation plan, whether through
1381 keep-out ~~keepout~~, take-out, midterm assumption, or any other
1382 means, of any insurance risk apportionment plan or depopulation
1383 plan, including, but not limited to, those described in s.
1384 627.351, s. 627.3511, or s. 627.3515. The commission shall adopt
1385 any rules necessary to cause any insurance risk apportionment
1386 plan or market assistance plan under such sections to
1387 demonstrate that the operations of the plan do not interfere
1388 with, promote, or allow interference with the rights created
1389 under this section. If the policyholder's current agent is
1390 unable or unwilling to be appointed with the insurer making the
1391 take-out or keep-out ~~keepout~~ offer, the policyholder is ~~shall~~
1392 not ~~be~~ disqualified from participation in the appropriate

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1393 insurance risk apportionment plan because of an offer of
1394 coverage in the voluntary market. An offer of full property
1395 insurance coverage by the insurer currently insuring either the
1396 ex-wind or wind-only coverage on the policy to which the offer
1397 applies is ~~shall~~ not be considered a take-out or keep-out
1398 ~~keep-out~~ offer. Any rule, plan of operation, or plan of
1399 depopulation, through keep-out ~~keep-out~~, take-out, midterm
1400 assumption, or any other means, of any property insurance risk
1401 apportionment plan under s. 627.351(2) or (6) is subject to ss.
1402 627.351(2) (b) and (6) (c) and 627.3511(4).

1403 Section 4. Subsection (5) of section 627.3518, Florida
1404 Statutes, is amended, and paragraph (a) of subsection (6) and
1405 paragraph (a) of subsection (7) of that section are reenacted,
1406 to read:

1407 627.3518 Citizens Property Insurance Corporation
1408 policyholder eligibility clearinghouse program.—The purpose of
1409 this section is to provide a framework for the corporation to
1410 implement a clearinghouse program by January 1, 2014.

1411 (5) Notwithstanding s. 627.3517, any applicant for new
1412 coverage from the corporation is not eligible for coverage from
1413 the corporation if provided an offer of coverage from an
1414 authorized insurer through the program at a premium that is at
1415 or below the eligibility threshold established in s.
1416 627.351(6) (c) 5.a. Whenever an offer of coverage for a personal
1417 lines risk is received for a policyholder of the corporation at
1418 renewal from an authorized insurer through the program, if the
1419 offer is at or below the eligibility threshold established in s.
1420 627.351(6) (c) 5.a. ~~equal to or less than the corporation's~~
1421 ~~renewal premium for comparable coverage~~, the risk is not

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1422 eligible for coverage with the corporation. In the event an
1423 offer of coverage for a new applicant or a personal lines risk
1424 at renewal is received from an authorized insurer through the
1425 program, and the premium offered exceeds the eligibility
1426 thresholds specified ~~threshold contained~~ in s.
1427 627.351(6)(c)5.a., the applicant or insured may elect to accept
1428 such coverage, or may elect to accept or continue coverage with
1429 the corporation. ~~In the event an offer of coverage for a~~
1430 ~~personal lines risk is received from an authorized insurer at~~
1431 ~~renewal through the program, and the premium offered is more~~
1432 ~~than the corporation's renewal premium for comparable coverage,~~
1433 ~~the insured may elect to accept such coverage, or may elect to~~
1434 ~~accept or continue coverage with the corporation.~~ Section
1435 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
1436 an authorized insurer obtained through the program. An applicant
1437 for coverage from the corporation who was declared ineligible
1438 for coverage at renewal by the corporation in the previous 36
1439 months due to an offer of coverage pursuant to this subsection
1440 shall be considered a renewal under this section if the
1441 corporation determines that the authorized insurer making the
1442 offer of coverage pursuant to this subsection continues to
1443 insure the applicant and increased the rate on the policy in
1444 excess of the increase allowed for the corporation under s.
1445 627.351(6)(n)6.

1446 (6) Independent insurance agents submitting new
1447 applications for coverage or that are the agent of record on a
1448 renewal policy submitted to the program:

1449 (a) Are granted and must maintain ownership and the
1450 exclusive use of expirations, records, or other written or

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1451 electronic information directly related to such applications or
1452 renewals written through the corporation or through an insurer
1453 participating in the program, notwithstanding s.

1454 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
1455 for as long as the insured remains with the agency or until sold
1456 or surrendered in writing by the agent. Contracts with the
1457 corporation or required by the corporation must not amend,
1458 modify, interfere with, or limit such rights of ownership. Such
1459 expirations, records, or other written or electronic information
1460 may be used to review an application, issue a policy, or for any
1461 other purpose necessary for placing such business through the
1462 program.

1463
1464 Applicants ineligible for coverage in accordance with subsection
1465 (5) remain ineligible if their independent agent is unwilling or
1466 unable to enter into a standard or limited agency agreement with
1467 an insurer participating in the program.

1468 (7) Exclusive agents submitting new applications for
1469 coverage or that are the agent of record on a renewal policy
1470 submitted to the program:

1471 (a) Must maintain ownership and the exclusive use of
1472 expirations, records, or other written or electronic information
1473 directly related to such applications or renewals written
1474 through the corporation or through an insurer participating in
1475 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
1476 (II)(B). Contracts with the corporation or required by the
1477 corporation must not amend, modify, interfere with, or limit
1478 such rights of ownership. Such expirations, records, or other
1479 written or electronic information may be used to review an

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1480 application, issue a policy, or for any other purpose necessary
1481 for placing such business through the program.

1482

1483 Applicants ineligible for coverage in accordance with subsection
1484 (5) remain ineligible if their exclusive agent is unwilling or
1485 unable to enter into a standard or limited agency agreement with
1486 an insurer making an offer of coverage to that applicant.

1487 Section 5. This act shall take effect January 1, 2022.