

By the Committee on Banking and Insurance; and Senator Brandes

597-02917-21

20211574c1

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          providing that eligible surplus lines insurers may  
15          participate, in the same manner and on the same terms  
16          as an authorized insurer, in depopulation, take-out,  
17          or keep-out programs relating to policies removed from  
18          Citizens Property Insurance Corporation; providing  
19          certain exceptions, conditions, and requirements  
20          relating to such participation by a surplus lines  
21          insurer in the corporation's depopulation, take-out,  
22          or keep-out programs; providing thresholds for  
23          eligibility for coverage by the corporation for risks  
24          offered coverage from qualified surplus lines  
25          insurers; authorizing information from underwriting  
26          files and confidential claims files to be released by  
27          the corporation to specified entities considering  
28          writing or underwriting risks insured by the  
29          corporation under certain circumstances; specifying

597-02917-21

20211574c1

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

41  
42 Be It Enacted by the Legislature of the State of Florida:

43  
44 Section 1. Subsection (2) of section 627.021, Florida  
45 Statutes, is amended to read:

46 627.021 Scope of this part.—

47 (2) This part does not apply to:

48 (a) Reinsurance, except joint reinsurance as provided in s.  
49 627.311.

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

54 (c) Insurance of vessels or craft, their cargoes, marine  
55 builders' risks, marine protection and indemnity, or other risks  
56 commonly insured under marine insurance policies.

57 (d) Commercial inland marine insurance.

58 (e) Except as may be specifically stated to apply, surplus

597-02917-21

20211574c1

59 lines insurance placed under ~~the provisions of~~ ss. 626.913-  
60 626.937.

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

64 627.351 Insurance risk apportionment plans.—

65 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

83 2.a. All revenues, assets, liabilities, losses, and  
84 expenses of the corporation shall be divided into three separate  
85 accounts as follows:

86 (I) A personal lines account for personal residential  
87 policies issued by the corporation which provides comprehensive,

597-02917-21

20211574c1

88 multiperil coverage on risks that are not located in areas  
89 eligible for coverage by the Florida Windstorm Underwriting  
90 Association as those areas were defined on January 1, 2002, and  
91 for policies that do not provide coverage for the peril of wind  
92 on risks that are located in such areas;

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

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

597-02917-21

20211574c1

117 insured by the corporation on June 30, 2014, under a multiperil  
118 policy. In issuing multiperil coverage, the corporation may use  
119 its approved policy forms and rates for the personal lines  
120 account. An applicant or insured who is eligible to purchase a  
121 multiperil policy from the corporation may purchase a multiperil  
122 policy from an authorized insurer without prejudice to the  
123 applicant's or insured's eligibility to prospectively purchase a  
124 policy that provides coverage only for the peril of wind from  
125 the corporation. An applicant or insured who is eligible for a  
126 corporation policy that provides coverage only for the peril of  
127 wind may elect to purchase or retain such policy and also  
128 purchase or retain coverage excluding wind from an authorized  
129 insurer without prejudice to the applicant's or insured's  
130 eligibility to prospectively purchase a policy that provides  
131 multiperil coverage from the corporation. It is the goal of the  
132 Legislature that there be an overall average savings of 10  
133 percent or more for a policyholder who currently has a wind-only  
134 policy with the corporation, and an ex-wind policy with a  
135 voluntary insurer or the corporation, and who obtains a  
136 multiperil policy from the corporation. It is the intent of the  
137 Legislature that the offer of multiperil coverage in the coastal  
138 account be made and implemented in a manner that does not  
139 adversely affect the tax-exempt status of the corporation or  
140 creditworthiness of or security for currently outstanding  
141 financing obligations or credit facilities of the coastal  
142 account, the personal lines account, or the commercial lines  
143 account. The coastal account must also include quota share  
144 primary insurance under subparagraph (c)2. The area eligible for  
145 coverage under the coastal account also includes the area within

597-02917-21

20211574c1

146 Port Canaveral, which is bordered on the south by the City of  
147 Cape Canaveral, bordered on the west by the Banana River, and  
148 bordered on the north by Federal Government property.

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

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

173       d. Revenues, assets, liabilities, losses, and expenses not  
174 attributable to particular accounts shall be prorated among the

597-02917-21

20211574c1

175 accounts.

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

180 f. The income of the corporation may not inure to the  
181 benefit of any private person.

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

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

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

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

202 b. Each assessable insurer's share of the amount being  
203 assessed under sub-subparagraph a. must be in the proportion

597-02917-21

20211574c1

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

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

229 d. Upon a determination by the board of governors that a  
230 projected deficit in an account exceeds the amount that is  
231 expected to be recovered through regular assessments under sub-  
232 subparagraph a., plus the amount that is expected to be



597-02917-21

20211574c1

233 recovered through surcharges under sub-subparagraph i., the  
234 board, after verification by the office, shall levy emergency  
235 assessments for as many years as necessary to cover the  
236 deficits, to be collected by assessable insurers and the  
237 corporation and collected from assessable insureds upon issuance  
238 or renewal of policies for subject lines of business, excluding  
239 National Flood Insurance policies. The amount collected in a  
240 particular year must be a uniform percentage of that year's  
241 direct written premium for subject lines of business and all  
242 accounts of the corporation, excluding National Flood Insurance  
243 Program policy premiums, as annually determined by the board and  
244 verified by the office. The office shall verify the arithmetic  
245 calculations involved in the board's determination within 30  
246 days after receipt of the information on which the determination  
247 was based. The office shall notify assessable insurers and the  
248 Florida Surplus Lines Service Office of the date on which  
249 assessable insurers shall begin to collect and assessable  
250 insureds shall begin to pay such assessment. The date must be at  
251 least 90 days after the date the corporation levies emergency  
252 assessments pursuant to this sub-subparagraph. Notwithstanding  
253 any other provision of law, the corporation and each assessable  
254 insurer that writes subject lines of business shall collect  
255 emergency assessments from its policyholders without such  
256 obligation being affected by any credit, limitation, exemption,  
257 or deferment. Emergency assessments levied by the corporation on  
258 assessable insureds shall be collected by the surplus lines  
259 agent at the time the surplus lines agent collects the surplus  
260 lines tax required by s. 626.932 and paid to the Florida Surplus  
261 Lines Service Office at the time the surplus lines agent pays

597-02917-21

20211574c1

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

275 e. The corporation may pledge the proceeds of assessments,  
276 projected recoveries from the Florida Hurricane Catastrophe  
277 Fund, other insurance and reinsurance recoverables, policyholder  
278 surcharges and other surcharges, and other funds available to  
279 the corporation as the source of revenue for and to secure bonds  
280 issued under paragraph (q), bonds or other indebtedness issued  
281 under subparagraph (c)3., or lines of credit or other financing  
282 mechanisms issued or created under this subsection, or to retire  
283 any other debt incurred as a result of deficits or events giving  
284 rise to deficits, or in any other way that the board determines  
285 will efficiently recover such deficits. The purpose of the lines  
286 of credit or other financing mechanisms is to provide additional  
287 resources to assist the corporation in covering claims and  
288 expenses attributable to a catastrophe. As used in this  
289 subsection, the term "assessments" includes regular assessments  
290 under sub-subparagraph a. or subparagraph (q)1. and emergency

597-02917-21

20211574c1

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

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

318 g. The Florida Surplus Lines Service Office shall determine  
319 annually the aggregate statewide written premium in subject

597-02917-21

20211574c1

320 lines of business procured by assessable insureds and report  
321 that information to the corporation in a form and at a time the  
322 corporation specifies to ensure that the corporation can meet  
323 the requirements of this subsection and the corporation's  
324 financing obligations.

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

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

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

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

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

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

597-02917-21

20211574c1

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

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

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

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

370 4. After accounting for the rate limitations specified in  
371 subparagraph (n)6., any remaining deficit in legal expenses must  
372 be recovered through an annual Citizens policyholder legal  
373 expenses surcharge against all policyholders of the corporation.  
374 The surcharge must be levied as a uniform percentage of the  
375 premium for the policy. The surcharge is payable upon issuance  
376 of a new policy by the corporation and upon each subsequent  
377 renewal of the policy. The surcharge is not considered premium

597-02917-21

20211574c1

378 and is not subject to commissions, fees, or premium taxes.  
379 However, failure to pay the surcharge must be treated as failure  
380 to pay premium.

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

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

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

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

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

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

406 e. Commercial lines nonresidential property insurance forms

597-02917-21

20211574c1

407 that cover the peril of wind only. The forms are applicable only  
408 to nonresidential properties located in areas eligible for  
409 coverage under the coastal account referred to in sub-  
410 subparagraph (b)2.a.

411 f. The corporation may adopt variations of the policy forms  
412 listed in sub-subparagraphs a.-e. which contain more restrictive  
413 coverage.

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

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

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

425 (I) "Quota share primary insurance" means an arrangement in  
426 which the primary hurricane coverage of an eligible risk is  
427 provided in specified percentages by the corporation and an  
428 authorized insurer. The corporation and authorized insurer are  
429 each solely responsible for a specified percentage of hurricane  
430 coverage of an eligible risk as set forth in a quota share  
431 primary insurance agreement between the corporation and an  
432 authorized insurer and the insurance contract. The  
433 responsibility of the corporation or authorized insurer to pay  
434 its specified percentage of hurricane losses of an eligible  
435 risk, as set forth in the agreement, may not be altered by the

597-02917-21

20211574c1

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

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

451 b. The corporation may enter into quota share primary  
452 insurance agreements with authorized insurers at corporation  
453 coverage levels of 90 percent and 50 percent.

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

460 d. Any quota share primary insurance agreement entered into  
461 between an authorized insurer and the corporation must provide  
462 for a uniform specified percentage of coverage of hurricane  
463 losses, by county or territory as set forth by the corporation  
464 board, for all eligible risks of the authorized insurer covered



597-02917-21

20211574c1

465 under the agreement.

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

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

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

488 h. The quota share primary insurance agreement between the  
489 corporation and an authorized insurer must set forth the  
490 specific terms under which coverage is provided, including, but  
491 not limited to, the sale and servicing of policies issued under  
492 the agreement by the insurance agent of the authorized insurer  
493 producing the business, the reporting of information concerning

597-02917-21

20211574c1

494 eligible risks, the payment of premium to the corporation, and  
495 arrangements for the adjustment and payment of hurricane claims  
496 incurred on eligible risks by the claims adjuster and personnel  
497 of the authorized insurer. Entering into a quota sharing  
498 insurance agreement between the corporation and an authorized  
499 insurer is voluntary and at the discretion of the authorized  
500 insurer.

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

597-02917-21

20211574c1

523 recoveries from the Florida Hurricane Catastrophe Fund, other  
524 reinsurance recoverables, policyholder surcharges and other  
525 surcharges, and other funds available to the corporation as  
526 security for bonds or other indebtedness. In recognition of s.  
527 10, Art. I of the State Constitution, prohibiting the impairment  
528 of obligations of contracts, it is the intent of the Legislature  
529 that no action be taken whose purpose is to impair any bond  
530 indenture or financing agreement or any revenue source committed  
531 by contract to such bond or other indebtedness.

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

541 a. The Governor, the Chief Financial Officer, the President  
542 of the Senate, and the Speaker of the House of Representatives  
543 shall each appoint two members of the board. At least one of the  
544 two members appointed by each appointing officer must have  
545 demonstrated expertise in insurance and be deemed to be within  
546 the scope of the exemption provided in s. 112.313(7)(b). The  
547 Chief Financial Officer shall designate one of the appointees as  
548 chair. All board members serve at the pleasure of the appointing  
549 officer. All members of the board are subject to removal at will  
550 by the officers who appointed them. All board members, including  
551 the chair, must be appointed to serve for 3-year terms beginning

597-02917-21

20211574c1

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

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

571 (I) The members of the advisory committee consist of the  
572 following 11 persons, one of whom must be elected chair by the  
573 members of the committee: four representatives, one appointed by  
574 the Florida Association of Insurance Agents, one by the Florida  
575 Association of Insurance and Financial Advisors, one by the  
576 Professional Insurance Agents of Florida, and one by the Latin  
577 American Association of Insurance Agencies; three  
578 representatives appointed by the insurers with the three highest  
579 voluntary market share of residential property insurance  
580 business in this ~~the~~ state; one representative from the Office

597-02917-21

20211574c1

581 of Insurance Regulation; one consumer appointed by the board who  
582 is insured by the corporation at the time of appointment to the  
583 committee; one representative appointed by the Florida  
584 Association of Realtors; and one representative appointed by the  
585 Florida Bankers Association. All members shall be appointed to  
586 3-year terms and may serve for consecutive terms.

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

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

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

597-02917-21

20211574c1

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

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

635 (A) Pay to the producing agent of record of the policy for  
636 the first year, an amount that is the greater of the insurer's  
637 usual and customary commission for the type of policy written or  
638 a fee equal to the usual and customary commission of the

597-02917-21

20211574c1

639 corporation; or

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

645

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

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

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

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

662

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

666 b. With respect to commercial lines residential risks, for  
667 a new application to the corporation for coverage, if the risk

597-02917-21

20211574c1

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

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

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



597-02917-21

20211574c1

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

702

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

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

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

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

719

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

723 c. For purposes of determining comparable coverage under  
724 sub-subparagraphs a. and b., the comparison must be based on  
725 those forms and coverages that are reasonably comparable. The

597-02917-21

20211574c1

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

597-02917-21

20211574c1

755 not being an offer of coverage from an authorized insurer at the  
756 insurer's approved rate.

757 6. Must include rules for classifications of risks and  
758 rates.

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

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

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

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

777  
778 The acceptance or rejection of a risk by the corporation shall  
779 be construed as the private placement of insurance, and ~~the~~  
780 ~~provisions of chapter 120~~ does ~~de~~ not apply.

781 9. Must provide that the corporation make its best efforts  
782 to procure catastrophe reinsurance at reasonable rates, to cover  
783 its projected 100-year probable maximum loss as determined by

597-02917-21

20211574c1

784 the board of governors.

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

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

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

812 13. Must provide that, with respect to the coastal account,

597-02917-21

20211574c1

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

836 14. Must provide that the corporation appoint as its  
837 licensed agents only those agents who throughout such  
838 appointments also hold an appointment as defined in s. 626.015  
839 by an insurer who is authorized to write and is actually writing  
840 or renewing personal lines residential property coverage,  
841 commercial residential property coverage, or commercial

597-02917-21

20211574c1

842 nonresidential property coverage within this ~~the~~ state.

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

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

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

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

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

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

862  
863 The corporation shall make available a policy for mobile homes  
864 or manufactured homes for a minimum insured value of at least  
865 \$3,000.

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

868 19. May require commercial property to meet specified  
869 hurricane mitigation construction features as a condition of  
870 eligibility for coverage.

597-02917-21

20211574c1

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

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

884  
885                           ACKNOWLEDGMENT OF POTENTIAL SURCHARGE  
886                           AND ASSESSMENT LIABILITY:

887  
888           1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
889 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
890 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
891 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
892 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
893 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
894 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
895 LEGISLATURE.

896           2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER  
897 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,  
898 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO  
899 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN

597-02917-21

20211574c1

900 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE  
901 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES  
902 ARE REGULATED AND APPROVED BY THE STATE.

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

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

910  
911 a. The corporation shall maintain, in electronic format or  
912 otherwise, a copy of the applicant's signed acknowledgment and  
913 provide a copy of the statement to the policyholder as part of  
914 the first renewal after the effective date of this subparagraph.

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

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

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



597-02917-21

20211574c1

929 the recommendations of the board and issue a final order  
930 establishing the rates for the corporation within 45 days after  
931 the recommended rates are filed. The corporation may not pursue  
932 an administrative challenge or judicial review of the final  
933 order of the office.

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

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

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

597-02917-21

20211574c1

958 filing recommended by the corporation and established by the  
959 office, subject to this paragraph.

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

964 6. Beginning on or after January 1, 2022 ~~January 1, 2010~~,  
965 and notwithstanding the board's recommended rates and the  
966 office's final order regarding the corporation's filed rates  
967 under subparagraph 1., the corporation shall annually implement  
968 a rate increase which, except for sinkhole coverage, does not  
969 exceed 10 percent for any single policy renewed ~~issued~~ by the  
970 corporation covering an owner-occupied personal residential  
971 property that has a dwelling replacement cost less than \$700,000  
972 or that is a single condominium unit that has a combined  
973 dwelling and contents replacement cost less than \$700,000,  
974 excluding coverage changes and surcharges, if the policy was  
975 initially issued by the corporation and the dwelling was  
976 determined by the corporation to be owner-occupied before July  
977 1, 2021.

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

981 8. The corporation's implementation of rates as prescribed  
982 in subparagraph 6. shall cease for any line of business written  
983 by the corporation upon the corporation's implementation of  
984 actuarially sound rates. Thereafter, the corporation shall  
985 annually make a recommended actuarially sound rate filing for  
986 each commercial and personal line of business the corporation

597-02917-21

20211574c1

987 writes.

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

1012 2. The governing body of any unit of local government, any  
1013 residents of which are insured by the corporation, may issue  
1014 bonds as defined in s. 125.013 or s. 166.101 from time to time  
1015 to fund an assistance program, in conjunction with the

597-02917-21

20211574c1

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

1043 3.a. The corporation shall adopt one or more programs  
1044 subject to approval by the office for the reduction of both new

597-02917-21

20211574c1

1045 and renewal writings in the corporation. Beginning January 1,  
1046 2008, any program the corporation adopts for the payment of  
1047 bonuses to an insurer for each risk the insurer removes from the  
1048 corporation shall comply with s. 627.3511(2) and may not exceed  
1049 the amount referenced in s. 627.3511(2) for each risk removed.  
1050 The corporation may consider any prudent and not unfairly  
1051 discriminatory approach to reducing corporation writings, and  
1052 may adopt a credit against assessment liability or other  
1053 liability that provides an incentive for insurers to take risks  
1054 out of the corporation and to keep risks out of the corporation  
1055 by maintaining or increasing voluntary writings in counties or  
1056 areas in which corporation risks are highly concentrated and a  
1057 program to provide a formula under which an insurer voluntarily  
1058 taking risks out of the corporation by maintaining or increasing  
1059 voluntary writings will be relieved wholly or partially from  
1060 assessments under sub-subparagraph (b)3.a. However, any "take-  
1061 out bonus" or payment to an insurer must be conditioned on the  
1062 property being insured for at least 5 years by the insurer,  
1063 unless canceled or nonrenewed by the policyholder. If the policy  
1064 is canceled or nonrenewed by the policyholder before the end of  
1065 the 5-year period, the amount of the take-out bonus must be  
1066 prorated for the time period the policy was insured. When the  
1067 corporation enters into a contractual agreement for a take-out  
1068 plan, the producing agent of record of the corporation policy is  
1069 entitled to retain any unearned commission on such policy, and  
1070 the insurer shall either:

1071 (I) Pay to the producing agent of record of the policy, for  
1072 the first year, an amount which is the greater of the insurer's  
1073 usual and customary commission for the type of policy written or

597-02917-21

20211574c1

1074 a policy fee equal to the usual and customary commission of the  
1075 corporation; or

1076 (II) Offer to allow the producing agent of record of the  
1077 policy to continue servicing the policy for a period of not less  
1078 than 1 year and offer to pay the agent the insurer's usual and  
1079 customary commission for the type of policy written. If the  
1080 producing agent is unwilling or unable to accept appointment by  
1081 the new insurer, the new insurer shall pay the agent in  
1082 accordance with sub-sub-subparagraph (I).

1083 b. Any credit or exemption from regular assessments adopted  
1084 under this subparagraph shall last no longer than the 3 years  
1085 following the cancellation or expiration of the policy by the  
1086 corporation. With the approval of the office, the board may  
1087 extend such credits for an additional year if the insurer  
1088 guarantees an additional year of renewability for all policies  
1089 removed from the corporation, or for 2 additional years if the  
1090 insurer guarantees 2 additional years of renewability for all  
1091 policies so removed.

1092 c. There shall be no credit, limitation, exemption, or  
1093 deferment from emergency assessments to be collected from  
1094 policyholders pursuant to sub-subparagraph (b)3.d.

1095 d. Notwithstanding any other provision of law, for purposes  
1096 of a depopulation, take-out, or keep-out program adopted by the  
1097 corporation, including an initial or renewal offer of coverage  
1098 made to a policyholder removed from the corporation pursuant to  
1099 such program, an eligible surplus lines insurer may participate  
1100 in the program in the same manner and on the same terms as an  
1101 authorized insurer, except as provided under this sub-  
1102 subparagraph.

597-02917-21

20211574c1

1103       (I) To qualify for participation, the surplus lines insurer  
1104 must first obtain approval from the office for its depopulation,  
1105 take-out, or keep-out plan and then comply with all of the  
1106 corporation's requirements for the plan applicable to admitted  
1107 insurers and with all statutory provisions applicable to the  
1108 removal of policies from the corporation.

1109       (II) In considering a surplus lines insurer's request for  
1110 approval for its plan, the office shall determine that the  
1111 surplus lines insurer meets the following requirements:

1112       (A) Maintains surplus of \$50 million on a company or pooled  
1113 basis;

1114       (B) Has a superior, excellent, exceptional, or equally  
1115 comparable financial strength rating by a rating agency  
1116 acceptable to the office;

1117       (C) Maintains reserves, surplus, reinsurance, and  
1118 reinsurance equivalents sufficient to cover the insurer's 100-  
1119 year probable maximum hurricane loss at least twice in a single  
1120 hurricane season, and submits such reinsurance to the office to  
1121 review for purposes of the take-out;

1122       (D) Provides prominent notice to the policyholder before  
1123 the assumption of the policy that surplus lines policies are not  
1124 provided coverage by the Florida Insurance Guaranty Association,  
1125 and an outline of any substantial differences in coverage  
1126 between the existing policy and the policy being offered to the  
1127 insured; and

1128       (E) Provides policy coverage similar to that provided by  
1129 the corporation.

1130       (III) To obtain approval for a plan, the surplus lines  
1131 insurer must file the following with the office:

597-02917-21

20211574c1

1132 (A) Information requested by the office to demonstrate  
1133 compliance with s. 624.404(3), including biographical  
1134 affidavits, fingerprints processed pursuant to s. 624.34, and  
1135 the results of criminal history records checks for officers and  
1136 directors of the insurer and its parent or holding company;

1137 (B) A service-of-process consent and agreement form  
1138 executed by the insurer;

1139 (C) Proof that the insurer has been an eligible or  
1140 authorized insurer for at least 3 years;

1141 (D) A duly authenticated copy of the insurer's current  
1142 audited financial statement, in English, expressing all monetary  
1143 values in United States dollars, at an exchange rate then  
1144 current and shown in the statement, in the case of statements  
1145 originally made in the currencies of other countries, and  
1146 including any additional information relative to the insurer as  
1147 the office may request;

1148 (E) A complete certified copy of the latest official  
1149 financial statement required by the insurer's domiciliary state,  
1150 if different from sub-sub-sub-subparagraph (D); and

1151 (F) A copy of the United States trust account agreement, if  
1152 applicable.

1153  
1154 This sub-subparagraph does not subject any surplus lines insurer  
1155 to requirements in addition to part VIII of chapter 626. Surplus  
1156 lines brokers making an offer of coverage under this sub-  
1157 paragraph are not required to comply with s. 626.916(1)(a),  
1158 (b), (c), and (e).

1159 (IV) Within 10 days after the date of assumption, the  
1160 surplus lines insurer assuming policies from the corporation



597-02917-21

20211574c1

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

1187 (V) Surplus lines brokers representing a surplus lines  
1188 insurer on a take-out program shall obtain confirmation, in  
1189 written or e-mail form, from each producing agent in advance

597-02917-21

20211574c1

1190 stating that the agent is willing to participate in the take-out  
1191 program with the surplus lines insurer engaging in the take-out  
1192 program. The take-out program is also subject to s. 627.3517. If  
1193 a policyholder is selected for removal from the corporation by a  
1194 surplus lines insurer and an authorized insurer, the corporation  
1195 shall give the offer of coverage from the authorized insurer  
1196 priority.

1197 (VI) (A) When offered comparable coverage from a qualified  
1198 surplus lines insurer no greater than 15 percent higher than the  
1199 premium charged by the corporation, a risk that has a dwelling  
1200 replacement cost of \$700,000 or more or a single condominium  
1201 unit that has a combined dwelling and contents replacement cost  
1202 of \$700,000 or more is not eligible for coverage by the  
1203 corporation.

1204 (B) When offered coverage from a qualified surplus lines  
1205 insurer, a risk that has a dwelling replacement cost below  
1206 \$700,000 or a single condominium unit that has a combined  
1207 dwelling and contents replacement cost below \$700,000 remains  
1208 eligible for coverage by the corporation.

1209 4. The plan shall provide for the deferment, in whole or in  
1210 part, of the assessment of an assessable insurer, other than an  
1211 emergency assessment collected from policyholders pursuant to  
1212 sub-subparagraph (b)3.d., if the office finds that payment of  
1213 the assessment would endanger or impair the solvency of the  
1214 insurer. In the event an assessment against an assessable  
1215 insurer is deferred in whole or in part, the amount by which  
1216 such assessment is deferred may be assessed against the other  
1217 assessable insurers in a manner consistent with the basis for  
1218 assessments set forth in paragraph (b).

597-02917-21

20211574c1

1219           5. Effective July 1, 2007, in order to evaluate the costs  
1220 and benefits of approved take-out plans, if the corporation pays  
1221 a bonus or other payment to an insurer for an approved take-out  
1222 plan, it shall maintain a record of the address or such other  
1223 identifying information on the property or risk removed in order  
1224 to track if and when the property or risk is later insured by  
1225 the corporation.

1226           6. Any policy taken out, assumed, or removed from the  
1227 corporation is, as of the effective date of the take-out,  
1228 assumption, or removal, direct insurance issued by the insurer  
1229 and not by the corporation, even if the corporation continues to  
1230 service the policies. This subparagraph applies to policies of  
1231 the corporation and not policies taken out, assumed, or removed  
1232 from any other entity.

1233           7. For a policy taken out, assumed, or removed from the  
1234 corporation, the insurer may, for a period of no more than 3  
1235 years, continue to use any of the corporation's policy forms or  
1236 endorsements that apply to the policy taken out, removed, or  
1237 assumed without obtaining approval from the office for use of  
1238 such policy form or endorsement.

1239           (x)1. The following records of the corporation are  
1240 confidential and exempt from ~~the provisions of~~ s. 119.07(1) and  
1241 s. 24(a), Art. I of the State Constitution:

1242           a. Underwriting files, except that a policyholder or an  
1243 applicant shall have access to his or her own underwriting  
1244 files. Confidential and exempt underwriting file records may  
1245 also be released to other governmental agencies upon written  
1246 request and demonstration of need; such records held by the  
1247 receiving agency remain confidential and exempt as provided

597-02917-21

20211574c1

1248 herein.

1249       b. Claims files, until termination of all litigation and  
1250 settlement of all claims arising out of the same incident,  
1251 although portions of the claims files may remain exempt, as  
1252 otherwise provided by law. Confidential and exempt claims file  
1253 records may be released to other governmental agencies upon  
1254 written request and demonstration of need; such records held by  
1255 the receiving agency remain confidential and exempt as provided  
1256 herein.

1257       c. Records obtained or generated by an internal auditor  
1258 pursuant to a routine audit, until the audit is completed, or if  
1259 the audit is conducted as part of an investigation, until the  
1260 investigation is closed or ceases to be active. An investigation  
1261 is considered "active" while the investigation is being  
1262 conducted with a reasonable, good faith belief that it could  
1263 lead to the filing of administrative, civil, or criminal  
1264 proceedings.

1265       d. Matters reasonably encompassed in privileged attorney-  
1266 client communications.

1267       e. Proprietary information licensed to the corporation  
1268 under contract and the contract provides for the confidentiality  
1269 of such proprietary information.

1270       f. All information relating to the medical condition or  
1271 medical status of a corporation employee which is not relevant  
1272 to the employee's capacity to perform his or her duties, except  
1273 as otherwise provided in this paragraph. Information that is  
1274 exempt includes ~~shall include~~, but is not limited to,  
1275 information relating to workers' compensation, insurance  
1276 benefits, and retirement or disability benefits.

597-02917-21

20211574c1

1277 g. Upon an employee's entrance into the employee assistance  
1278 program, a program to assist any employee who has a behavioral  
1279 or medical disorder, substance abuse problem, or emotional  
1280 difficulty that affects the employee's job performance, all  
1281 records relative to that participation are ~~shall be~~ confidential  
1282 and exempt from ~~the provisions of~~ s. 119.07(1) and s. 24(a),  
1283 Art. I of the State Constitution, except as otherwise provided  
1284 in s. 112.0455(11).

1285 h. Information relating to negotiations for financing,  
1286 reinsurance, depopulation, or contractual services, until the  
1287 conclusion of the negotiations.

1288 i. Minutes of closed meetings regarding underwriting files,  
1289 and minutes of closed meetings regarding an open claims file  
1290 until termination of all litigation and settlement of all claims  
1291 with regard to that claim, except that information otherwise  
1292 confidential or exempt by law shall be redacted.

1293 2. If an authorized insurer, a reinsurance intermediary, an  
1294 eligible surplus lines insurer, or an entity that has filed an  
1295 application with the office for licensure as a property and  
1296 casualty insurer in this state is considering writing or  
1297 assisting in the underwriting of a risk insured by the  
1298 corporation, relevant information from both the underwriting  
1299 files and confidential claims files may be released to the  
1300 insurer, reinsurance intermediary, eligible surplus lines  
1301 insurer, or entity that has been created to seek authority to  
1302 write property insurance in this state, provided the recipient  
1303 ~~insurer~~ agrees in writing, notarized and under oath, to maintain  
1304 the confidentiality of such files. If a policy file is  
1305 transferred to an insurer, that policy file is no longer a

597-02917-21

20211574c1

1306 public record because it is not held by an agency subject to ~~the~~  
1307 ~~provisions~~ of the public records law. Underwriting files and  
1308 confidential claims files may also be released to staff and the  
1309 board of governors of the market assistance plan established  
1310 pursuant to s. 627.3515, who must retain the confidentiality of  
1311 such files, except such files may be released to authorized  
1312 insurers that are considering assuming the risks to which the  
1313 files apply, provided the insurer agrees in writing, notarized  
1314 and under oath, to maintain the confidentiality of such files.  
1315 Finally, the corporation or the board or staff of the market  
1316 assistance plan may make the following information obtained from  
1317 underwriting files and confidential claims files available to an  
1318 entity that has obtained a permit to become an authorized  
1319 insurer, a reinsurer that may provide reinsurance under s.  
1320 624.610, a licensed reinsurance broker, a licensed rating  
1321 organization, a modeling company, or a licensed general lines  
1322 insurance agent: name, address, and telephone number of the  
1323 residential property owner or insured; location of the risk;  
1324 rating information; loss history; and policy type. The receiving  
1325 person must retain the confidentiality of the information  
1326 received and may use the information only for the purposes of  
1327 developing a take-out plan or a rating plan to be submitted to  
1328 the office for approval or otherwise analyzing the underwriting  
1329 of a risk or risks insured by the corporation on behalf of the  
1330 private insurance market. A licensed general lines insurance  
1331 agent may not use such information for the direct solicitation  
1332 of policyholders.

1333 3. A policyholder who has filed suit against the  
1334 corporation has the right to discover the contents of his or her

597-02917-21

20211574c1

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

1351 4. Portions of meetings of the corporation are exempt from  
1352 the provisions of s. 286.011 and s. 24(b), Art. I of the State  
1353 Constitution wherein confidential underwriting files or  
1354 confidential open claims files are discussed. All portions of  
1355 corporation meetings which are closed to the public shall be  
1356 recorded by a court reporter. The court reporter shall record  
1357 the times of commencement and termination of the meeting, all  
1358 discussion and proceedings, the names of all persons present at  
1359 any time, and the names of all persons speaking. No portion of  
1360 any closed meeting shall be off the record. Subject to the  
1361 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's  
1362 notes of any closed meeting shall be retained by the corporation  
1363 for a minimum of 5 years. A copy of the transcript, less any

597-02917-21

20211574c1

1364 exempt matters, of any closed meeting wherein claims are  
1365 discussed shall become public as to individual claims after  
1366 settlement of the claim.

1367 Section 3. Section 627.3517, Florida Statutes, is amended  
1368 to read:

1369 627.3517 Consumer choice.—No provision of s. 627.351, s.  
1370 627.3511, or s. 627.3515 shall be construed to impair the right  
1371 of any insurance risk apportionment plan policyholder, upon  
1372 receipt of any keep-out ~~keepout~~ or take-out offer, to retain his  
1373 or her current agent, so long as that agent is duly licensed and  
1374 appointed by the insurance risk apportionment plan or otherwise  
1375 authorized to place business with the insurance risk  
1376 apportionment plan. This right may ~~shall~~ not be canceled,  
1377 suspended, impeded, abridged, or otherwise compromised by any  
1378 rule, plan of operation, or depopulation plan, whether through  
1379 keep-out ~~keepout~~, take-out, midterm assumption, or any other  
1380 means, of any insurance risk apportionment plan or depopulation  
1381 plan, including, but not limited to, those described in s.  
1382 627.351, s. 627.3511, or s. 627.3515. The commission shall adopt  
1383 any rules necessary to cause any insurance risk apportionment  
1384 plan or market assistance plan under such sections to  
1385 demonstrate that the operations of the plan do not interfere  
1386 with, promote, or allow interference with the rights created  
1387 under this section. If the policyholder's current agent is  
1388 unable or unwilling to be appointed with the insurer making the  
1389 take-out or keep-out ~~keepout~~ offer, the policyholder is ~~shall~~  
1390 not ~~be~~ disqualified from participation in the appropriate  
1391 insurance risk apportionment plan because of an offer of  
1392 coverage in the voluntary market. An offer of full property



597-02917-21

20211574c1

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

1401 Section 4. Subsection (5) of section 627.3518, Florida  
1402 Statutes, is amended, and paragraph (a) of subsection (6) and  
1403 paragraph (a) of subsection (7) of that section are reenacted,  
1404 to read:

1405 627.3518 Citizens Property Insurance Corporation  
1406 policyholder eligibility clearinghouse program.—The purpose of  
1407 this section is to provide a framework for the corporation to  
1408 implement a clearinghouse program by January 1, 2014.

1409 (5) Notwithstanding s. 627.3517, any applicant for new  
1410 coverage from the corporation is not eligible for coverage from  
1411 the corporation if provided an offer of coverage from an  
1412 authorized insurer through the program at a premium that is at  
1413 or below the eligibility threshold established in s.  
1414 627.351(6) (c) 5.a. Whenever an offer of coverage for a personal  
1415 lines risk is received for a policyholder of the corporation at  
1416 renewal from an authorized insurer through the program, if the  
1417 offer is at or below the eligibility threshold established in s.  
1418 627.351(6) (c) 5.a. ~~equal to or less than the corporation's~~  
1419 ~~renewal premium for comparable coverage,~~ the risk is not  
1420 eligible for coverage with the corporation. In the event an  
1421 offer of coverage for a new applicant or a personal lines risk

597-02917-21

20211574c1

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

1444 (6) Independent insurance agents submitting new  
1445 applications for coverage or that are the agent of record on a  
1446 renewal policy submitted to the program:

1447 (a) Are granted and must maintain ownership and the  
1448 exclusive use of expirations, records, or other written or  
1449 electronic information directly related to such applications or  
1450 renewals written through the corporation or through an insurer

597-02917-21

20211574c1

1451 participating in the program, notwithstanding s.  
1452 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted  
1453 for as long as the insured remains with the agency or until sold  
1454 or surrendered in writing by the agent. Contracts with the  
1455 corporation or required by the corporation must not amend,  
1456 modify, interfere with, or limit such rights of ownership. Such  
1457 expirations, records, or other written or electronic information  
1458 may be used to review an application, issue a policy, or for any  
1459 other purpose necessary for placing such business through the  
1460 program.

1461  
1462 Applicants ineligible for coverage in accordance with subsection  
1463 (5) remain ineligible if their independent agent is unwilling or  
1464 unable to enter into a standard or limited agency agreement with  
1465 an insurer participating in the program.

1466 (7) Exclusive agents submitting new applications for  
1467 coverage or that are the agent of record on a renewal policy  
1468 submitted to the program:

1469 (a) Must maintain ownership and the exclusive use of  
1470 expirations, records, or other written or electronic information  
1471 directly related to such applications or renewals written  
1472 through the corporation or through an insurer participating in  
1473 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and  
1474 (II)(B). Contracts with the corporation or required by the  
1475 corporation must not amend, modify, interfere with, or limit  
1476 such rights of ownership. Such expirations, records, or other  
1477 written or electronic information may be used to review an  
1478 application, issue a policy, or for any other purpose necessary  
1479 for placing such business through the program.

597-02917-21

20211574c1

1480

1481 Applicants ineligible for coverage in accordance with subsection  
1482 (5) remain ineligible if their exclusive agent is unwilling or  
1483 unable to enter into a standard or limited agency agreement with  
1484 an insurer making an offer of coverage to that applicant.

1485 Section 5. This act shall take effect January 1, 2022.