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Proposed Committee Substitute by the Committee on Appropriations
(Appropriations Subcommittee on Agriculture, Environment, and
General Government)

A bill to be entitled

An act relating to property insurance; amending s.
489.147, F.S.; revising the definition of the term
"prohibited advertisement"; amending s. 627.351, F.S.;
deleting obsolete provisions related to eligibility
thresholds for personal lines residential coverage
with the Citizens Property Insurance Corporation;
requiring the corporation to use a method for valuing
dwelling replacement costs which is approved by the
Office of Insurance Regulation; specifying
qualifications requirements for certain members of the
board of governors for the corporation; defining the
term "demonstrated expertise in insurance"; revising
conditions for eligibility for coverage with the
corporation; providing for a required limited annual
rate increase for specified policies; defining the term
"primary residence"; revising the contents of a
specified notice provided by the corporation; amending
s. 627.3518, F.S.; deleting an obsolete provision
related to implementing the clearinghouse program by a
specified date; deleting an obsolete reporting
requirement; conforming provisions to changes made by
the act; amending s. 627.7011, F.S.; providing that
certain provisions relating to homeowners' policies do
not prohibit insurers from providing limited coverage
on personal lines residential property insurance



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27 policies by including roof surface type reimbursement
28 schedules; providing requirements for roof surface
29 type reimbursement schedules; authorizing the
30 conversion of a residential property insurance policy
31 to a roof surface type reimbursement schedule under
32 certain circumstances; providing that certain
33 provisions relating to homeowners' policies do not
34 prohibit insurers from providing coverage on personal
35 lines residential property insurance policies that
36 limits roof coverage to a stated value sublimit of
37 coverage; providing requirements for stated value
38 sublimits of coverages; providing that certain
39 provisions relating to homeowners' policies do not
40 prohibit certain insurers from offering roof
41 reimbursement on the basis of replacement costs;
42 reenacting ss. 624.424(10), 627.3517, and 627.712(1),
43 F.S., relating to annual insurer statements, consumer
44 choice, and required residential windstorm coverage,
45 respectively, to incorporate the amendments made to s.
46 627.351, F.S., in references thereto; providing an
47 effective date.

48

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

50

51 Section 1. Paragraph (a) of subsection (1) of section
52 489.147, Florida Statutes, is amended to read:

53 489.147 Prohibited property insurance practices.—

54 (1) As used in this section, the term:

55 (a) "Prohibited advertisement" means any written or



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56 electronic communication by a contractor which ~~that~~ encourages,
57 instructs, or induces a consumer to contact a contractor or
58 public adjuster for the purpose of making an insurance claim for
59 roof damage, if such communication does not state in a font size
60 of at least 12 points and at least half as large as the largest
61 font size used in the communication that:

62 1. The consumer is responsible for payment of any insurance
63 deductible;

64 2. It is insurance fraud punishable as a felony of the
65 third degree for a contractor to pay, waive, or rebate all or
66 part of an insurance deductible applicable to payment to the
67 contractor for repairs to property covered by a property
68 insurance policy; and

69 3. It is insurance fraud punishable as a felony of the
70 third degree to intentionally file an insurance claim containing
71 any false, incomplete, or misleading information.

72
73 The term includes, but is not limited to, door hangers, business
74 cards, magnets, flyers, pamphlets, and e-mails.

75 Section 2. Paragraphs (a), (c), (n), and (ii) of subsection
76 (6) of section 627.351, Florida Statutes, are amended to read:

77 627.351 Insurance risk apportionment plans.—

78 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

79 (a) The public purpose of this subsection is to ensure that
80 there is an orderly market for property insurance for residents
81 and businesses of this state.

82 1. The Legislature finds that private insurers are
83 unwilling or unable to provide affordable property insurance
84 coverage in this state to the extent sought and needed. The



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85 absence of affordable property insurance threatens the public
86 health, safety, and welfare and likewise threatens the economic
87 health of the state. The state therefore has a compelling public
88 interest and a public purpose to assist in assuring that
89 property in this ~~the~~ state is insured and that it is insured at
90 affordable rates so as to facilitate the remediation,
91 reconstruction, and replacement of damaged or destroyed property
92 in order to reduce or avoid the negative effects otherwise
93 resulting to the public health, safety, and welfare, to the
94 economy of the state, and to the revenues of the state and local
95 governments which are needed to provide for the public welfare.
96 It is necessary, therefore, to provide affordable property
97 insurance to applicants who are in good faith entitled to
98 procure insurance through the voluntary market but are unable to
99 do so. The Legislature intends, therefore, that affordable
100 property insurance be provided and that it continue to be
101 provided, as long as necessary, through Citizens Property
102 Insurance Corporation, a government entity that is an integral
103 part of the state, and that is not a private insurance company.
104 To that end, the corporation shall strive to increase the
105 availability of affordable property insurance in this state,
106 while achieving efficiencies and economies, and while providing
107 service to policyholders, applicants, and agents which is no
108 less than the quality generally provided in the voluntary
109 market, for the achievement of the foregoing public purposes.
110 Because it is essential for this government entity to have the
111 maximum financial resources to pay claims following a
112 catastrophic hurricane, it is the intent of the Legislature that
113 the corporation continue to be an integral part of the state and



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114 that the income of the corporation be exempt from federal income
115 taxation and that interest on the debt obligations issued by the
116 corporation be exempt from federal income taxation.

117 2. The Residential Property and Casualty Joint Underwriting
118 Association originally created by this statute shall be known as
119 the Citizens Property Insurance Corporation. The corporation
120 shall provide insurance for residential and commercial property,
121 for applicants who are entitled, but, in good faith, are unable
122 to procure insurance through the voluntary market. The
123 corporation shall operate pursuant to a plan of operation
124 approved by order of the Financial Services Commission. The plan
125 is subject to continuous review by the commission. The
126 commission may, by order, withdraw approval of all or part of a
127 plan if the commission determines that conditions have changed
128 since approval was granted and that the purposes of the plan
129 require changes in the plan. For the purposes of this
130 subsection, residential coverage includes both personal lines
131 residential coverage, which consists of the type of coverage
132 provided by homeowner, mobile home owner, dwelling, tenant,
133 condominium unit owner, and similar policies; and commercial
134 lines residential coverage, which consists of the type of
135 coverage provided by condominium association, apartment
136 building, and similar policies.

137 3. With respect to coverage for personal lines residential
138 structures, and+

139 ~~a. Effective January 1, 2014, a structure that has a~~
140 ~~dwelling replacement cost of \$1 million or more, or a single~~
141 ~~condominium unit that has a combined dwelling and contents~~
142 ~~replacement cost of \$1 million or more, is not eligible for~~



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143 ~~coverage by the corporation. Such dwellings insured by the~~
144 ~~corporation on December 31, 2013, may continue to be covered by~~
145 ~~the corporation until the end of the policy term. The office~~
146 ~~shall approve the method used by the corporation for valuing the~~
147 ~~dwelling replacement cost for the purposes of this subparagraph.~~
148 ~~If a policyholder is insured by the corporation before being~~
149 ~~determined to be ineligible pursuant to this subparagraph and~~
150 ~~such policyholder files a lawsuit challenging the determination,~~
151 ~~the policyholder may remain insured by the corporation until the~~
152 ~~conclusion of the litigation.~~

153 ~~b. Effective January 1, 2015, a structure that has a~~
154 ~~dwelling replacement cost of \$900,000 or more, or a single~~
155 ~~condominium unit that has a combined dwelling and contents~~
156 ~~replacement cost of \$900,000 or more, is not eligible for~~
157 ~~coverage by the corporation. Such dwellings insured by the~~
158 ~~corporation on December 31, 2014, may continue to be covered by~~
159 ~~the corporation only until the end of the policy term.~~

160 ~~e. Effective January 1, 2016, a structure that has a~~
161 ~~dwelling replacement cost of \$800,000 or more, or a single~~
162 ~~condominium unit that has a combined dwelling and contents~~
163 ~~replacement cost of \$800,000 or more, is not eligible for~~
164 ~~coverage by the corporation. Such dwellings insured by the~~
165 ~~corporation on December 31, 2015, may continue to be covered by~~
166 ~~the corporation until the end of the policy term.~~

167 ~~d. effective January 1, 2017, a structure that has a~~
168 ~~dwelling replacement cost of \$700,000 or more, or a single~~
169 ~~condominium unit that has a combined dwelling and contents~~
170 ~~replacement cost of \$700,000 or more, is not eligible for~~
171 ~~coverage by the corporation. The corporation must use a method~~



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172 for valuing the dwelling replacement cost which is approved by
173 the office ~~Such dwellings insured by the corporation on December~~
174 ~~31, 2016, may continue to be covered by the corporation until~~
175 ~~the end of the policy term. The requirements of sub-~~
176 ~~subparagraphs b.-d. do not apply~~ However, in counties where the
177 office determines there is not a reasonable degree of
178 competition, ~~-. In such counties a personal lines residential~~
179 structure that has a dwelling replacement cost of less than \$1
180 million, or a single condominium unit that has a combined
181 dwelling and contents replacement cost of less than \$1 million,
182 is eligible for coverage by the corporation.

183 4. It is the intent of the Legislature that policyholders,
184 applicants, and agents of the corporation receive service and
185 treatment of the highest possible level but never less than that
186 generally provided in the voluntary market. It is also intended
187 that the corporation be held to service standards no less than
188 those applied to insurers in the voluntary market by the office
189 with respect to responsiveness, timeliness, customer courtesy,
190 and overall dealings with policyholders, applicants, or agents
191 of the corporation.

192 5.a. Effective January 1, 2009, a personal lines
193 residential structure that is located in the "wind-borne debris
194 region," as defined in s. 1609.2, International Building Code
195 (2006), and that has an insured value on the structure of
196 \$750,000 or more is not eligible for coverage by the corporation
197 unless the structure has opening protections as required under
198 the Florida Building Code for a newly constructed residential
199 structure in that area. A residential structure is deemed to
200 comply with this sub-subparagraph if it has shutters or opening



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201 protections on all openings and if such opening protections
202 complied with the Florida Building Code at the time they were
203 installed.

204 b. Any major structure, as defined in s. 161.54(6)(a), that
205 is newly constructed, or rebuilt, repaired, restored, or
206 remodeled to increase the total square footage of finished area
207 by more than 25 percent, pursuant to a permit applied for after
208 July 1, 2015, is not eligible for coverage by the corporation if
209 the structure is seaward of the coastal construction control
210 line established pursuant to s. 161.053 or is within the Coastal
211 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
212 3510.

213 6. With respect to wind-only coverage for commercial lines
214 residential condominiums, effective July 1, 2014, a condominium
215 shall be deemed ineligible for coverage if 50 percent or more of
216 the units are rented more than eight times in a calendar year
217 for a rental agreement period of less than 30 days.

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

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

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

228 b. Basic personal lines policy forms that are policies
229 similar to an HO-8 policy or a dwelling fire policy that provide



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230 coverage meeting the requirements of the secondary mortgage
231 market, but which is more limited than the coverage under a
232 standard policy.

233 c. Commercial lines residential and nonresidential policy
234 forms that are generally similar to the basic perils of full
235 coverage obtainable for commercial residential structures and
236 commercial nonresidential structures in the admitted voluntary
237 market.

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

243 e. Commercial lines nonresidential property insurance forms
244 that cover the peril of wind only. The forms are applicable only
245 to nonresidential properties located in areas eligible for
246 coverage under the coastal account referred to in sub-
247 subparagraph (b)2.a.

248 f. The corporation may adopt variations of the policy forms
249 listed in sub-subparagraphs a.-e. which contain more restrictive
250 coverage.

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

255 2. Must provide that the corporation adopt a program in
256 which the corporation and authorized insurers enter into quota
257 share primary insurance agreements for hurricane coverage, as
258 defined in s. 627.4025(2)(a), for eligible risks, and adopt



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259 property insurance forms for eligible risks which cover the
260 peril of wind only.

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

262 (I) "Quota share primary insurance" means an arrangement in
263 which the primary hurricane coverage of an eligible risk is
264 provided in specified percentages by the corporation and an
265 authorized insurer. The corporation and authorized insurer are
266 each solely responsible for a specified percentage of hurricane
267 coverage of an eligible risk as set forth in a quota share
268 primary insurance agreement between the corporation and an
269 authorized insurer and the insurance contract. The
270 responsibility of the corporation or authorized insurer to pay
271 its specified percentage of hurricane losses of an eligible
272 risk, as set forth in the agreement, may not be altered by the
273 inability of the other party to pay its specified percentage of
274 losses. Eligible risks that are provided hurricane coverage
275 through a quota share primary insurance arrangement must be
276 provided policy forms that set forth the obligations of the
277 corporation and authorized insurer under the arrangement,
278 clearly specify the percentages of quota share primary insurance
279 provided by the corporation and authorized insurer, and
280 conspicuously and clearly state that the authorized insurer and
281 the corporation may not be held responsible beyond their
282 specified percentage of coverage of hurricane losses.

283 (II) "Eligible risks" means personal lines residential and
284 commercial lines residential risks that meet the underwriting
285 criteria of the corporation and are located in areas that were
286 eligible for coverage by the Florida Windstorm Underwriting
287 Association on January 1, 2002.



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288 b. The corporation may enter into quota share primary
289 insurance agreements with authorized insurers at corporation
290 coverage levels of 90 percent and 50 percent.

291 c. If the corporation determines that additional coverage
292 levels are necessary to maximize participation in quota share
293 primary insurance agreements by authorized insurers, the
294 corporation may establish additional coverage levels. However,
295 the corporation's quota share primary insurance coverage level
296 may not exceed 90 percent.

297 d. Any quota share primary insurance agreement entered into
298 between an authorized insurer and the corporation must provide
299 for a uniform specified percentage of coverage of hurricane
300 losses, by county or territory as set forth by the corporation
301 board, for all eligible risks of the authorized insurer covered
302 under the agreement.

303 e. Any quota share primary insurance agreement entered into
304 between an authorized insurer and the corporation is subject to
305 review and approval by the office. However, such agreement shall
306 be authorized only as to insurance contracts entered into
307 between an authorized insurer and an insured who is already
308 insured by the corporation for wind coverage.

309 f. For all eligible risks covered under quota share primary
310 insurance agreements, the exposure and coverage levels for both
311 the corporation and authorized insurers shall be reported by the
312 corporation to the Florida Hurricane Catastrophe Fund. For all
313 policies of eligible risks covered under such agreements, the
314 corporation and the authorized insurer must maintain complete
315 and accurate records for the purpose of exposure and loss
316 reimbursement audits as required by fund rules. The corporation



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317 and the authorized insurer shall each maintain duplicate copies
318 of policy declaration pages and supporting claims documents.

319 g. The corporation board shall establish in its plan of
320 operation standards for quota share agreements which ensure that
321 there is no discriminatory application among insurers as to the
322 terms of the agreements, pricing of the agreements, incentive
323 provisions if any, and consideration paid for servicing policies
324 or adjusting claims.

325 h. The quota share primary insurance agreement between the
326 corporation and an authorized insurer must set forth the
327 specific terms under which coverage is provided, including, but
328 not limited to, the sale and servicing of policies issued under
329 the agreement by the insurance agent of the authorized insurer
330 producing the business, the reporting of information concerning
331 eligible risks, the payment of premium to the corporation, and
332 arrangements for the adjustment and payment of hurricane claims
333 incurred on eligible risks by the claims adjuster and personnel
334 of the authorized insurer. Entering into a quota sharing
335 insurance agreement between the corporation and an authorized
336 insurer is voluntary and at the discretion of the authorized
337 insurer.

338 3. May provide that the corporation may employ or otherwise
339 contract with individuals or other entities to provide
340 administrative or professional services that may be appropriate
341 to effectuate the plan. The corporation may borrow funds by
342 issuing bonds or by incurring other indebtedness, and shall have
343 other powers reasonably necessary to effectuate the requirements
344 of this subsection, including, without limitation, the power to
345 issue bonds and incur other indebtedness in order to refinance



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346 outstanding bonds or other indebtedness. The corporation may
347 seek judicial validation of its bonds or other indebtedness
348 under chapter 75. The corporation may issue bonds or incur other
349 indebtedness, or have bonds issued on its behalf by a unit of
350 local government pursuant to subparagraph (q)2. in the absence
351 of a hurricane or other weather-related event, upon a
352 determination by the corporation, subject to approval by the
353 office, that such action would enable it to efficiently meet the
354 financial obligations of the corporation and that such
355 financings are reasonably necessary to effectuate the
356 requirements of this subsection. The corporation may take all
357 actions needed to facilitate tax-free status for such bonds or
358 indebtedness, including formation of trusts or other affiliated
359 entities. The corporation may pledge assessments, projected
360 recoveries from the Florida Hurricane Catastrophe Fund, other
361 reinsurance recoverables, policyholder surcharges and other
362 surcharges, and other funds available to the corporation as
363 security for bonds or other indebtedness. In recognition of s.
364 10, Art. I of the State Constitution, prohibiting the impairment
365 of obligations of contracts, it is the intent of the Legislature
366 that no action be taken whose purpose is to impair any bond
367 indenture or financing agreement or any revenue source committed
368 by contract to such bond or other indebtedness.

369 4. Must require that the corporation operate subject to the
370 supervision and approval of a board of governors consisting of
371 nine individuals who are residents of this state and who are
372 from different geographical areas of the state, one of whom is
373 appointed by the Governor and serves solely to advocate on
374 behalf of the consumer. The appointment of a consumer



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375 representative by the Governor is deemed to be within the scope
376 of the exemption provided in s. 112.313(7)(b) and is in addition
377 to the appointments authorized under sub-subparagraph a.

378 a. The Governor, the Chief Financial Officer, the President
379 of the Senate, and the Speaker of the House of Representatives
380 shall each appoint two members of the board. At least one of the
381 two members appointed by each appointing officer must have
382 demonstrated expertise in insurance and be deemed to be within
383 the scope of the exemption provided in s. 112.313(7)(b) at the
384 time of appointment or reappointment. The Chief Financial
385 Officer shall designate one of the appointees as chair. On or
386 after July 1, 2022, an appointee designated as chair must have
387 demonstrated expertise in insurance or must have at least 1 year
388 of experience serving on the board of governors. All board
389 members serve at the pleasure of the appointing officer. All
390 members of the board are subject to removal at will by the
391 officers who appointed them. All board members, including the
392 chair, must be appointed to serve for 3-year terms beginning
393 annually on a date designated by the plan. However, for the
394 first term beginning on or after July 1, 2009, each appointing
395 officer shall appoint one member of the board for a 2-year term
396 and one member for a 3-year term. A board vacancy shall be
397 filled for the unexpired term by the appointing officer. The
398 Chief Financial Officer shall appoint a technical advisory group
399 to provide information and advice to the board in connection
400 with the board's duties under this subsection. The executive
401 director and senior managers of the corporation shall be engaged
402 by the board and serve at the pleasure of the board. The
403 executive director must, at the time of the appointment, have



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404 the experience, character, and qualifications required under s.
405 624.404(3) to serve as the chief executive officer of an
406 insurer. Any executive director appointed on or after July 1,
407 2006, is subject to confirmation by the Senate. The executive
408 director is responsible for employing other staff as the
409 corporation may require, subject to review and concurrence by
410 the board. As used in this sub-subparagraph, the term
411 "demonstrated expertise in insurance" means at least 10 years'
412 experience:

413 (I) In property and casualty insurance as a full-time
414 employee, officer, or owner of a licensed insurance agency or an
415 insurer authorized to transact property insurance in this state;
416 or

417 (II) As an insurance regulator or as an executive or
418 officer of an insurance trade association.

419 b. The board shall create a Market Accountability Advisory
420 Committee to assist the corporation in developing awareness of
421 its rates and its customer and agent service levels in
422 relationship to the voluntary market insurers writing similar
423 coverage.

424 (I) The members of the advisory committee consist of the
425 following 11 persons, one of whom must be elected chair by the
426 members of the committee: four representatives, one appointed by
427 the Florida Association of Insurance Agents, one by the Florida
428 Association of Insurance and Financial Advisors, one by the
429 Professional Insurance Agents of Florida, and one by the Latin
430 American Association of Insurance Agencies; three
431 representatives appointed by the insurers with the three highest
432 voluntary market share of residential property insurance



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433 business in the state; one representative from the Office of
434 Insurance Regulation; one consumer appointed by the board who is
435 insured by the corporation at the time of appointment to the
436 committee; one representative appointed by the Florida
437 Association of Realtors; and one representative appointed by the
438 Florida Bankers Association. All members shall be appointed to
439 3-year terms and may serve for consecutive terms.

440 (II) The committee shall report to the corporation at each
441 board meeting on insurance market issues which may include rates
442 and rate competition with the voluntary market; service,
443 including policy issuance, claims processing, and general
444 responsiveness to policyholders, applicants, and agents; and
445 matters relating to depopulation.

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

448 a. Subject to s. 627.3517, with respect to personal lines
449 residential risks, if the risk is offered coverage from an
450 authorized insurer at the insurer's approved rate under a
451 standard policy including wind coverage or, if consistent with
452 the insurer's underwriting rules as filed with the office, a
453 basic policy including wind coverage, for a new application to
454 the corporation for coverage, the risk is not eligible for any
455 policy issued by the corporation unless the premium for coverage
456 from the authorized insurer is more than 20 percent greater than
457 the premium for comparable coverage from the corporation.
458 Whenever an offer of coverage for a personal lines residential
459 risk is received for a policyholder of the corporation at
460 renewal from an authorized insurer, ~~if the offer is equal to or~~
461 ~~less than the corporation's renewal premium for comparable~~



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462 ~~coverage,~~ the risk is not eligible for coverage with the
463 corporation unless the premium for coverage from the authorized
464 insurer is more than 20 percent greater than the renewal premium
465 for comparable coverage from the corporation. If the risk is not
466 able to obtain such offer, the risk is eligible for a standard
467 policy including wind coverage or a basic policy including wind
468 coverage issued by the corporation; however, if the risk could
469 not be insured under a standard policy including wind coverage
470 regardless of market conditions, the risk is eligible for a
471 basic policy including wind coverage unless rejected under
472 subparagraph 8. However, a policyholder removed from the
473 corporation through an assumption agreement remains eligible for
474 coverage from the corporation until the end of the assumption
475 period. The corporation shall determine the type of policy to be
476 provided on the basis of objective standards specified in the
477 underwriting manual and based on generally accepted underwriting
478 practices.

479 (I) If the risk accepts an offer of coverage through the
480 market assistance plan or through a mechanism established by the
481 corporation other than a plan established by s. 627.3518, before
482 a policy is issued to the risk by the corporation or during the
483 first 30 days of coverage by the corporation, and the producing
484 agent who submitted the application to the plan or to the
485 corporation is not currently appointed by the insurer, the
486 insurer shall:

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



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491 corporation; or

492 (B) Offer to allow the producing agent of record of the
493 policy to continue servicing the policy for at least 1 year and
494 offer to pay the agent the greater of the insurer's or the
495 corporation's usual and customary commission for the type of
496 policy written.

497

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

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

505 (A) Pay to the producing agent of record, for the first
506 year, an amount that is the greater of the insurer's usual and
507 customary commission for the type of policy written or a fee
508 equal to the usual and customary commission of the corporation;
509 or

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

514

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

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



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520 is offered coverage under a policy including wind coverage from
521 an authorized insurer at its approved rate, the risk is not
522 eligible for a policy issued by the corporation unless the
523 premium for coverage from the authorized insurer is more than 20
524 ~~15~~ percent greater than the premium for comparable coverage from
525 the corporation. Whenever an offer of coverage for a commercial
526 lines residential risk is received for a policyholder of the
527 corporation at renewal from an authorized insurer, ~~if the offer~~
528 ~~is equal to or less than the corporation's renewal premium for~~
529 ~~comparable coverage,~~ the risk is not eligible for coverage with
530 the corporation unless the premium for coverage from the
531 authorized insurer is more than 20 percent greater than the
532 renewal premium for comparable coverage from the corporation. If
533 the risk is not able to obtain any such offer, the risk is
534 eligible for a policy including wind coverage issued by the
535 corporation. However, a policyholder removed from the
536 corporation through an assumption agreement remains eligible for
537 coverage from the corporation until the end of the assumption
538 period.

539 (I) If the risk accepts an offer of coverage through the
540 market assistance plan or through a mechanism established by the
541 corporation other than a plan established by s. 627.3518, before
542 a policy is issued to the risk by the corporation or during the
543 first 30 days of coverage by the corporation, and the producing
544 agent who submitted the application to the plan or the
545 corporation is not currently appointed by the insurer, the
546 insurer shall:

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



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549 usual and customary commission for the type of policy written or
550 a fee equal to the usual and customary commission of the
551 corporation; or

552 (B) Offer to allow the producing agent of record of the
553 policy to continue servicing the policy for at least 1 year and
554 offer to pay the agent the greater of the insurer's or the
555 corporation's usual and customary commission for the type of
556 policy written.

557

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

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

565 (A) Pay to the producing agent of record, for the first
566 year, an amount that is the greater of the insurer's usual and
567 customary commission for the type of policy written or a fee
568 equal to the usual and customary commission of the corporation;
569 or

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

574

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



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578 c. For purposes of determining comparable coverage under
579 sub-subparagraphs a. and b., the comparison must be based on
580 those forms and coverages that are reasonably comparable. The
581 corporation may rely on a determination of comparable coverage
582 and premium made by the producing agent who submits the
583 application to the corporation, made in the agent's capacity as
584 the corporation's agent. A comparison may be made solely of the
585 premium with respect to the main building or structure only on
586 the following basis: the same coverage A or other building
587 limits; the same percentage hurricane deductible that applies on
588 an annual basis or that applies to each hurricane for commercial
589 residential property; the same percentage of ordinance and law
590 coverage, if the same limit is offered by both the corporation
591 and the authorized insurer; the same mitigation credits, to the
592 extent the same types of credits are offered both by the
593 corporation and the authorized insurer; the same method for loss
594 payment, such as replacement cost or actual cash value, if the
595 same method is offered both by the corporation and the
596 authorized insurer in accordance with underwriting rules; and
597 any other form or coverage that is reasonably comparable as
598 determined by the board. If an application is submitted to the
599 corporation for wind-only coverage in the coastal account, the
600 premium for the corporation's wind-only policy plus the premium
601 for the ex-wind policy ~~that is~~ offered by an authorized insurer
602 to the applicant must be compared to the premium for multiperil
603 coverage offered by an authorized insurer, subject to the
604 standards for comparison specified in this subparagraph. If the
605 corporation or the applicant requests from the authorized
606 insurer a breakdown of the premium of the offer by types of



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607 coverage so that a comparison may be made by the corporation or
608 its agent and the authorized insurer refuses or is unable to
609 provide such information, the corporation may treat the offer as
610 not being an offer of coverage from an authorized insurer at the
611 insurer's approved rate.

612 6. Must include rules for classifications of risks and
613 rates.

614 7. Must provide that if premium and investment income for
615 an account attributable to a particular calendar year are in
616 excess of projected losses and expenses for the account
617 attributable to that year, such excess shall be held in surplus
618 in the account. Such surplus must be available to defray
619 deficits in that account as to future years and used for that
620 purpose before assessing assessable insurers and assessable
621 insureds as to any calendar year.

622 8. Must provide objective criteria and procedures to be
623 uniformly applied to all applicants in determining whether an
624 individual risk is so hazardous as to be uninsurable. In making
625 this determination and in establishing the criteria and
626 procedures, the following must be considered:

627 a. Whether the likelihood of a loss for the individual risk
628 is substantially higher than for other risks of the same class;
629 and

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

632

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



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636 9. Must provide that the corporation make its best efforts
637 to procure catastrophe reinsurance at reasonable rates, to cover
638 its projected 100-year probable maximum loss as determined by
639 the board of governors. If catastrophe reinsurance is not
640 available at reasonable rates, the corporation need not purchase
641 it, but the corporation shall include the costs of reinsurance
642 to cover its projected 100-year probable maximum loss in its
643 rate calculations even if it does not purchase catastrophe
644 reinsurance.

645 10. The policies issued by the corporation must provide
646 that if the corporation or the market assistance plan obtains an
647 offer from an authorized insurer to cover the risk at its
648 approved rates, the risk is no longer eligible for renewal
649 through the corporation, except as otherwise provided in this
650 subsection.

651 11. Corporation policies and applications must include a
652 notice that the corporation policy could, under this section, be
653 replaced with a policy issued by an authorized insurer which
654 does not provide coverage identical to the coverage provided by
655 the corporation. The notice must also specify that acceptance of
656 corporation coverage creates a conclusive presumption that the
657 applicant or policyholder is aware of this potential.

658 12. May establish, subject to approval by the office,
659 different eligibility requirements and operational procedures
660 for any line or type of coverage for any specified county or
661 area if the board determines that such changes are justified due
662 to the voluntary market being sufficiently stable and
663 competitive in such area or for such line or type of coverage
664 and that consumers who, in good faith, are unable to obtain



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665 insurance through the voluntary market through ordinary methods
666 continue to have access to coverage from the corporation. If
667 coverage is sought in connection with a real property transfer,
668 the requirements and procedures may not provide an effective
669 date of coverage later than the date of the closing of the
670 transfer as established by the transferor, the transferee, and,
671 if applicable, the lender.

672 13. Must provide that, with respect to the coastal account,
673 any assessable insurer with a surplus as to policyholders of \$25
674 million or less writing 25 percent or more of its total
675 countrywide property insurance premiums in this state may
676 petition the office, within the first 90 days of each calendar
677 year, to qualify as a limited apportionment company. A regular
678 assessment levied by the corporation on a limited apportionment
679 company for a deficit incurred by the corporation for the
680 coastal account may be paid to the corporation on a monthly
681 basis as the assessments are collected by the limited
682 apportionment company from its insureds, but a limited
683 apportionment company must begin collecting the regular
684 assessments not later than 90 days after the regular assessments
685 are levied by the corporation, and the regular assessments must
686 be paid in full within 15 months after being levied by the
687 corporation. A limited apportionment company shall collect from
688 its policyholders any emergency assessment imposed under sub-
689 subparagraph (b)3.d. The plan must provide that, if the office
690 determines that any regular assessment will result in an
691 impairment of the surplus of a limited apportionment company,
692 the office may direct that all or part of such assessment be
693 deferred as provided in subparagraph (q)4. However, an emergency



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694 assessment to be collected from policyholders under sub-
695 subparagraph (b)3.d. may not be limited or deferred.

696 14. Must provide that the corporation appoint as its
697 licensed agents only those agents who throughout such
698 appointments also hold an appointment as defined in s. 626.015
699 by an insurer who is authorized to write and is actually writing
700 or renewing personal lines residential property coverage,
701 commercial residential property coverage, or commercial
702 nonresidential property coverage within the state.

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

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

710 17. Must provide coverage for manufactured or mobile home
711 dwellings. Such coverage must also include the following
712 attached structures:

713 a. Screened enclosures that are aluminum framed or screened
714 enclosures that are not covered by the same or substantially the
715 same materials as those of the primary dwelling;

716 b. Carports that are aluminum or carports that are not
717 covered by the same or substantially the same materials as those
718 of the primary dwelling; and

719 c. Patios that have a roof covering ~~that is~~ constructed of
720 materials that are not the same or substantially the same
721 materials as those of the primary dwelling.

722



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723 The corporation shall make available a policy for mobile homes
724 or manufactured homes for a minimum insured value of at least
725 \$3,000.

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

728 19. May require commercial property to meet specified
729 hurricane mitigation construction features as a condition of
730 eligibility for coverage.

731 20. Must provide that new or renewal policies issued by the
732 corporation on or after January 1, 2012, which cover sinkhole
733 loss do not include coverage for any loss to appurtenant
734 structures, driveways, sidewalks, decks, or patios that are
735 directly or indirectly caused by sinkhole activity. The
736 corporation shall exclude such coverage using a notice of
737 coverage change, which may be included with the policy renewal,
738 and not by issuance of a notice of nonrenewal of the excluded
739 coverage upon renewal of the current policy.

740 21. As of January 1, 2012, must require that the agent
741 obtain from an applicant for coverage from the corporation an
742 acknowledgment signed by the applicant, which includes, at a
743 minimum, the following statement:

744
745 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
746 AND ASSESSMENT LIABILITY:

747
748 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
749 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
750 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
751 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND



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752 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
753 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
754 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
755 LEGISLATURE.

756 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
757 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
758 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
759 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
760 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
761 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
762 ARE REGULATED AND APPROVED BY THE STATE.

763 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
764 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
765 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
766 FLORIDA LEGISLATURE.

767 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
768 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
769 STATE OF FLORIDA.

770
771 a. The corporation shall maintain, in electronic format or
772 otherwise, a copy of the applicant's signed acknowledgment and
773 provide a copy of the statement to the policyholder as part of
774 the first renewal after the effective date of this subparagraph.

775 b. The signed acknowledgment form creates a conclusive
776 presumption that the policyholder understood and accepted his or
777 her potential surcharge and assessment liability as a
778 policyholder of the corporation.

779 (n)1. Rates for coverage provided by the corporation must
780 be actuarially sound and subject to s. 627.062, except as



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781 otherwise provided in this paragraph. The corporation shall file
782 its recommended rates with the office at least annually. The
783 corporation shall provide any additional information regarding
784 the rates which the office requires. The office shall consider
785 the recommendations of the board and issue a final order
786 establishing the rates for the corporation within 45 days after
787 the recommended rates are filed. The corporation may not pursue
788 an administrative challenge or judicial review of the final
789 order of the office.

790 2. In addition to the rates otherwise determined pursuant
791 to this paragraph, the corporation shall impose and collect an
792 amount equal to the premium tax provided in s. 624.509 to
793 augment the financial resources of the corporation.

794 3. After the public hurricane loss-projection model under
795 s. 627.06281 has been found to be accurate and reliable by the
796 Florida Commission on Hurricane Loss Projection Methodology, the
797 model shall be considered when establishing the windstorm
798 portion of the corporation's rates. The corporation may use the
799 public model results in combination with the results of private
800 models to calculate rates for the windstorm portion of the
801 corporation's rates. This subparagraph does not require or allow
802 the corporation to adopt rates lower than the rates otherwise
803 required or allowed by this paragraph.

804 4. The corporation must make a recommended actuarially
805 sound rate filing for each personal and commercial line of
806 business it writes.

807 5. Notwithstanding the board's recommended rates and the
808 office's final order regarding the corporation's filed rates
809 under subparagraph 1., the corporation shall annually implement



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810 a rate increase which, except for sinkhole coverage, does not
811 exceed the following for any single personal lines residential
812 policy issued by the corporation that covers an insured's
813 primary residence, and any single commercial lines residential
814 policy issued by the corporation, excluding coverage changes and
815 surcharges:

- 816 a. Eleven percent for 2022.
- 817 b. Twelve percent for 2023.
- 818 c. Thirteen percent for 2024.
- 819 d. Fourteen percent for 2025.
- 820 e. Fifteen percent for 2026 and all subsequent years.
- 821 6. The corporation may also implement an increase to
822 reflect the effect on the corporation of the cash buildup factor
823 pursuant to s. 215.555(5) (b).

824 7. The corporation's implementation of rates as prescribed
825 in subparagraph 5. shall cease for any line of business written
826 by the corporation upon the corporation's implementation of
827 actuarially sound rates. Thereafter, the corporation shall
828 annually make a recommended actuarially sound rate filing for
829 each commercial and personal line of business the corporation
830 writes.

831 8. As used in this paragraph, "primary residence" means the
832 dwelling that the insured has represented as their permanent
833 home on the insurance application or otherwise to the
834 corporation.

835 (ii) The corporation shall revise the programs adopted
836 pursuant to sub-subparagraph (q)3.a. for personal lines
837 residential policies to maximize policyholder options and
838 encourage increased participation by insurers and agents. After



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839 January 1, 2017, a policy may not be taken out of the
840 corporation unless the provisions of this paragraph are met.

841 1. The corporation must publish a periodic schedule of
842 cycles during which an insurer may identify, and notify the
843 corporation of, policies that the insurer is requesting to take
844 out. A request must include a description of the coverage
845 offered and an estimated premium and must be submitted to the
846 corporation in a form and manner prescribed by the corporation.

847 2. The corporation must maintain and make available to the
848 agent of record a consolidated list of all insurers requesting
849 to take out a policy. The list must include a description of the
850 coverage offered and the estimated premium for each take-out
851 request.

852 3. The corporation must provide written notice to the
853 policyholder and the agent of record regarding all insurers
854 requesting to take out the policy, which notice must inform that
855 a take-out offer that is not more than 20 percent greater than
856 the corporation's premium renders the risk ineligible for
857 coverage from and regarding the policyholder's option to accept
858 a take-out offer or to reject all take-out offers and to remain
859 with the corporation. The notice must be in a format prescribed
860 by the corporation and include, for each take-out offer:

- 861 a. The amount of the estimated premium;
862 b. A description of the coverage; and
863 c. A comparison of the estimated premium and coverage
864 offered by the insurer to the estimated premium and coverage
865 provided by the corporation.

866 Section 3. Section 627.3518, Florida Statutes, is amended
867 to read:



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868 627.3518 Citizens Property Insurance Corporation
869 policyholder eligibility clearinghouse program.~~The purpose of~~
870 ~~this section is to provide a framework for the corporation to~~
871 ~~implement a clearinghouse program by January 1, 2014.~~

872 (1) As used in this section, the term:

873 (a) "Corporation" means Citizens Property Insurance
874 Corporation.

875 (b) "Exclusive agent" means any licensed insurance agent
876 that has, by contract, agreed to act exclusively for one company
877 or group of affiliated insurance companies and is disallowed by
878 the provisions of that contract to directly write for any other
879 unaffiliated insurer absent express consent from the company or
880 group of affiliated insurance companies.

881 (c) "Independent agent" means any licensed insurance agent
882 not described in paragraph (b).

883 (d) "Program" means the clearinghouse created under this
884 section.

885 (2) In order to confirm eligibility with the corporation
886 and to enhance access of new applicants for coverage and
887 existing policyholders of the corporation to offers of coverage
888 from authorized insurers, the corporation shall establish a
889 program for personal residential risks in order to facilitate
890 the diversion of ineligible applicants and existing
891 policyholders from the corporation into the voluntary insurance
892 market. The corporation shall also develop appropriate
893 procedures for facilitating the diversion of ineligible
894 applicants and existing policyholders for commercial residential
895 coverage into the private insurance market ~~and shall report such~~
896 ~~procedures to the President of the Senate and the Speaker of the~~



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897 ~~House of Representatives by January 1, 2014.~~

898 (3) The corporation board shall establish the clearinghouse
899 program as an organizational unit within the corporation. The
900 program shall have all the rights and responsibilities in
901 carrying out its duties as a licensed general lines agent, but
902 may not be required to employ or engage a licensed general lines
903 agent or to maintain an insurance agency license to carry out
904 its activities in the solicitation and placement of insurance
905 coverage. In establishing the program, the corporation may:

906 (a) Require all new applications, and all policies due for
907 renewal, to be submitted for coverage to the program in order to
908 facilitate obtaining an offer of coverage from an authorized
909 insurer before binding or renewing coverage by the corporation.

910 (b) Employ or otherwise contract with individuals or other
911 entities for appropriate administrative or professional services
912 to effectuate the plan within the corporation in accordance with
913 the applicable purchasing requirements under s. 627.351.

914 (c) Enter into contracts with any authorized insurer to
915 participate in the program and accept an appointment by such
916 insurer.

917 (d) Provide funds to operate the program. Insurers and
918 agents participating in the program are not required to pay a
919 fee to offset or partially offset the cost of the program or use
920 the program for renewal of policies initially written through
921 the clearinghouse.

922 (e) Develop an enhanced application that includes
923 information to assist private insurers in determining whether to
924 make an offer of coverage through the program.

925 (f) For personal lines residential risks, require, before



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926 approving all new applications for coverage by the corporation,
927 that every application be subject to a period of 2 business days
928 when any insurer participating in the program may select the
929 application for coverage. The insurer may issue a binder on any
930 policy selected for coverage for a period of at least 30 days
931 but not more than 60 days.

932 (4) Any authorized insurer may participate in the program;
933 however, participation is not mandatory for any insurer.

934 Insurers making offers of coverage to new applicants or renewal
935 policyholders through the program:

936 (a) May not be required to individually appoint any agent
937 whose customer is underwritten and bound through the program.
938 Notwithstanding s. 626.112, insurers are not required to appoint
939 any agent on a policy underwritten through the program for as
940 long as that policy remains with the insurer. Insurers may, at
941 their election, appoint any agent whose customer is initially
942 underwritten and bound through the program. In the event an
943 insurer accepts a policy from an agent who is not appointed
944 pursuant to this paragraph, and thereafter elects to accept a
945 policy from such agent, the provisions of s. 626.112 requiring
946 appointment apply to the agent.

947 (b) Must enter into a limited agency agreement with each
948 agent that is not appointed in accordance with paragraph (a) and
949 whose customer is underwritten and bound through the program.

950 (c) Must enter into its standard agency agreement with each
951 agent whose customer is underwritten and bound through the
952 program when that agent has been appointed by the insurer
953 pursuant to s. 626.112.

954 (d) Must comply with s. 627.4133(2).



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955 (e) May participate through their single-designated
956 managing general agent or broker; however, the provisions of
957 paragraph (6)(a) regarding ownership, control, and use of the
958 expirations continue to apply.

959 (f) Must pay to the producing agent a commission equal to
960 that paid by the corporation or the usual and customary
961 commission paid by the insurer for that line of business,
962 whichever is greater.

963 (5) Notwithstanding s. 627.3517, any applicant for new
964 coverage from the corporation is not eligible for coverage from
965 the corporation if provided an offer of coverage from an
966 authorized insurer through the program at a premium that is at
967 or below the eligibility threshold established in s.
968 627.351(6)(c)5.a. Whenever an offer of coverage for a personal
969 lines risk is received for a policyholder of the corporation at
970 renewal from an authorized insurer through the program, if the
971 offer is at or below the eligibility threshold established in s.
972 627.351(6)(c)5.a. equal to or less than the corporation's
973 renewal premium for comparable coverage, the risk is not
974 eligible for coverage with the corporation. In the event an
975 offer of coverage for a new applicant is received from an
976 authorized insurer through the program, and the premium offered
977 exceeds the eligibility threshold contained in s.
978 627.351(6)(c)5.a., the applicant or insured may elect to accept
979 such coverage, or may elect to accept or continue coverage with
980 the corporation. In the event an offer of coverage for a
981 personal lines risk is received from an authorized insurer at
982 renewal through the program, and the premium offered is at or
983 below the eligibility threshold established in s.



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984 627.351(6)(c)5.a. ~~more than the corporation's renewal premium~~
985 ~~for comparable coverage,~~ the insured is not eligible to ~~may~~
986 ~~elect to accept such coverage, or may elect to accept or~~
987 continue coverage with the corporation. Section
988 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
989 an authorized insurer obtained through the program. An applicant
990 for coverage from the corporation who was declared ineligible
991 for coverage at renewal by the corporation in the previous 36
992 months due to an offer of coverage pursuant to this subsection
993 shall be considered a renewal under this section if the
994 corporation determines that the authorized insurer making the
995 offer of coverage pursuant to this subsection continues to
996 insure the applicant and increased the rate on the policy in
997 excess of the increase allowed for the corporation under s.
998 627.351(6)(n)5.

999 (6) Independent insurance agents submitting new
1000 applications for coverage or that are the agent of record on a
1001 renewal policy submitted to the program:

1002 (a) Are granted and must maintain ownership and the
1003 exclusive use of expirations, records, or other written or
1004 electronic information directly related to such applications or
1005 renewals written through the corporation or through an insurer
1006 participating in the program, notwithstanding s.
1007 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
1008 for as long as the insured remains with the agency or until sold
1009 or surrendered in writing by the agent. Contracts with the
1010 corporation or required by the corporation must not amend,
1011 modify, interfere with, or limit such rights of ownership. Such
1012 expirations, records, or other written or electronic information



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1013 may be used to review an application, issue a policy, or for any
1014 other purpose necessary for placing such business through the
1015 program.

1016 (b) May not be required to be appointed by any insurer
1017 participating in the program for policies written solely through
1018 the program, notwithstanding the provisions of s. 626.112.

1019 (c) May accept an appointment from any insurer
1020 participating in the program.

1021 (d) May enter into either a standard or limited agency
1022 agreement with the insurer, at the insurer's option.

1023
1024 Applicants ineligible for coverage in accordance with subsection
1025 (5) remain ineligible if their independent agent is unwilling or
1026 unable to enter into a standard or limited agency agreement with
1027 an insurer participating in the program.

1028 (7) Exclusive agents submitting new applications for
1029 coverage or that are the agent of record on a renewal policy
1030 submitted to the program:

1031 (a) Must maintain ownership and the exclusive use of
1032 expirations, records, or other written or electronic information
1033 directly related to such applications or renewals written
1034 through the corporation or through an insurer participating in
1035 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
1036 (II)(B). Contracts with the corporation or required by the
1037 corporation must not amend, modify, interfere with, or limit
1038 such rights of ownership. Such expirations, records, or other
1039 written or electronic information may be used to review an
1040 application, issue a policy, or for any other purpose necessary
1041 for placing such business through the program.



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1042 (b) May not be required to be appointed by any insurer
1043 participating in the program for policies written solely through
1044 the program, notwithstanding the provisions of s. 626.112.

1045 (c) Must only facilitate the placement of an offer of
1046 coverage from an insurer whose limited servicing agreement is
1047 approved by that exclusive agent's exclusive insurer.

1048 (d) May enter into a limited servicing agreement with the
1049 insurer making an offer of coverage, and only after the
1050 exclusive agent's insurer has approved the limited servicing
1051 agreement terms. The exclusive agent's insurer must approve a
1052 limited service agreement for the program for any insurer for
1053 which it has approved a service agreement for other purposes.

1054
1055 Applicants ineligible for coverage in accordance with subsection
1056 (5) remain ineligible if their exclusive agent is unwilling or
1057 unable to enter into a standard or limited agency agreement with
1058 an insurer making an offer of coverage to that applicant.

1059 (8) Submission of an application for coverage by the
1060 corporation to the program does not constitute the binding of
1061 coverage by the corporation, and failure of the program to
1062 obtain an offer of coverage by an insurer may not be considered
1063 acceptance of coverage of the risk by the corporation.

1064 (9) The 45-day notice of nonrenewal requirement set forth
1065 in s. 627.4133(2)(b)5. applies when a policy is nonrenewed by
1066 the corporation because the risk has received an offer of
1067 coverage pursuant to this section which renders the risk
1068 ineligible for coverage by the corporation.

1069 (10) The program may not include commercial nonresidential
1070 policies.



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1071 (11) Proprietary business information provided to the
1072 corporation's clearinghouse by insurers with respect to
1073 identifying and selecting risks for an offer of coverage is
1074 confidential and exempt from s. 119.07(1) and s. 24(a), Art. I
1075 of the State Constitution.

1076 (a) As used in this subsection, the term "proprietary
1077 business information" means information, regardless of form or
1078 characteristics, which is owned or controlled by an insurer and:

1079 1. Is identified by the insurer as proprietary business
1080 information and is intended to be and is treated by the insurer
1081 as private in that the disclosure of the information would cause
1082 harm to the insurer, an individual, or the company's business
1083 operations and has not been disclosed unless disclosed pursuant
1084 to a statutory requirement, an order of a court or
1085 administrative body, or a private agreement that provides that
1086 the information will not be released to the public;

1087 2. Is not otherwise readily ascertainable or publicly
1088 available by proper means by other persons from another source
1089 in the same configuration as provided to the clearinghouse; and

1090 3. Includes:

1091 a. Trade secrets, as defined in s. 688.002.

1092 b. Information relating to competitive interests, the
1093 disclosure of which would impair the competitive business of the
1094 provider of the information.

1095
1096 Proprietary business information may be found in underwriting
1097 criteria or instructions which are used to identify and select
1098 risks through the program for an offer of coverage and are
1099 shared with the clearinghouse to facilitate the shopping of



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1100 risks with the insurer.

1101 (b) The clearinghouse may disclose confidential and exempt
1102 proprietary business information:

1103 1. If the insurer to which it pertains gives prior written
1104 consent;

1105 2. Pursuant to a court order; or

1106 3. To another state agency in this or another state or to a
1107 federal agency if the recipient agrees in writing to maintain
1108 the confidential and exempt status of the document, material, or
1109 other information and has verified in writing its legal
1110 authority to maintain such confidentiality.

1111 Section 4. Paragraphs (f), (g), and (h) are added to
1112 subsection (5) of section 627.7011, Florida Statutes, to read:

1113 627.7011 Homeowners' policies; offer of replacement cost
1114 coverage and law and ordinance coverage.—

1115 (5) This section does not:

1116 (f)1. Prohibit an insurer, notwithstanding paragraph
1117 (1) (a), from providing limited coverage on a personal lines
1118 residential property insurance policy by including a roof
1119 surface type reimbursement schedule. If included in the policy,
1120 a roof surface type reimbursement schedule must do all of the
1121 following:

1122 a. Provide reimbursement for repair, replacement, and
1123 installation based on the annual age of a roof surface type.

1124 b. Provide full replacement coverage for:

1125 (I) Any roof surface type less than 10 years old;

1126 (II) A total loss to a primary structure in accordance with
1127 the valued policy law under s. 627.702 which is caused by a
1128 covered peril; and



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1129 (III) A loss to the roof caused by a storm declared to be a
1130 hurricane by the National Hurricane Center.

1131 c. Use annual depreciation amounts that:

1132 (I) Are actuarially justified and meet the requirements of
1133 s. 627.062; and

1134 (II) Do not exceed 4 percent unless actuarially justified.

1135 d. Be approved by the office.

1136 e. Include at the top of the roof surface type schedule, in
1137 bold type no smaller than 12 points, the following statement:

1138
1139 "PLEASE DISCUSS WITH YOUR INSURANCE AGENT. YOU ARE
1140 ELECTING TO PURCHASE COVERAGE ON YOUR ROOF ACCORDING
1141 TO A ROOF SURFACE TYPE REIMBURSEMENT SCHEDULE. IF YOUR
1142 ROOF IS DAMAGED BY A COVERED PERIL, YOU WILL RECEIVE A
1143 PAYMENT AMOUNT FOR YOUR ROOF ACCORDING TO THE SCHEDULE
1144 BELOW. BE ADVISED THAT THIS MAY RESULT IN YOU HAVING
1145 TO PAY SIGNIFICANT COSTS TO REPAIR OR REPLACE YOUR
1146 ROOF. PLEASE DISCUSS WITH YOUR INSURANCE AGENT."

1147
1148 f. Be provided to the insured with the policy documents at
1149 issuance and renewal.

1150 2. A residential property insurance policy may convert to a
1151 roof surface type reimbursement schedule at renewal if the roof
1152 is at least 10 years old and the policyholder:

1153 a. Receives a Notice of Change in Policy Terms pursuant to
1154 s. 627.43141; and

1155 b. Accepts the written notice of renewal premium required
1156 under s. 627.4133, by paying the premium.

1157 (g) Prohibit an insurer, notwithstanding paragraph (1)(a),



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1158 from providing coverage on a personal lines residential property
1159 insurance policy that limits coverage for a roof to a stated
1160 value sublimit of coverage. If included in a policy, a stated
1161 value sublimit of coverage must do all of the following:

1162 1. Provide full replacement coverage for:

1163 a. Any roof surface type less than 10 years old;

1164 b. A total loss to a primary structure in accordance with
1165 the valued policy law under s. 627.702 which is caused by a
1166 covered peril; and

1167 c. A loss to the roof caused by a storm declared to be a
1168 hurricane by the National Hurricane Center.

1169 2. Include in the policy documents at issuance and at
1170 renewal, in bold type no smaller than 12 points, the following
1171 statement:

1172
1173 "PLEASE DISCUSS WITH YOUR INSURANCE AGENT. YOU ARE
1174 ELECTING TO PURCHASE A STATED VALUE SUBLIMIT OF
1175 COVERAGE ON YOUR ROOF. BE ADVISED THAT THIS MAY RESULT
1176 IN YOU HAVING TO PAY SIGNIFICANT COSTS TO REPAIR OR
1177 REPLACE YOUR ROOF. PLEASE DISCUSS WITH YOUR INSURANCE
1178 AGENT."

1179
1180 (h) Prohibit an insurer that provides roof reimbursement on
1181 the basis of a roof surface type reimbursement schedule or that
1182 limits coverage for a roof to a stated value sublimit of
1183 coverage from also offering roof reimbursement on the basis of
1184 replacement costs.

1185 Section 5. For the purpose of incorporating the amendments
1186 made by this act to section 627.351, Florida Statutes, in a



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1187 reference thereto, subsection (10) of section 624.424, Florida
1188 Statutes, is reenacted to read:

1189 624.424 Annual statement and other information.—

1190 (10) Each insurer or insurer group doing business in this
1191 state shall file on a quarterly basis in conjunction with
1192 financial reports required by paragraph (1)(a) a supplemental
1193 report on an individual and group basis on a form prescribed by
1194 the commission with information on personal lines and commercial
1195 lines residential property insurance policies in this state. The
1196 supplemental report shall include separate information for
1197 personal lines property policies and for commercial lines
1198 property policies and totals for each item specified, including
1199 premiums written for each of the property lines of business as
1200 described in ss. 215.555(2)(c) and 627.351(6)(a). The report
1201 shall include the following information for each county on a
1202 monthly basis:

1203 (a) Total number of policies in force at the end of each
1204 month.

1205 (b) Total number of policies canceled.

1206 (c) Total number of policies nonrenewed.

1207 (d) Number of policies canceled due to hurricane risk.

1208 (e) Number of policies nonrenewed due to hurricane risk.

1209 (f) Number of new policies written.

1210 (g) Total dollar value of structure exposure under policies
1211 that include wind coverage.

1212 (h) Number of policies that exclude wind coverage.

1213 Section 6. For the purpose of incorporating the amendments
1214 made by this act to section 627.351, Florida Statutes, in a
1215 reference thereto, section 627.3517, Florida Statutes, is



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1216 reenacted to read:

1217 627.3517 Consumer choice.—No provision of s. 627.351, s.
1218 627.3511, or s. 627.3515 shall be construed to impair the right
1219 of any insurance risk apportionment plan policyholder, upon
1220 receipt of any keepout or take-out offer, to retain his or her
1221 current agent, so long as that agent is duly licensed and
1222 appointed by the insurance risk apportionment plan or otherwise
1223 authorized to place business with the insurance risk
1224 apportionment plan. This right shall not be canceled, suspended,
1225 impeded, abridged, or otherwise compromised by any rule, plan of
1226 operation, or depopulation plan, whether through keepout, take-
1227 out, midterm assumption, or any other means, of any insurance
1228 risk apportionment plan or depopulation plan, including, but not
1229 limited to, those described in s. 627.351, s. 627.3511, or s.
1230 627.3515. The commission shall adopt any rules necessary to
1231 cause any insurance risk apportionment plan or market assistance
1232 plan under such sections to demonstrate that the operations of
1233 the plan do not interfere with, promote, or allow interference
1234 with the rights created under this section. If the
1235 policyholder's current agent is unable or unwilling to be
1236 appointed with the insurer making the take-out or keepout offer,
1237 the policyholder shall not be disqualified from participation in
1238 the appropriate insurance risk apportionment plan because of an
1239 offer of coverage in the voluntary market. An offer of full
1240 property insurance coverage by the insurer currently insuring
1241 either the ex-wind or wind-only coverage on the policy to which
1242 the offer applies shall not be considered a take-out or keepout
1243 offer. Any rule, plan of operation, or plan of depopulation,
1244 through keepout, take-out, midterm assumption, or any other



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1245 means, of any property insurance risk apportionment plan under
1246 s. 627.351(2) or (6) is subject to ss. 627.351(2)(b) and (6)(c)
1247 and 627.351(4).

1248 Section 7. For the purpose of incorporating the amendments
1249 made by this act to section 627.351, Florida Statutes, in a
1250 reference thereto, subsection (1) of section 627.712, Florida
1251 Statutes, is reenacted to read:

1252 627.712 Residential windstorm coverage required;
1253 availability of exclusions for windstorm or contents.—

1254 (1) An insurer issuing a residential property insurance
1255 policy must provide windstorm coverage. Except as provided in
1256 paragraph (2)(c), this section does not apply to risks that are
1257 eligible for wind-only coverage from Citizens Property Insurance
1258 Corporation under s. 627.351(6), and risks that are not eligible
1259 for coverage from Citizens Property Insurance Corporation under
1260 s. 627.351(6)(a)3. or 5. A risk ineligible for coverage by the
1261 corporation under s. 627.351(6)(a)3. or 5. is exempt from this
1262 section only if the risk is located within the boundaries of the
1263 coastal account of the corporation.

1264 Section 8. This act shall take effect July 1, 2022.