

By the Committee on Banking and Insurance; and Senator Boyd

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1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 489.147, F.S.; revising the definition of the term
4 "prohibited advertisement"; amending s. 627.351, F.S.;
5 deleting obsolete provisions related to eligibility
6 thresholds for personal lines residential coverage
7 with the Citizens Property Insurance Corporation;
8 requiring the corporation to use a method for valuing
9 dwelling replacement costs which is approved by the
10 Office of Insurance Regulation; specifying
11 qualifications requirements for certain members of the
12 board of governors for the corporation; revising
13 conditions for eligibility for coverage with the
14 corporation; providing for a required limited annual
15 rate increase for specified policies; defining the term
16 "primary residence"; revising the contents of a
17 specified notice provided by the corporation; amending
18 s. 627.3518, F.S.; deleting an obsolete provision
19 related to implementing the clearinghouse program by a
20 specified date; deleting an obsolete reporting
21 requirement; conforming provisions to changes made by
22 the act; amending s. 627.7011, F.S.; providing that
23 certain provisions relating to homeowners' policies do
24 not prohibit insurers from providing limited coverage
25 on personal lines residential property insurance
26 policies by including roof surface type reimbursement
27 schedules; providing requirements for roof surface
28 type reimbursement schedules; authorizing the
29 conversion of a residential property insurance policy

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

47

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

49

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

52 489.147 Prohibited property insurance practices.—

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

54 (a) "Prohibited advertisement" means any written or
55 electronic communication by a contractor which ~~that~~ encourages,
56 instructs, or induces a consumer to contact a contractor or
57 public adjuster for the purpose of making an insurance claim for
58 roof damage, if such communication does not state in a font size

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59 of at least 12 points and at least half as large as the largest
60 font size used in the communication that:

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

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

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

71
72 The term includes, but is not limited to, door hangers, business
73 cards, magnets, flyers, pamphlets, and e-mails.

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

76 627.351 Insurance risk apportionment plans.—

77 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

81 1. The Legislature finds that private insurers are
82 unwilling or unable to provide affordable property insurance
83 coverage in this state to the extent sought and needed. The
84 absence of affordable property insurance threatens the public
85 health, safety, and welfare and likewise threatens the economic
86 health of the state. The state therefore has a compelling public
87 interest and a public purpose to assist in assuring that

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

116 2. The Residential Property and Casualty Joint Underwriting

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

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

138 ~~a. Effective January 1, 2014, a structure that has a~~
139 ~~dwelling replacement cost of \$1 million or more, or a single~~
140 ~~condominium unit that has a combined dwelling and contents~~
141 ~~replacement cost of \$1 million or more, is not eligible for~~
142 ~~coverage by the corporation. Such dwellings insured by the~~
143 ~~corporation on December 31, 2013, may continue to be covered by~~
144 ~~the corporation until the end of the policy term. The office~~
145 ~~shall approve the method used by the corporation for valuing the~~

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146 ~~dwelling replacement cost for the purposes of this subparagraph.~~
147 ~~If a policyholder is insured by the corporation before being~~
148 ~~determined to be ineligible pursuant to this subparagraph and~~
149 ~~such policyholder files a lawsuit challenging the determination,~~
150 ~~the policyholder may remain insured by the corporation until the~~
151 ~~conclusion of the litigation.~~

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

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

166 ~~d. effective January 1, 2017, a structure that has a~~
167 ~~dwelling replacement cost of \$700,000 or more, or a single~~
168 ~~condominium unit that has a combined dwelling and contents~~
169 ~~replacement cost of \$700,000 or more, is not eligible for~~
170 ~~coverage by the corporation. The corporation must use a method~~
171 ~~for valuing the dwelling replacement cost which is approved by~~
172 ~~the office Such dwellings insured by the corporation on December~~
173 ~~31, 2016, may continue to be covered by the corporation until~~
174 ~~the end of the policy term. The requirements of sub-~~

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175 ~~subparagraphs b. d. do not apply~~ However, in counties where the
176 office determines there is not a reasonable degree of
177 competition, ~~In such counties a personal lines residential~~
178 structure that has a dwelling replacement cost of less than \$1
179 million, or a single condominium unit that has a combined
180 dwelling and contents replacement cost of less than \$1 million,
181 is eligible for coverage by the corporation.

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

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

203 b. Any major structure, as defined in s. 161.54(6)(a), that

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

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

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

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

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

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

232 c. Commercial lines residential and nonresidential policy

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

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

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

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

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

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

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

261 (I) "Quota share primary insurance" means an arrangement in

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

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

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

290 c. If the corporation determines that additional coverage

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

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

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

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

318 g. The corporation board shall establish in its plan of
319 operation standards for quota share agreements which ensure that

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320 there is no discriminatory application among insurers as to the
321 terms of the agreements, pricing of the agreements, incentive
322 provisions if any, and consideration paid for servicing policies
323 or adjusting claims.

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

337 3. May provide that the corporation may employ or otherwise
338 contract with individuals or other entities to provide
339 administrative or professional services that may be appropriate
340 to effectuate the plan. The corporation may borrow funds by
341 issuing bonds or by incurring other indebtedness, and shall have
342 other powers reasonably necessary to effectuate the requirements
343 of this subsection, including, without limitation, the power to
344 issue bonds and incur other indebtedness in order to refinance
345 outstanding bonds or other indebtedness. The corporation may
346 seek judicial validation of its bonds or other indebtedness
347 under chapter 75. The corporation may issue bonds or incur other
348 indebtedness, or have bonds issued on its behalf by a unit of

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

368 4. Must require that the corporation operate subject to the
369 supervision and approval of a board of governors consisting of
370 nine individuals who are residents of this state and who are
371 from different geographical areas of the state, one of whom is
372 appointed by the Governor and serves solely to advocate on
373 behalf of the consumer. The appointment of a consumer
374 representative by the Governor is deemed to be within the scope
375 of the exemption provided in s. 112.313(7)(b) and is in addition
376 to the appointments authorized under sub-subparagraph a.

377 a. The Governor, the Chief Financial Officer, the President

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378 of the Senate, and the Speaker of the House of Representatives
379 shall each appoint two members of the board. At least one of the
380 two members appointed by each appointing officer must have
381 demonstrated expertise in insurance of at least 10 years'
382 experience with property and casualty insurance as a full-time
383 employee, officer, or owner of a licensed insurance agency, an
384 insurer authorized to transact property insurance in this state,
385 or an insurance trade association and be deemed to be within the
386 scope of the exemption provided in s. 112.313(7)(b). The Chief
387 Financial Officer shall designate one of the appointees with
388 demonstrated expertise in insurance as chair. All board members
389 serve at the pleasure of the appointing officer. All members of
390 the board are subject to removal at will by the officers who
391 appointed them. All board members, including the chair, must be
392 appointed to serve for 3-year terms beginning annually on a date
393 designated by the plan. However, for the first term beginning on
394 or after July 1, 2009, each appointing officer shall appoint one
395 member of the board for a 2-year term and one member for a 3-
396 year term. A board vacancy shall be filled for the unexpired
397 term by the appointing officer. The Chief Financial Officer
398 shall appoint a technical advisory group to provide information
399 and advice to the board in connection with the board's duties
400 under this subsection. The executive director and senior
401 managers of the corporation shall be engaged by the board and
402 serve at the pleasure of the board. The executive director must
403 have the experience, character, and qualifications required
404 under s. 624.404(3) to serve as the chief executive officer of
405 an insurer. Any executive director appointed on or after July 1,
406 2006, is subject to confirmation by the Senate. The executive

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407 director is responsible for employing other staff as the
408 corporation may require, subject to review and concurrence by
409 the board.

410 b. The board shall create a Market Accountability Advisory
411 Committee to assist the corporation in developing awareness of
412 its rates and its customer and agent service levels in
413 relationship to the voluntary market insurers writing similar
414 coverage.

415 (I) The members of the advisory committee consist of the
416 following 11 persons, one of whom must be elected chair by the
417 members of the committee: four representatives, one appointed by
418 the Florida Association of Insurance Agents, one by the Florida
419 Association of Insurance and Financial Advisors, one by the
420 Professional Insurance Agents of Florida, and one by the Latin
421 American Association of Insurance Agencies; three
422 representatives appointed by the insurers with the three highest
423 voluntary market share of residential property insurance
424 business in the state; one representative from the Office of
425 Insurance Regulation; one consumer appointed by the board who is
426 insured by the corporation at the time of appointment to the
427 committee; one representative appointed by the Florida
428 Association of Realtors; and one representative appointed by the
429 Florida Bankers Association. All members shall be appointed to
430 3-year terms and may serve for consecutive terms.

431 (II) The committee shall report to the corporation at each
432 board meeting on insurance market issues which may include rates
433 and rate competition with the voluntary market; service,
434 including policy issuance, claims processing, and general
435 responsiveness to policyholders, applicants, and agents; and

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436 matters relating to depopulation.

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

439 a. Subject to s. 627.3517, with respect to personal lines
440 residential risks, if the risk is offered coverage from an
441 authorized insurer at the insurer's approved rate under a
442 standard policy including wind coverage or, if consistent with
443 the insurer's underwriting rules as filed with the office, a
444 basic policy including wind coverage, for a new application to
445 the corporation for coverage, the risk is not eligible for any
446 policy issued by the corporation unless the premium for coverage
447 from the authorized insurer is more than 20 percent greater than
448 the premium for comparable coverage from the corporation.
449 Whenever an offer of coverage for a personal lines residential
450 risk is received for a policyholder of the corporation at
451 renewal from an authorized insurer, ~~if the offer is equal to or~~
452 ~~less than the corporation's renewal premium for comparable~~
453 ~~coverage,~~ the risk is not eligible for coverage with the
454 corporation unless the premium for coverage from the authorized
455 insurer is more than 20 percent greater than the renewal premium
456 for comparable coverage from the corporation. If the risk is not
457 able to obtain such offer, the risk is eligible for a standard
458 policy including wind coverage or a basic policy including wind
459 coverage issued by the corporation; however, if the risk could
460 not be insured under a standard policy including wind coverage
461 regardless of market conditions, the risk is eligible for a
462 basic policy including wind coverage unless rejected under
463 subparagraph 8. However, a policyholder removed from the
464 corporation through an assumption agreement remains eligible for

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465 coverage from the corporation until the end of the assumption
466 period. The corporation shall determine the type of policy to be
467 provided on the basis of objective standards specified in the
468 underwriting manual and based on generally accepted underwriting
469 practices.

470 (I) If the risk accepts an offer of coverage through the
471 market assistance plan or through a mechanism established by the
472 corporation other than a plan established by s. 627.3518, before
473 a policy is issued to the risk by the corporation or during the
474 first 30 days of coverage by the corporation, and the producing
475 agent who submitted the application to the plan or to the
476 corporation is not currently appointed by the insurer, the
477 insurer shall:

478 (A) Pay to the producing agent of record of the policy for
479 the first year, an amount that is the greater of the insurer's
480 usual and customary commission for the type of policy written or
481 a fee equal to the usual and customary commission of the
482 corporation; or

483 (B) Offer to allow the producing agent of record of the
484 policy to continue servicing the policy for at least 1 year and
485 offer to pay the agent the greater of the insurer's or the
486 corporation's usual and customary commission for the type of
487 policy written.

488
489 If the producing agent is unwilling or unable to accept
490 appointment, the new insurer shall pay the agent in accordance
491 with sub-sub-sub-subparagraph (A).

492 (II) If the corporation enters into a contractual agreement
493 for a take-out plan, the producing agent of record of the

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494 corporation policy is entitled to retain any unearned commission
495 on the policy, and the insurer shall:

496 (A) Pay to the producing agent of record, for the first
497 year, an amount that is the greater of the insurer's usual and
498 customary commission for the type of policy written or a fee
499 equal to the usual and customary commission of the corporation;
500 or

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

505
506 If the producing agent is unwilling or unable to accept
507 appointment, the new insurer shall pay the agent in accordance
508 with sub-sub-sub-subparagraph (A).

509 b. With respect to commercial lines residential risks, for
510 a new application to the corporation for coverage, if the risk
511 is offered coverage under a policy including wind coverage from
512 an authorized insurer at its approved rate, the risk is not
513 eligible for a policy issued by the corporation unless the
514 premium for coverage from the authorized insurer is more than 20
515 ~~15~~ percent greater than the premium for comparable coverage from
516 the corporation. Whenever an offer of coverage for a commercial
517 lines residential risk is received for a policyholder of the
518 corporation at renewal from an authorized insurer, ~~if the offer~~
519 ~~is equal to or less than the corporation's renewal premium for~~
520 ~~comparable coverage,~~ the risk is not eligible for coverage with
521 the corporation unless the premium for coverage from the
522 authorized insurer is more than 20 percent greater than the

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523 renewal premium for comparable coverage from the corporation. If
524 the risk is not able to obtain any such offer, the risk is
525 eligible for a policy including wind coverage issued by the
526 corporation. However, a policyholder removed from the
527 corporation through an assumption agreement remains eligible for
528 coverage from the corporation until the end of the assumption
529 period.

530 (I) If the risk accepts an offer of coverage through the
531 market assistance plan or through a mechanism established by the
532 corporation other than a plan established by s. 627.3518, before
533 a policy is issued to the risk by the corporation or during the
534 first 30 days of coverage by the corporation, and the producing
535 agent who submitted the application to the plan or the
536 corporation is not currently appointed by the insurer, the
537 insurer shall:

538 (A) Pay to the producing agent of record of the policy, for
539 the first year, an amount that is the greater of the insurer's
540 usual and customary commission for the type of policy written or
541 a fee equal to the usual and customary commission of the
542 corporation; or

543 (B) Offer to allow the producing agent of record of the
544 policy to continue servicing the policy for at least 1 year and
545 offer to pay the agent the greater of the insurer's or the
546 corporation's usual and customary commission for the type of
547 policy written.

548
549 If the producing agent is unwilling or unable to accept
550 appointment, the new insurer shall pay the agent in accordance
551 with sub-sub-sub-subparagraph (A).

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

556 (A) Pay to the producing agent of record, for the first
557 year, an amount that is the greater of the insurer's usual and
558 customary commission for the type of policy written or a fee
559 equal to the usual and customary commission of the corporation;
560 or

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

565
566 If the producing agent is unwilling or unable to accept
567 appointment, the new insurer shall pay the agent in accordance
568 with sub-sub-sub-subparagraph (A).

569 c. For purposes of determining comparable coverage under
570 sub-subparagraphs a. and b., the comparison must be based on
571 those forms and coverages that are reasonably comparable. The
572 corporation may rely on a determination of comparable coverage
573 and premium made by the producing agent who submits the
574 application to the corporation, made in the agent's capacity as
575 the corporation's agent. A comparison may be made solely of the
576 premium with respect to the main building or structure only on
577 the following basis: the same coverage A or other building
578 limits; the same percentage hurricane deductible that applies on
579 an annual basis or that applies to each hurricane for commercial
580 residential property; the same percentage of ordinance and law

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581 coverage, if the same limit is offered by both the corporation
582 and the authorized insurer; the same mitigation credits, to the
583 extent the same types of credits are offered both by the
584 corporation and the authorized insurer; the same method for loss
585 payment, such as replacement cost or actual cash value, if the
586 same method is offered both by the corporation and the
587 authorized insurer in accordance with underwriting rules; and
588 any other form or coverage that is reasonably comparable as
589 determined by the board. If an application is submitted to the
590 corporation for wind-only coverage in the coastal account, the
591 premium for the corporation's wind-only policy plus the premium
592 for the ex-wind policy ~~that is~~ offered by an authorized insurer
593 to the applicant must be compared to the premium for multiperil
594 coverage offered by an authorized insurer, subject to the
595 standards for comparison specified in this subparagraph. If the
596 corporation or the applicant requests from the authorized
597 insurer a breakdown of the premium of the offer by types of
598 coverage so that a comparison may be made by the corporation or
599 its agent and the authorized insurer refuses or is unable to
600 provide such information, the corporation may treat the offer as
601 not being an offer of coverage from an authorized insurer at the
602 insurer's approved rate.

603 6. Must include rules for classifications of risks and
604 rates.

605 7. Must provide that if premium and investment income for
606 an account attributable to a particular calendar year are in
607 excess of projected losses and expenses for the account
608 attributable to that year, such excess shall be held in surplus
609 in the account. Such surplus must be available to defray

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610 deficits in that account as to future years and used for that
611 purpose before assessing assessable insurers and assessable
612 insureds as to any calendar year.

613 8. Must provide objective criteria and procedures to be
614 uniformly applied to all applicants in determining whether an
615 individual risk is so hazardous as to be uninsurable. In making
616 this determination and in establishing the criteria and
617 procedures, the following must be considered:

618 a. Whether the likelihood of a loss for the individual risk
619 is substantially higher than for other risks of the same class;
620 and

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

623

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

627 9. Must provide that the corporation make its best efforts
628 to procure catastrophe reinsurance at reasonable rates, to cover
629 its projected 100-year probable maximum loss as determined by
630 the board of governors. If catastrophe reinsurance is not
631 available at reasonable rates, the corporation need not purchase
632 it, but the corporation shall include the costs of reinsurance
633 to cover its projected 100-year probable maximum loss in its
634 rate calculations even if it does not purchase catastrophe
635 reinsurance.

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

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639 approved rates, the risk is no longer eligible for renewal
640 through the corporation, except as otherwise provided in this
641 subsection.

642 11. Corporation policies and applications must include a
643 notice that the corporation policy could, under this section, be
644 replaced with a policy issued by an authorized insurer which
645 does not provide coverage identical to the coverage provided by
646 the corporation. The notice must also specify that acceptance of
647 corporation coverage creates a conclusive presumption that the
648 applicant or policyholder is aware of this potential.

649 12. May establish, subject to approval by the office,
650 different eligibility requirements and operational procedures
651 for any line or type of coverage for any specified county or
652 area if the board determines that such changes are justified due
653 to the voluntary market being sufficiently stable and
654 competitive in such area or for such line or type of coverage
655 and that consumers who, in good faith, are unable to obtain
656 insurance through the voluntary market through ordinary methods
657 continue to have access to coverage from the corporation. If
658 coverage is sought in connection with a real property transfer,
659 the requirements and procedures may not provide an effective
660 date of coverage later than the date of the closing of the
661 transfer as established by the transferor, the transferee, and,
662 if applicable, the lender.

663 13. Must provide that, with respect to the coastal account,
664 any assessable insurer with a surplus as to policyholders of \$25
665 million or less writing 25 percent or more of its total
666 countrywide property insurance premiums in this state may
667 petition the office, within the first 90 days of each calendar

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668 year, to qualify as a limited apportionment company. A regular
669 assessment levied by the corporation on a limited apportionment
670 company for a deficit incurred by the corporation for the
671 coastal account may be paid to the corporation on a monthly
672 basis as the assessments are collected by the limited
673 apportionment company from its insureds, but a limited
674 apportionment company must begin collecting the regular
675 assessments not later than 90 days after the regular assessments
676 are levied by the corporation, and the regular assessments must
677 be paid in full within 15 months after being levied by the
678 corporation. A limited apportionment company shall collect from
679 its policyholders any emergency assessment imposed under sub-
680 subparagraph (b)3.d. The plan must provide that, if the office
681 determines that any regular assessment will result in an
682 impairment of the surplus of a limited apportionment company,
683 the office may direct that all or part of such assessment be
684 deferred as provided in subparagraph (q)4. However, an emergency
685 assessment to be collected from policyholders under sub-
686 subparagraph (b)3.d. may not be limited or deferred.

687 14. Must provide that the corporation appoint as its
688 licensed agents only those agents who throughout such
689 appointments also hold an appointment as defined in s. 626.015
690 by an insurer who is authorized to write and is actually writing
691 or renewing personal lines residential property coverage,
692 commercial residential property coverage, or commercial
693 nonresidential property coverage within the state.

694 15. Must provide a premium payment plan option to its
695 policyholders which, at a minimum, allows for quarterly and
696 semiannual payment of premiums. A monthly payment plan may, but

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697 is not required to, be offered.

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

701 17. Must provide coverage for manufactured or mobile home
702 dwellings. Such coverage must also include the following
703 attached structures:

704 a. Screened enclosures that are aluminum framed or screened
705 enclosures that are not covered by the same or substantially the
706 same materials as those of the primary dwelling;

707 b. Carports that are aluminum or carports that are not
708 covered by the same or substantially the same materials as those
709 of the primary dwelling; and

710 c. Patios that have a roof covering ~~that is~~ constructed of
711 materials that are not the same or substantially the same
712 materials as those of the primary dwelling.

713

714 The corporation shall make available a policy for mobile homes
715 or manufactured homes for a minimum insured value of at least
716 \$3,000.

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

719 19. May require commercial property to meet specified
720 hurricane mitigation construction features as a condition of
721 eligibility for coverage.

722 20. Must provide that new or renewal policies issued by the
723 corporation on or after January 1, 2012, which cover sinkhole
724 loss do not include coverage for any loss to appurtenant
725 structures, driveways, sidewalks, decks, or patios that are

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726 directly or indirectly caused by sinkhole activity. The
727 corporation shall exclude such coverage using a notice of
728 coverage change, which may be included with the policy renewal,
729 and not by issuance of a notice of nonrenewal of the excluded
730 coverage upon renewal of the current policy.

731 21. As of January 1, 2012, must require that the agent
732 obtain from an applicant for coverage from the corporation an
733 acknowledgment signed by the applicant, which includes, at a
734 minimum, the following statement:

735
736 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
737 AND ASSESSMENT LIABILITY:
738

739 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
740 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
741 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
742 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
743 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
744 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
745 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
746 LEGISLATURE.

747 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
748 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
749 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
750 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
751 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
752 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
753 ARE REGULATED AND APPROVED BY THE STATE.

754 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY

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755 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
756 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
757 FLORIDA LEGISLATURE.

758 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
759 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
760 STATE OF FLORIDA.

761
762 a. The corporation shall maintain, in electronic format or
763 otherwise, a copy of the applicant's signed acknowledgment and
764 provide a copy of the statement to the policyholder as part of
765 the first renewal after the effective date of this subparagraph.

766 b. The signed acknowledgment form creates a conclusive
767 presumption that the policyholder understood and accepted his or
768 her potential surcharge and assessment liability as a
769 policyholder of the corporation.

770 (n)1. Rates for coverage provided by the corporation must
771 be actuarially sound and subject to s. 627.062, except as
772 otherwise provided in this paragraph. The corporation shall file
773 its recommended rates with the office at least annually. The
774 corporation shall provide any additional information regarding
775 the rates which the office requires. The office shall consider
776 the recommendations of the board and issue a final order
777 establishing the rates for the corporation within 45 days after
778 the recommended rates are filed. The corporation may not pursue
779 an administrative challenge or judicial review of the final
780 order of the office.

781 2. In addition to the rates otherwise determined pursuant
782 to this paragraph, the corporation shall impose and collect an
783 amount equal to the premium tax provided in s. 624.509 to

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784 augment the financial resources of the corporation.

785 3. After the public hurricane loss-projection model under
786 s. 627.06281 has been found to be accurate and reliable by the
787 Florida Commission on Hurricane Loss Projection Methodology, the
788 model shall be considered when establishing the windstorm
789 portion of the corporation's rates. The corporation may use the
790 public model results in combination with the results of private
791 models to calculate rates for the windstorm portion of the
792 corporation's rates. This subparagraph does not require or allow
793 the corporation to adopt rates lower than the rates otherwise
794 required or allowed by this paragraph.

795 4. The corporation must make a recommended actuarially
796 sound rate filing for each personal and commercial line of
797 business it writes.

798 5. Notwithstanding the board's recommended rates and the
799 office's final order regarding the corporation's filed rates
800 under subparagraph 1., the corporation shall annually implement
801 a rate increase which, except for sinkhole coverage, does not
802 exceed the following for any single personal lines residential
803 policy issued by the corporation that covers an insured's
804 primary residence, and any single commercial lines residential
805 policy issued by the corporation, excluding coverage changes and
806 surcharges:

- 807 a. Eleven percent for 2022.
808 b. Twelve percent for 2023.
809 c. Thirteen percent for 2024.
810 d. Fourteen percent for 2025.
811 e. Fifteen percent for 2026 and all subsequent years.
812 6. The corporation may also implement an increase to

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813 reflect the effect on the corporation of the cash buildup factor
814 pursuant to s. 215.555(5) (b) .

815 7. The corporation's implementation of rates as prescribed
816 in subparagraph 5. shall cease for any line of business written
817 by the corporation upon the corporation's implementation of
818 actuarially sound rates. Thereafter, the corporation shall
819 annually make a recommended actuarially sound rate filing for
820 each commercial and personal line of business the corporation
821 writes.

822 8. As used in this paragraph, "primary residence" means the
823 dwelling that the insured has represented as their permanent
824 home on the insurance application or otherwise to the
825 corporation.

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

832 1. The corporation must publish a periodic schedule of
833 cycles during which an insurer may identify, and notify the
834 corporation of, policies that the insurer is requesting to take
835 out. A request must include a description of the coverage
836 offered and an estimated premium and must be submitted to the
837 corporation in a form and manner prescribed by the corporation.

838 2. The corporation must maintain and make available to the
839 agent of record a consolidated list of all insurers requesting
840 to take out a policy. The list must include a description of the
841 coverage offered and the estimated premium for each take-out

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842 request.

843 3. The corporation must provide written notice to the
844 policyholder and the agent of record regarding all insurers
845 requesting to take out the policy, which notice must inform that
846 a take-out offer that is not more than 20 percent greater than
847 the corporation's premium renders the risk ineligible for
848 coverage from and regarding the policyholder's option to accept
849 a take-out offer or to reject all take-out offers and to remain
850 with the corporation. The notice must be in a format prescribed
851 by the corporation and include, for each take-out offer:

- 852 a. The amount of the estimated premium;
853 b. A description of the coverage; and
854 c. A comparison of the estimated premium and coverage
855 offered by the insurer to the estimated premium and coverage
856 provided by the corporation.

857 Section 3. Section 627.3518, Florida Statutes, is amended
858 to read:

859 627.3518 Citizens Property Insurance Corporation
860 policyholder eligibility clearinghouse program. ~~The purpose of~~
861 ~~this section is to provide a framework for the corporation to~~
862 ~~implement a clearinghouse program by January 1, 2014.~~

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

864 (a) "Corporation" means Citizens Property Insurance
865 Corporation.

866 (b) "Exclusive agent" means any licensed insurance agent
867 that has, by contract, agreed to act exclusively for one company
868 or group of affiliated insurance companies and is disallowed by
869 the provisions of that contract to directly write for any other
870 unaffiliated insurer absent express consent from the company or

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871 group of affiliated insurance companies.

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

874 (d) "Program" means the clearinghouse created under this
875 section.

876 (2) In order to confirm eligibility with the corporation
877 and to enhance access of new applicants for coverage and
878 existing policyholders of the corporation to offers of coverage
879 from authorized insurers, the corporation shall establish a
880 program for personal residential risks in order to facilitate
881 the diversion of ineligible applicants and existing
882 policyholders from the corporation into the voluntary insurance
883 market. The corporation shall also develop appropriate
884 procedures for facilitating the diversion of ineligible
885 applicants and existing policyholders for commercial residential
886 coverage into the private insurance market ~~and shall report such~~
887 ~~procedures to the President of the Senate and the Speaker of the~~
888 ~~House of Representatives by January 1, 2014.~~

889 (3) The corporation board shall establish the clearinghouse
890 program as an organizational unit within the corporation. The
891 program shall have all the rights and responsibilities in
892 carrying out its duties as a licensed general lines agent, but
893 may not be required to employ or engage a licensed general lines
894 agent or to maintain an insurance agency license to carry out
895 its activities in the solicitation and placement of insurance
896 coverage. In establishing the program, the corporation may:

897 (a) Require all new applications, and all policies due for
898 renewal, to be submitted for coverage to the program in order to
899 facilitate obtaining an offer of coverage from an authorized

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900 insurer before binding or renewing coverage by the corporation.

901 (b) Employ or otherwise contract with individuals or other
902 entities for appropriate administrative or professional services
903 to effectuate the plan within the corporation in accordance with
904 the applicable purchasing requirements under s. 627.351.

905 (c) Enter into contracts with any authorized insurer to
906 participate in the program and accept an appointment by such
907 insurer.

908 (d) Provide funds to operate the program. Insurers and
909 agents participating in the program are not required to pay a
910 fee to offset or partially offset the cost of the program or use
911 the program for renewal of policies initially written through
912 the clearinghouse.

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

916 (f) For personal lines residential risks, require, before
917 approving all new applications for coverage by the corporation,
918 that every application be subject to a period of 2 business days
919 when any insurer participating in the program may select the
920 application for coverage. The insurer may issue a binder on any
921 policy selected for coverage for a period of at least 30 days
922 but not more than 60 days.

923 (4) Any authorized insurer may participate in the program;
924 however, participation is not mandatory for any insurer.
925 Insurers making offers of coverage to new applicants or renewal
926 policyholders through the program:

927 (a) May not be required to individually appoint any agent
928 whose customer is underwritten and bound through the program.

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929 Notwithstanding s. 626.112, insurers are not required to appoint
930 any agent on a policy underwritten through the program for as
931 long as that policy remains with the insurer. Insurers may, at
932 their election, appoint any agent whose customer is initially
933 underwritten and bound through the program. In the event an
934 insurer accepts a policy from an agent who is not appointed
935 pursuant to this paragraph, and thereafter elects to accept a
936 policy from such agent, the provisions of s. 626.112 requiring
937 appointment apply to the agent.

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

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

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

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

950 (f) Must pay to the producing agent a commission equal to
951 that paid by the corporation or the usual and customary
952 commission paid by the insurer for that line of business,
953 whichever is greater.

954 (5) Notwithstanding s. 627.3517, any applicant for new
955 coverage from the corporation is not eligible for coverage from
956 the corporation if provided an offer of coverage from an
957 authorized insurer through the program at a premium that is at

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958 or below the eligibility threshold established in s.
959 627.351(6)(c)5.a. Whenever an offer of coverage for a personal
960 lines risk is received for a policyholder of the corporation at
961 renewal from an authorized insurer through the program, if the
962 offer is at or below the eligibility threshold established in s.
963 627.351(6)(c)5.a. ~~equal to or less than the corporation's~~
964 ~~renewal premium for comparable coverage,~~ the risk is not
965 eligible for coverage with the corporation. In the event an
966 offer of coverage for a new applicant is received from an
967 authorized insurer through the program, and the premium offered
968 exceeds the eligibility threshold contained in s.
969 627.351(6)(c)5.a., the applicant or insured may elect to accept
970 such coverage, or may elect to accept or continue coverage with
971 the corporation. In the event an offer of coverage for a
972 personal lines risk is received from an authorized insurer at
973 renewal through the program, and the premium offered is at or
974 below the eligibility threshold established in s.
975 627.351(6)(c)5.a. ~~more than the corporation's renewal premium~~
976 ~~for comparable coverage,~~ the insured is not eligible to ~~may~~
977 ~~elect to accept such coverage, or may elect to accept or~~
978 continue coverage with the corporation. Section
979 627.351(6)(c)5.a.(I) does not apply to an offer of coverage from
980 an authorized insurer obtained through the program. An applicant
981 for coverage from the corporation who was declared ineligible
982 for coverage at renewal by the corporation in the previous 36
983 months due to an offer of coverage pursuant to this subsection
984 shall be considered a renewal under this section if the
985 corporation determines that the authorized insurer making the
986 offer of coverage pursuant to this subsection continues to

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987 insure the applicant and increased the rate on the policy in
988 excess of the increase allowed for the corporation under s.
989 627.351(6)(n)5.

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

993 (a) Are granted and must maintain ownership and the
994 exclusive use of expirations, records, or other written or
995 electronic information directly related to such applications or
996 renewals written through the corporation or through an insurer
997 participating in the program, notwithstanding s.
998 627.351(6)(c)5.a.(I)(B) and (II)(B). Such ownership is granted
999 for as long as the insured remains with the agency or until sold
1000 or surrendered in writing by the agent. Contracts with the
1001 corporation or required by the corporation must not amend,
1002 modify, interfere with, or limit such rights of ownership. Such
1003 expirations, records, or other written or electronic information
1004 may be used to review an application, issue a policy, or for any
1005 other purpose necessary for placing such business through the
1006 program.

1007 (b) May not be required to be appointed by any insurer
1008 participating in the program for policies written solely through
1009 the program, notwithstanding the provisions of s. 626.112.

1010 (c) May accept an appointment from any insurer
1011 participating in the program.

1012 (d) May enter into either a standard or limited agency
1013 agreement with the insurer, at the insurer's option.

1014
1015 Applicants ineligible for coverage in accordance with subsection

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1016 (5) remain ineligible if their independent agent is unwilling or
1017 unable to enter into a standard or limited agency agreement with
1018 an insurer participating in the program.

1019 (7) Exclusive agents submitting new applications for
1020 coverage or that are the agent of record on a renewal policy
1021 submitted to the program:

1022 (a) Must maintain ownership and the exclusive use of
1023 expirations, records, or other written or electronic information
1024 directly related to such applications or renewals written
1025 through the corporation or through an insurer participating in
1026 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
1027 (II)(B). Contracts with the corporation or required by the
1028 corporation must not amend, modify, interfere with, or limit
1029 such rights of ownership. Such expirations, records, or other
1030 written or electronic information may be used to review an
1031 application, issue a policy, or for any other purpose necessary
1032 for placing such business through the program.

1033 (b) May not be required to be appointed by any insurer
1034 participating in the program for policies written solely through
1035 the program, notwithstanding the provisions of s. 626.112.

1036 (c) Must only facilitate the placement of an offer of
1037 coverage from an insurer whose limited servicing agreement is
1038 approved by that exclusive agent's exclusive insurer.

1039 (d) May enter into a limited servicing agreement with the
1040 insurer making an offer of coverage, and only after the
1041 exclusive agent's insurer has approved the limited servicing
1042 agreement terms. The exclusive agent's insurer must approve a
1043 limited service agreement for the program for any insurer for
1044 which it has approved a service agreement for other purposes.

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

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

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

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

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

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

1. Is identified by the insurer as proprietary business information and is intended to be and is treated by the insurer as private in that the disclosure of the information would cause harm to the insurer, an individual, or the company's business

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1074 operations and has not been disclosed unless disclosed pursuant
1075 to a statutory requirement, an order of a court or
1076 administrative body, or a private agreement that provides that
1077 the information will not be released to the public;

1078 2. Is not otherwise readily ascertainable or publicly
1079 available by proper means by other persons from another source
1080 in the same configuration as provided to the clearinghouse; and

1081 3. Includes:

1082 a. Trade secrets, as defined in s. 688.002.

1083 b. Information relating to competitive interests, the
1084 disclosure of which would impair the competitive business of the
1085 provider of the information.

1086
1087 Proprietary business information may be found in underwriting
1088 criteria or instructions which are used to identify and select
1089 risks through the program for an offer of coverage and are
1090 shared with the clearinghouse to facilitate the shopping of
1091 risks with the insurer.

1092 (b) The clearinghouse may disclose confidential and exempt
1093 proprietary business information:

1094 1. If the insurer to which it pertains gives prior written
1095 consent;

1096 2. Pursuant to a court order; or

1097 3. To another state agency in this or another state or to a
1098 federal agency if the recipient agrees in writing to maintain
1099 the confidential and exempt status of the document, material, or
1100 other information and has verified in writing its legal
1101 authority to maintain such confidentiality.

1102 Section 4. Paragraphs (f), (g), and (h) are added to

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1103 subsection (5) of section 627.7011, Florida Statutes, to read:
1104 627.7011 Homeowners' policies; offer of replacement cost
1105 coverage and law and ordinance coverage.—

1106 (5) This section does not:

1107 (f)1. Prohibit an insurer, notwithstanding paragraph
1108 (1) (a), from providing limited coverage on a personal lines
1109 residential property insurance policy by including a roof
1110 surface type reimbursement schedule. If included in the policy,
1111 a roof surface type reimbursement schedule must do all of the
1112 following:

1113 a. Provide reimbursement for repair, replacement, and
1114 installation based on the annual age of a roof surface type.

1115 b. Provide full replacement coverage for:

1116 (I) Any roof surface type less than 10 years old;

1117 (II) A total loss to a primary structure in accordance with
1118 the valued policy law under s. 627.702 which is caused by a
1119 covered peril; and

1120 (III) A loss to the roof caused by a storm declared to be a
1121 hurricane by the National Hurricane Center.

1122 c. Use annual depreciation amounts that:

1123 (I) Are actuarially justified and meet the requirements of
1124 s. 627.062; and

1125 (II) Do not exceed 4 percent unless actuarially justified.

1126 d. Be approved by the office.

1127 e. Include at the top of the roof surface type schedule, in
1128 bold type no smaller than 12 points, the following statement:

1129

1130 "PLEASE DISCUSS WITH YOUR INSURANCE AGENT. YOU ARE

1131 ELECTING TO PURCHASE COVERAGE ON YOUR ROOF ACCORDING

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1132 TO A ROOF SURFACE TYPE REIMBURSEMENT SCHEDULE. IF YOUR
1133 ROOF IS DAMAGED BY A COVERED PERIL, YOU WILL RECEIVE A
1134 PAYMENT AMOUNT FOR YOUR ROOF ACCORDING TO THE SCHEDULE
1135 BELOW. BE ADVISED THAT THIS MAY RESULT IN YOU HAVING
1136 TO PAY SIGNIFICANT COSTS TO REPAIR OR REPLACE YOUR
1137 ROOF. PLEASE DISCUSS WITH YOUR INSURANCE AGENT."

1138
1139 f. Be provided to the insured with the policy documents at
1140 issuance and renewal.

1141 2. A residential property insurance policy may convert to a
1142 roof surface type reimbursement schedule at renewal if the roof
1143 is at least 10 years old and the policyholder:

1144 a. Receives a Notice of Change in Policy Terms pursuant to
1145 s. 627.43141; and

1146 b. Accepts the written notice of renewal premium required
1147 under s. 627.4133, by paying the premium.

1148 (g) Prohibit an insurer, notwithstanding paragraph (1)(a),
1149 from providing coverage on a personal lines residential property
1150 insurance policy that limits coverage for a roof to a stated
1151 value sublimit of coverage. If included in a policy, a stated
1152 value sublimit of coverage must do all of the following:

1153 1. Provide full replacement coverage for:

1154 a. Any roof surface type less than 10 years old;

1155 b. A total loss to a primary structure in accordance with
1156 the valued policy law under s. 627.702 which is caused by a
1157 covered peril; and

1158 c. A loss to the roof caused by a storm declared to be a
1159 hurricane by the National Hurricane Center.

1160 2. Include in the policy documents at issuance and at

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1161 renewal, in bold type no smaller than 12 points, the following
1162 statement:

1163
1164 "PLEASE DISCUSS WITH YOUR INSURANCE AGENT. YOU ARE
1165 ELECTING TO PURCHASE A STATED VALUE SUBLIMIT OF
1166 COVERAGE ON YOUR ROOF. BE ADVISED THAT THIS MAY RESULT
1167 IN YOU HAVING TO PAY SIGNIFICANT COSTS TO REPAIR OR
1168 REPLACE YOUR ROOF. PLEASE DISCUSS WITH YOUR INSURANCE
1169 AGENT."

1170
1171 (h) Prohibit an insurer that provides roof reimbursement on
1172 the basis of a roof surface type reimbursement schedule or that
1173 limits coverage for a roof to a stated value sublimit of
1174 coverage from also offering roof reimbursement on the basis of
1175 replacement costs.

1176 Section 5. For the purpose of incorporating the amendments
1177 made by this act to section 627.351, Florida Statutes, in a
1178 reference thereto, subsection (10) of section 624.424, Florida
1179 Statutes, is reenacted to read:

1180 624.424 Annual statement and other information.—

1181 (10) Each insurer or insurer group doing business in this
1182 state shall file on a quarterly basis in conjunction with
1183 financial reports required by paragraph (1)(a) a supplemental
1184 report on an individual and group basis on a form prescribed by
1185 the commission with information on personal lines and commercial
1186 lines residential property insurance policies in this state. The
1187 supplemental report shall include separate information for
1188 personal lines property policies and for commercial lines
1189 property policies and totals for each item specified, including

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1190 premiums written for each of the property lines of business as
1191 described in ss. 215.555(2)(c) and 627.351(6)(a). The report
1192 shall include the following information for each county on a
1193 monthly basis:

1194 (a) Total number of policies in force at the end of each
1195 month.

1196 (b) Total number of policies canceled.

1197 (c) Total number of policies nonrenewed.

1198 (d) Number of policies canceled due to hurricane risk.

1199 (e) Number of policies nonrenewed due to hurricane risk.

1200 (f) Number of new policies written.

1201 (g) Total dollar value of structure exposure under policies
1202 that include wind coverage.

1203 (h) Number of policies that exclude wind coverage.

1204 Section 6. For the purpose of incorporating the amendments
1205 made by this act to section 627.351, Florida Statutes, in a
1206 reference thereto, section 627.3517, Florida Statutes, is
1207 reenacted to read:

1208 627.3517 Consumer choice.—No provision of s. 627.351, s.
1209 627.3511, or s. 627.3515 shall be construed to impair the right
1210 of any insurance risk apportionment plan policyholder, upon
1211 receipt of any keepout or take-out offer, to retain his or her
1212 current agent, so long as that agent is duly licensed and
1213 appointed by the insurance risk apportionment plan or otherwise
1214 authorized to place business with the insurance risk
1215 apportionment plan. This right shall not be canceled, suspended,
1216 impeded, abridged, or otherwise compromised by any rule, plan of
1217 operation, or depopulation plan, whether through keepout, take-
1218 out, midterm assumption, or any other means, of any insurance

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1219 risk apportionment plan or depopulation plan, including, but not
1220 limited to, those described in s. 627.351, s. 627.3511, or s.
1221 627.3515. The commission shall adopt any rules necessary to
1222 cause any insurance risk apportionment plan or market assistance
1223 plan under such sections to demonstrate that the operations of
1224 the plan do not interfere with, promote, or allow interference
1225 with the rights created under this section. If the
1226 policyholder's current agent is unable or unwilling to be
1227 appointed with the insurer making the take-out or keepout offer,
1228 the policyholder shall not be disqualified from participation in
1229 the appropriate insurance risk apportionment plan because of an
1230 offer of coverage in the voluntary market. An offer of full
1231 property insurance coverage by the insurer currently insuring
1232 either the ex-wind or wind-only coverage on the policy to which
1233 the offer applies shall not be considered a take-out or keepout
1234 offer. Any rule, plan of operation, or plan of depopulation,
1235 through keepout, take-out, midterm assumption, or any other
1236 means, of any property insurance risk apportionment plan under
1237 s. 627.351(2) or (6) is subject to ss. 627.351(2)(b) and (6)(c)
1238 and 627.3511(4).

1239 Section 7. For the purpose of incorporating the amendments
1240 made by this act to section 627.351, Florida Statutes, in a
1241 reference thereto, subsection (1) of section 627.712, Florida
1242 Statutes, is reenacted to read:

1243 627.712 Residential windstorm coverage required;
1244 availability of exclusions for windstorm or contents.—

1245 (1) An insurer issuing a residential property insurance
1246 policy must provide windstorm coverage. Except as provided in
1247 paragraph (2)(c), this section does not apply to risks that are

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1248 eligible for wind-only coverage from Citizens Property Insurance
1249 Corporation under s. 627.351(6), and risks that are not eligible
1250 for coverage from Citizens Property Insurance Corporation under
1251 s. 627.351(6)(a)3. or 5. A risk ineligible for coverage by the
1252 corporation under s. 627.351(6)(a)3. or 5. is exempt from this
1253 section only if the risk is located within the boundaries of the
1254 coastal account of the corporation.

1255 Section 8. This act shall take effect July 1, 2022.