



154092

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/26/2022	.	
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The Committee on Banking and Insurance (Brandes) recommended the following:

Senate Amendment (with title amendment)

Delete lines 153 - 1184

and insert:

shall ~~may~~ use a single account for all revenues, assets, liabilities, losses, and expenses of the corporation. Consistent with this subparagraph and prudent investment policies that minimize the cost of carrying debt, the board shall exercise its best efforts to retire existing debt or obtain the approval of necessary parties to amend the terms of existing debt, so as to



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11 structure the most efficient plan for consolidating the three
12 separate accounts into a single account.

13 c. Creditors of the Residential Property and Casualty Joint
14 Underwriting Association and the accounts specified in sub-sub-
15 subparagraphs a.(I) and (II) may have a claim against, and
16 recourse to, those accounts and no claim against, or recourse
17 to, the account referred to in sub-sub-subparagraph a.(III).
18 Creditors of the Florida Windstorm Underwriting Association have
19 a claim against, and recourse to, the account referred to in
20 sub-sub-subparagraph a.(III) and no claim against, or recourse
21 to, the accounts referred to in sub-sub-subparagraphs a.(I) and
22 (II).

23 d. Revenues, assets, liabilities, losses, and expenses not
24 attributable to particular accounts shall be prorated among the
25 accounts.

26 e. The Legislature finds that the revenues of the
27 corporation are revenues that are necessary to meet the
28 requirements set forth in documents authorizing the issuance of
29 bonds under this subsection.

30 f. The income of the corporation may not inure to the
31 benefit of any private person.

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

33 a. After accounting for the Citizens policyholder surcharge
34 imposed under sub-subparagraph i., if the remaining projected
35 deficit incurred in the coastal account in a particular calendar
36 year:

37 (I) Is not greater than 2 percent of the aggregate
38 statewide direct written premium for the subject lines of
39 business for the prior calendar year, the entire deficit shall



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40 be recovered through regular assessments of assessable insurers
41 under paragraph (q) and assessable insureds.

42 (II) Exceeds 2 percent of the aggregate statewide direct
43 written premium for the subject lines of business for the prior
44 calendar year, the corporation shall levy regular assessments on
45 assessable insurers under paragraph (q) and on assessable
46 insureds in an amount equal to the greater of 2 percent of the
47 projected deficit or 2 percent of the aggregate statewide direct
48 written premium for the subject lines of business for the prior
49 calendar year. Any remaining projected deficit shall be
50 recovered through emergency assessments under sub-subparagraph
51 d.

52 b. Each assessable insurer's share of the amount being
53 assessed under sub-subparagraph a. must be in the proportion
54 that the assessable insurer's direct written premium for the
55 subject lines of business for the year preceding the assessment
56 bears to the aggregate statewide direct written premium for the
57 subject lines of business for that year. The assessment
58 percentage applicable to each assessable insured is the ratio of
59 the amount being assessed under sub-subparagraph a. to the
60 aggregate statewide direct written premium for the subject lines
61 of business for the prior year. Assessments levied by the
62 corporation on assessable insurers under sub-subparagraph a.
63 must be paid as required by the corporation's plan of operation
64 and paragraph (q). Assessments levied by the corporation on
65 assessable insureds under sub-subparagraph a. shall be collected
66 by the surplus lines agent at the time the surplus lines agent
67 collects the surplus lines tax required by s. 626.932, and paid
68 to the Florida Surplus Lines Service Office at the time the



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69 surplus lines agent pays the surplus lines tax to that office.
70 Upon receipt of regular assessments from surplus lines agents,
71 the Florida Surplus Lines Service Office shall transfer the
72 assessments directly to the corporation as determined by the
73 corporation.

74 c. After accounting for the Citizens policyholder surcharge
75 imposed under sub-subparagraph i., the remaining projected
76 deficits in the personal lines account and in the commercial
77 lines account in a particular calendar year shall be recovered
78 through emergency assessments under sub-subparagraph d.

79 d. Upon a determination by the board of governors that a
80 projected deficit in an account exceeds the amount that is
81 expected to be recovered through regular assessments under sub-
82 subparagraph a., plus the amount that is expected to be
83 recovered through surcharges under sub-subparagraph i., the
84 board, after verification by the office, shall levy emergency
85 assessments for as many years as necessary to cover the
86 deficits, to be collected by assessable insurers and the
87 corporation and collected from assessable insureds upon issuance
88 or renewal of policies for subject lines of business, excluding
89 National Flood Insurance policies. The amount collected in a
90 particular year must be a uniform percentage of that year's
91 direct written premium for subject lines of business and all
92 accounts of the corporation, excluding National Flood Insurance
93 Program policy premiums, as annually determined by the board and
94 verified by the office. The office shall verify the arithmetic
95 calculations involved in the board's determination within 30
96 days after receipt of the information on which the determination
97 was based. The office shall notify assessable insurers and the



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98 Florida Surplus Lines Service Office of the date on which
99 assessable insurers shall begin to collect and assessable
100 insureds shall begin to pay such assessment. The date must be at
101 least 90 days after the date the corporation levies emergency
102 assessments pursuant to this sub-subparagraph. Notwithstanding
103 any other provision of law, the corporation and each assessable
104 insurer that writes subject lines of business shall collect
105 emergency assessments from its policyholders without such
106 obligation being affected by any credit, limitation, exemption,
107 or deferment. Emergency assessments levied by the corporation on
108 assessable insureds shall be collected by the surplus lines
109 agent at the time the surplus lines agent collects the surplus
110 lines tax required by s. 626.932 and paid to the Florida Surplus
111 Lines Service Office at the time the surplus lines agent pays
112 the surplus lines tax to that office. The emergency assessments
113 collected shall be transferred directly to the corporation on a
114 periodic basis as determined by the corporation and held by the
115 corporation solely in the applicable account. The aggregate
116 amount of emergency assessments levied for an account in any
117 calendar year may be less than but may not exceed the greater of
118 10 percent of the amount needed to cover the deficit, plus
119 interest, fees, commissions, required reserves, and other costs
120 associated with financing the original deficit, or 10 percent of
121 the aggregate statewide direct written premium for subject lines
122 of business and all accounts of the corporation for the prior
123 year, plus interest, fees, commissions, required reserves, and
124 other costs associated with financing the deficit.

125 e. The corporation may pledge the proceeds of assessments,
126 projected recoveries from the Florida Hurricane Catastrophe



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127 Fund, other insurance and reinsurance recoverables, policyholder
128 surcharges and other surcharges, and other funds available to
129 the corporation as the source of revenue for and to secure bonds
130 issued under paragraph (q), bonds or other indebtedness issued
131 under subparagraph (c)3., or lines of credit or other financing
132 mechanisms issued or created under this subsection, or to retire
133 any other debt incurred as a result of deficits or events giving
134 rise to deficits, or in any other way that the board determines
135 will efficiently recover such deficits. The purpose of the lines
136 of credit or other financing mechanisms is to provide additional
137 resources to assist the corporation in covering claims and
138 expenses attributable to a catastrophe. As used in this
139 subsection, the term "assessments" includes regular assessments
140 under sub-subparagraph a. or subparagraph (q)1. and emergency
141 assessments under sub-subparagraph d. Emergency assessments
142 collected under sub-subparagraph d. are not part of an insurer's
143 rates, are not premium, and are not subject to premium tax,
144 fees, or commissions; however, failure to pay the emergency
145 assessment shall be treated as failure to pay premium. The
146 emergency assessments shall continue as long as any bonds issued
147 or other indebtedness incurred with respect to a deficit for
148 which the assessment was imposed remain outstanding, unless
149 adequate provision has been made for the payment of such bonds
150 or other indebtedness pursuant to the documents governing such
151 bonds or indebtedness.

152 f. As used in this subsection for purposes of any deficit
153 incurred on or after January 25, 2007, the term "subject lines
154 of business" means insurance written by assessable insurers or
155 procured by assessable insureds for all property and casualty



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156 lines of business in this state, but not including workers'
157 compensation or medical malpractice. As used in this sub-
158 subparagraph, the term "property and casualty lines of business"
159 includes all lines of business identified on Form 2, Exhibit of
160 Premiums and Losses, in the annual statement required of
161 authorized insurers under s. 624.424 and any rule adopted under
162 this section, except for those lines identified as accident and
163 health insurance and except for policies written under the
164 National Flood Insurance Program or the Federal Crop Insurance
165 Program. For purposes of this sub-subparagraph, the term
166 "workers' compensation" includes both workers' compensation
167 insurance and excess workers' compensation insurance.

168 g. The Florida Surplus Lines Service Office shall determine
169 annually the aggregate statewide written premium in subject
170 lines of business procured by assessable insureds and report
171 that information to the corporation in a form and at a time the
172 corporation specifies to ensure that the corporation can meet
173 the requirements of this subsection and the corporation's
174 financing obligations.

175 h. The Florida Surplus Lines Service Office shall verify
176 the proper application by surplus lines agents of assessment
177 percentages for regular assessments and emergency assessments
178 levied under this subparagraph on assessable insureds and assist
179 the corporation in ensuring the accurate, timely collection and
180 payment of assessments by surplus lines agents as required by
181 the corporation.

182 i. Upon determination by the board of governors that an
183 account has a projected deficit, the board shall levy a Citizens
184 policyholder surcharge against all policyholders of the



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185 corporation.

186 (I) The surcharge must ~~shall~~ be levied as a uniform
187 percentage of the premium for the policy ~~of up to 15 percent of~~
188 ~~such premium, and must~~ which funds shall be used to offset the
189 deficit, as follows:

190 (A) If the total number of policyholders of the corporation
191 is less than 1 million, a surcharge of 15 percent of the
192 premium.

193 (B) If the total number of policyholders of the corporation
194 is at least 1 million but less than 1.5 million, a surcharge of
195 20 percent of the premium.

196 (C) If the total number of policyholders of the corporation
197 is at least 1.5 million, a surcharge of 25 percent of the
198 premium.

199 (II) The surcharge is payable upon cancellation or
200 termination of the policy, upon renewal of the policy, or upon
201 issuance of a new policy by the corporation within the first 12
202 months after the date of the levy or the period of time
203 necessary to fully collect the surcharge amount.

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

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

212 j. The corporation shall annually collect a surcharge of \$5
213 upon renewal on all policies listed as a primary residence with



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214 the corporation.

215 k. If the amount of any assessments or surcharges collected
216 from corporation policyholders, assessable insurers or their
217 policyholders, or assessable insureds exceeds the amount of the
218 deficits, such excess amounts shall be remitted to and retained
219 by the corporation in a reserve to be used by the corporation,
220 as determined by the board of governors and approved by the
221 office, to pay claims or reduce any past, present, or future
222 plan-year deficits or to reduce outstanding debt.

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

224 1. Must provide for adoption of residential property and
225 casualty insurance policy forms and commercial residential and
226 nonresidential property insurance forms, which must be approved
227 by the office before use. The corporation shall adopt the
228 following policy forms:

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

233 b. Basic personal lines policy forms that are policies
234 similar to an HO-8 policy or a dwelling fire policy that provide
235 coverage meeting the requirements of the secondary mortgage
236 market, but which is more limited than the coverage under a
237 standard policy.

238 c. Commercial lines residential and nonresidential policy
239 forms that are generally similar to the basic perils of full
240 coverage obtainable for commercial residential structures and
241 commercial nonresidential structures in the admitted voluntary
242 market.



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

248 e. Commercial lines nonresidential property insurance forms
249 that cover the peril of wind only. The forms are applicable only
250 to nonresidential properties located in areas eligible for
251 coverage under the coastal account referred to in sub-
252 subparagraph (b)2.a.

253 f. The corporation may adopt variations of the policy forms
254 listed in sub-subparagraphs a.-e. which contain more restrictive
255 coverage.

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

260 2. Must provide that the corporation adopt a program in
261 which the corporation and authorized insurers enter into quota
262 share primary insurance agreements for hurricane coverage, as
263 defined in s. 627.4025(2) (a), for eligible risks, and adopt
264 property insurance forms for eligible risks which cover the
265 peril of wind only.

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

267 (II) "Primary residence" means a risk that has a dwelling
268 replacement cost of less than \$700,000 or a single condominium
269 unit that has a combined dwelling and contents replacement cost
270 of less than \$700,000 and the insured has represented such
271 dwelling as its permanent home on the insurance application or



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272 otherwise to the corporation. A policyholder and the
273 policyholder's spouse may not collectively have more than one
274 primary residence insured with the corporation.

275 (III) ~~(I)~~ "Quota share primary insurance" means an
276 arrangement in which the primary hurricane coverage of an
277 eligible risk is provided in specified percentages by the
278 corporation and an authorized insurer. The corporation and
279 authorized insurer are each solely responsible for a specified
280 percentage of hurricane coverage of an eligible risk as set
281 forth in a quota share primary insurance agreement between the
282 corporation and an authorized insurer and the insurance
283 contract. The responsibility of the corporation or authorized
284 insurer to pay its specified percentage of hurricane losses of
285 an eligible risk, as set forth in the agreement, may not be
286 altered by the inability of the other party to pay its specified
287 percentage of losses. Eligible risks that are provided hurricane
288 coverage through a quota share primary insurance arrangement
289 must be provided policy forms that set forth the obligations of
290 the corporation and authorized insurer under the arrangement,
291 clearly specify the percentages of quota share primary insurance
292 provided by the corporation and authorized insurer, and
293 conspicuously and clearly state that the authorized insurer and
294 the corporation may not be held responsible beyond their
295 specified percentage of coverage of hurricane losses.

296 (I) ~~(II)~~ "Eligible risks" means personal lines residential
297 and commercial lines residential risks that meet the
298 underwriting criteria of the corporation and are located in
299 areas that were eligible for coverage by the Florida Windstorm
300 Underwriting Association on January 1, 2002.



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301 b. The corporation may enter into quota share primary
302 insurance agreements with authorized insurers at corporation
303 coverage levels of 90 percent and 50 percent.

304 c. If the corporation determines that additional coverage
305 levels are necessary to maximize participation in quota share
306 primary insurance agreements by authorized insurers, the
307 corporation may establish additional coverage levels. However,
308 the corporation's quota share primary insurance coverage level
309 may not exceed 90 percent.

310 d. Any quota share primary insurance agreement entered into
311 between an authorized insurer and the corporation must provide
312 for a uniform specified percentage of coverage of hurricane
313 losses, by county or territory as set forth by the corporation
314 board, for all eligible risks of the authorized insurer covered
315 under the agreement.

316 e. Any quota share primary insurance agreement entered into
317 between an authorized insurer and the corporation is subject to
318 review and approval by the office. However, such agreement shall
319 be authorized only as to insurance contracts entered into
320 between an authorized insurer and an insured who is already
321 insured by the corporation for wind coverage.

322 f. For all eligible risks covered under quota share primary
323 insurance agreements, the exposure and coverage levels for both
324 the corporation and authorized insurers shall be reported by the
325 corporation to the Florida Hurricane Catastrophe Fund. For all
326 policies of eligible risks covered under such agreements, the
327 corporation and the authorized insurer must maintain complete
328 and accurate records for the purpose of exposure and loss
329 reimbursement audits as required by fund rules. The corporation



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

332 g. The corporation board shall establish in its plan of
333 operation standards for quota share agreements which ensure that
334 there is no discriminatory application among insurers as to the
335 terms of the agreements, pricing of the agreements, incentive
336 provisions if any, and consideration paid for servicing policies
337 or adjusting claims.

338 h. The quota share primary insurance agreement between the
339 corporation and an authorized insurer must set forth the
340 specific terms under which coverage is provided, including, but
341 not limited to, the sale and servicing of policies issued under
342 the agreement by the insurance agent of the authorized insurer
343 producing the business, the reporting of information concerning
344 eligible risks, the payment of premium to the corporation, and
345 arrangements for the adjustment and payment of hurricane claims
346 incurred on eligible risks by the claims adjuster and personnel
347 of the authorized insurer. Entering into a quota sharing
348 insurance agreement between the corporation and an authorized
349 insurer is voluntary and at the discretion of the authorized
350 insurer.

351 3. May provide that the corporation may employ or otherwise
352 contract with individuals or other entities to provide
353 administrative or professional services that may be appropriate
354 to effectuate the plan. The corporation may borrow funds by
355 issuing bonds or by incurring other indebtedness, and shall have
356 other powers reasonably necessary to effectuate the requirements
357 of this subsection, including, without limitation, the power to
358 issue bonds and incur other indebtedness in order to refinance



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359 outstanding bonds or other indebtedness. The corporation may
360 seek judicial validation of its bonds or other indebtedness
361 under chapter 75. The corporation may issue bonds or incur other
362 indebtedness, or have bonds issued on its behalf by a unit of
363 local government pursuant to subparagraph (q)2. in the absence
364 of a hurricane or other weather-related event, upon a
365 determination by the corporation, subject to approval by the
366 office, that such action would enable it to efficiently meet the
367 financial obligations of the corporation and that such
368 financings are reasonably necessary to effectuate the
369 requirements of this subsection. The corporation may take all
370 actions needed to facilitate tax-free status for such bonds or
371 indebtedness, including formation of trusts or other affiliated
372 entities. The corporation may pledge assessments, projected
373 recoveries from the Florida Hurricane Catastrophe Fund, other
374 reinsurance recoverables, policyholder surcharges and other
375 surcharges, and other funds available to the corporation as
376 security for bonds or other indebtedness. In recognition of s.
377 10, Art. I of the State Constitution, prohibiting the impairment
378 of obligations of contracts, it is the intent of the Legislature
379 that no action be taken whose purpose is to impair any bond
380 indenture or financing agreement or any revenue source committed
381 by contract to such bond or other indebtedness.

382 4. Must require that the corporation operate subject to the
383 supervision and approval of a board of governors consisting of
384 nine individuals who are residents of this state and who are
385 from different geographical areas of this ~~the~~ state, one of whom
386 is appointed by the Governor and serves solely to advocate on
387 behalf of the consumer. The appointment of a consumer



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

391 a. The Governor, the Chief Financial Officer, the President
392 of the Senate, and the Speaker of the House of Representatives
393 shall each appoint two members of the board. At least one of the
394 two members appointed by each appointing officer must have
395 demonstrated expertise in insurance and be deemed to be within
396 the scope of the exemption provided in s. 112.313(7)(b). The
397 Chief Financial Officer shall designate one of the appointees as
398 chair. All board members serve at the pleasure of the appointing
399 officer. All members of the board are subject to removal at will
400 by the officers who appointed them. All board members, including
401 the chair, must be appointed to serve for 3-year terms beginning
402 annually on a date designated by the plan. However, for the
403 first term beginning on or after July 1, 2009, each appointing
404 officer shall appoint one member of the board for a 2-year term
405 and one member for a 3-year term. A board vacancy shall be
406 filled for the unexpired term by the appointing officer. The
407 Chief Financial Officer shall appoint a technical advisory group
408 to provide information and advice to the board in connection
409 with the board's duties under this subsection. The executive
410 director and senior managers of the corporation shall be engaged
411 by the board and serve at the pleasure of the board. Any
412 executive director appointed on or after July 1, 2006, is
413 subject to confirmation by the Senate. The executive director is
414 responsible for employing other staff as the corporation may
415 require, subject to review and concurrence by the board.

416 b. The board shall create a Market Accountability Advisory



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417 Committee to assist the corporation in developing awareness of
418 its rates and its customer and agent service levels in
419 relationship to the voluntary market insurers writing similar
420 coverage.

421 (I) The members of the advisory committee consist of the
422 following 11 persons, one of whom must be elected chair by the
423 members of the committee: four representatives, one appointed by
424 the Florida Association of Insurance Agents, one by the Florida
425 Association of Insurance and Financial Advisors, one by the
426 Professional Insurance Agents of Florida, and one by the Latin
427 American Association of Insurance Agencies; three
428 representatives appointed by the insurers with the three highest
429 voluntary market share of residential property insurance
430 business in this ~~the~~ state; one representative from the Office
431 of Insurance Regulation; one consumer appointed by the board who
432 is insured by the corporation at the time of appointment to the
433 committee; one representative appointed by the Florida
434 Association of Realtors; and one representative appointed by the
435 Florida Bankers Association. All members shall be appointed to
436 3-year terms and may serve for consecutive terms.

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

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

445 a. Subject to s. 627.3517, with respect to personal lines



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446 residential risks, if the risk is offered coverage from an
447 authorized insurer at the insurer's approved rate under a
448 standard policy including wind coverage or, if consistent with
449 the insurer's underwriting rules as filed with the office, a
450 basic policy including wind coverage, for a new application to
451 the corporation for coverage, the risk is not eligible for any
452 policy issued by the corporation unless the premium for coverage
453 from the authorized insurer is more than 20 percent greater than
454 the premium for comparable coverage from the corporation.
455 Whenever an offer of coverage for a personal lines residential
456 risk is received for a policyholder of the corporation ~~at~~
457 ~~renewal~~ from an authorized insurer, ~~if the offer is equal to or~~
458 ~~less than the corporation's renewal premium for comparable~~
459 ~~coverage,~~ the risk is not eligible for coverage with the
460 corporation unless the premium for coverage from the authorized
461 insurer is more than 20 percent greater than the renewal premium
462 for comparable coverage from the corporation. If the risk is not
463 able to obtain such offer, the risk is eligible for a standard
464 policy including wind coverage or a basic policy including wind
465 coverage issued by the corporation; however, if the risk could
466 not be insured under a standard policy including wind coverage
467 regardless of market conditions, the risk is eligible for a
468 basic policy including wind coverage unless rejected under
469 subparagraph 8. However, a policyholder removed from the
470 corporation through an assumption agreement remains eligible for
471 coverage from the corporation until the end of the assumption
472 period. The corporation shall determine the type of policy to be
473 provided on the basis of objective standards specified in the
474 underwriting manual and based on generally accepted underwriting



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475 practices.

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

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

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

494
495 If the producing agent is unwilling or unable to accept
496 appointment, the new insurer shall pay the agent in accordance
497 with sub-sub-sub-subparagraph (A).

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

502 (A) Pay to the producing agent of record, for the first
503 year, an amount that is the greater of the insurer's usual and



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504 customary commission for the type of policy written or a fee
505 equal to the usual and customary commission of the corporation;
506 or

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

511

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

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



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

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

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

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

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

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



562 equal to the usual and customary commission of the corporation;
563 or

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

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

572 c. For purposes of determining comparable coverage under
573 sub-subparagraphs a. and b., the comparison must be based on
574 those forms and coverages that are reasonably comparable. The
575 corporation may rely on a determination of comparable coverage
576 and premium made by the producing agent who submits the
577 application to the corporation, made in the agent's capacity as
578 the corporation's agent. A comparison may be made solely of the
579 premium with respect to the main building or structure only on
580 the following basis: the same coverage A or other building
581 limits; the same percentage hurricane deductible that applies on
582 an annual basis or that applies to each hurricane for commercial
583 residential property; the same percentage of ordinance and law
584 coverage, if the same limit is offered by both the corporation
585 and the authorized insurer; the same mitigation credits, to the
586 extent the same types of credits are offered both by the
587 corporation and the authorized insurer; the same method for loss
588 payment, such as replacement cost or actual cash value, if the
589 same method is offered both by the corporation and the
590 authorized insurer in accordance with underwriting rules; and



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591 any other form or coverage that is reasonably comparable as
592 determined by the board. If an application is submitted to the
593 corporation for wind-only coverage in the coastal account, the
594 premium for the corporation's wind-only policy plus the premium
595 for the ex-wind policy that is offered by an authorized insurer
596 to the applicant must be compared to the premium for multiperil
597 coverage offered by an authorized insurer, subject to the
598 standards for comparison specified in this subparagraph. If the
599 corporation or the applicant requests from the authorized
600 insurer a breakdown of the premium of the offer by types of
601 coverage so that a comparison may be made by the corporation or
602 its agent and the authorized insurer refuses or is unable to
603 provide such information, the corporation may treat the offer as
604 not being an offer of coverage from an authorized insurer at the
605 insurer's approved rate.

606 6. Must include rules for classifications of risks and
607 rates.

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

616 8. Must provide objective criteria and procedures to be
617 uniformly applied to all applicants in determining whether an
618 individual risk is so hazardous as to be uninsurable. In making
619 this determination and in establishing the criteria and



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620 procedures, the following must be considered:

621 a. Whether the likelihood of a loss for the individual risk
622 is substantially higher than for other risks of the same class;
623 and

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

626

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

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

639 10. The policies issued by the corporation must provide
640 that if the corporation or the market assistance plan obtains an
641 offer from an authorized insurer to cover the risk at its
642 approved rates, the risk is no longer eligible for renewal
643 through the corporation, except as otherwise provided in this
644 subsection.

645 11. Corporation policies and applications must include a
646 notice that the corporation policy could, under this section, be
647 replaced with a policy issued by an authorized insurer which
648 does not provide coverage identical to the coverage provided by



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649 the corporation. The notice must also specify that acceptance of
650 corporation coverage creates a conclusive presumption that the
651 applicant or policyholder is aware of this potential.

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

666 13. Must provide that, with respect to the coastal account,
667 any assessable insurer with a surplus as to policyholders of \$25
668 million or less writing 25 percent or more of its total
669 countrywide property insurance premiums in this state may
670 petition the office, within the first 90 days of each calendar
671 year, to qualify as a limited apportionment company. A regular
672 assessment levied by the corporation on a limited apportionment
673 company for a deficit incurred by the corporation for the
674 coastal account may be paid to the corporation on a monthly
675 basis as the assessments are collected by the limited
676 apportionment company from its insureds, but a limited
677 apportionment company must begin collecting the regular



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678 assessments not later than 90 days after the regular assessments
679 are levied by the corporation, and the regular assessments must
680 be paid in full within 15 months after being levied by the
681 corporation. A limited apportionment company shall collect from
682 its policyholders any emergency assessment imposed under sub-
683 subparagraph (b)3.d. The plan must provide that, if the office
684 determines that any regular assessment will result in an
685 impairment of the surplus of a limited apportionment company,
686 the office may direct that all or part of such assessment be
687 deferred as provided in subparagraph (q)4. However, an emergency
688 assessment to be collected from policyholders under sub-
689 subparagraph (b)3.d. may not be limited or deferred.

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

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

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

704 17. Must provide coverage for manufactured or mobile home
705 dwellings. Such coverage must also include the following
706 attached structures:



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707 a. Screened enclosures that are aluminum framed or screened
708 enclosures that are not covered by the same or substantially the
709 same materials as those of the primary dwelling;

710 b. Carports that are aluminum or carports that are not
711 covered by the same or substantially the same materials as those
712 of the primary dwelling; and

713 c. Patios that have a roof covering that is constructed of
714 materials that are not the same or substantially the same
715 materials as those of the primary dwelling.

716

717 The corporation shall make available a policy for mobile homes
718 or manufactured homes for a minimum insured value of at least
719 \$3,000.

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

722 19. May require commercial property to meet specified
723 hurricane mitigation construction features as a condition of
724 eligibility for coverage.

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

734 21. As of January 1, 2012, must require that the agent
735 obtain from an applicant for coverage from the corporation an



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736 acknowledgment signed by the applicant, which includes, at a
737 minimum, the following statement:

738

739 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
740 AND ASSESSMENT LIABILITY:

741

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

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

757 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
758 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
759 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
760 FLORIDA LEGISLATURE.

761 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
762 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
763 STATE OF FLORIDA.

764



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

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

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

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

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

792 3. If ~~After~~ the public hurricane loss-projection model
793 under s. 627.06281 is ~~has been~~ found to be accurate and reliable



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794 by the Florida Commission on Hurricane Loss Projection
795 Methodology, it must ~~the model shall~~ be considered when
796 establishing the windstorm portion of the corporation's rates.
797 The corporation may use the public model results in combination
798 with the results of private models to calculate rates for the
799 windstorm portion of the corporation's rates. This subparagraph
800 does not require or allow the corporation to adopt rates lower
801 than the rates otherwise required or allowed by this paragraph.

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

805 5. Notwithstanding the board's recommended rates and the
806 office's final order regarding the corporation's filed rates
807 under subparagraph 1., the corporation shall annually implement
808 a rate increase that ~~which~~, except for sinkhole coverage, does
809 not exceed the following for any single policy issued by the
810 corporation, excluding coverage changes and surcharges:

- 811 a. Eleven percent for 2022.
- 812 b. Twelve percent for 2023.
- 813 c. Thirteen percent for 2024.
- 814 d. Fourteen percent for 2025.
- 815 e. Fifteen percent for 2026 and all subsequent years.

816 6. The corporation may also implement an increase to
817 reflect the effect on the corporation of the cash buildup factor
818 pursuant to s. 215.555(5)(b).

819 7. The corporation's implementation of rates as prescribed
820 in subparagraph 5. must ~~shall~~ cease for any line of business
821 written by the corporation upon the corporation's implementation
822 of actuarially sound rates. Thereafter, the corporation shall



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823 annually make a recommended actuarially sound rate filing for
824 each commercial and personal line of business the corporation
825 writes.

826 (q)1. The corporation shall certify to the office its needs
827 for annual assessments as to a particular calendar year, and for
828 any interim assessments that it deems to be necessary to sustain
829 operations as to a particular year pending the receipt of annual
830 assessments. Upon verification, the office shall approve such
831 certification, and the corporation shall levy such annual or
832 interim assessments. Such assessments shall be prorated as
833 provided in paragraph (b). The corporation shall take all
834 reasonable and prudent steps necessary to collect the amount of
835 assessments due from each assessable insurer, including, if
836 prudent, filing suit to collect the assessments, and the office
837 may provide such assistance to the corporation it deems
838 appropriate. If the corporation is unable to collect an
839 assessment from any assessable insurer, the uncollected
840 assessments shall be levied as an additional assessment against
841 the assessable insurers and any assessable insurer required to
842 pay an additional assessment as a result of such failure to pay
843 shall have a cause of action against such nonpaying assessable
844 insurer. Assessments shall be included as an appropriate factor
845 in the making of rates. The failure of a surplus lines agent to
846 collect and remit any regular or emergency assessment levied by
847 the corporation is considered to be a violation of s. 626.936
848 and subjects the surplus lines agent to the penalties provided
849 in that section.

850 2. The governing body of any unit of local government, any
851 residents of which are insured by the corporation, may issue



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852 bonds as defined in s. 125.013 or s. 166.101 from time to time
853 to fund an assistance program, in conjunction with the
854 corporation, for the purpose of defraying deficits of the
855 corporation. In order to avoid needless and indiscriminate
856 proliferation, duplication, and fragmentation of such assistance
857 programs, any unit of local government, any residents of which
858 are insured by the corporation, may provide for the payment of
859 losses, regardless of whether or not the losses occurred within
860 or outside of the territorial jurisdiction of the local
861 government. Revenue bonds under this subparagraph may not be
862 issued until validated pursuant to chapter 75, unless a state of
863 emergency is declared by executive order or proclamation of the
864 Governor pursuant to s. 252.36 making such findings as are
865 necessary to determine that it is in the best interests of, and
866 necessary for, the protection of the public health, safety, and
867 general welfare of residents of this state and declaring it an
868 essential public purpose to permit certain municipalities or
869 counties to issue such bonds as will permit relief to claimants
870 and policyholders of the corporation. Any such unit of local
871 government may enter into such contracts with the corporation
872 and with any other entity created pursuant to this subsection as
873 are necessary to carry out this paragraph. Any bonds issued
874 under this subparagraph shall be payable from and secured by
875 moneys received by the corporation from emergency assessments
876 under sub-subparagraph (b)3.d., and assigned and pledged to or
877 on behalf of the unit of local government for the benefit of the
878 holders of such bonds. The funds, credit, property, and taxing
879 power of the state or of the unit of local government may ~~shall~~
880 not be pledged for the payment of such bonds.



881 3.a. The corporation shall adopt one or more programs
882 subject to approval by the office for the reduction of both new
883 and renewal writings in the corporation. Beginning January 1,
884 2008, any program the corporation adopts for the payment of
885 bonuses to an insurer for each risk the insurer removes from the
886 corporation shall comply with s. 627.3511(2) and may not exceed
887 the amount referenced in s. 627.3511(2) for each risk removed.
888 The corporation may consider any prudent and not unfairly
889 discriminatory approach to reducing corporation writings, and
890 may adopt a credit against assessment liability or other
891 liability that provides an incentive for insurers to take risks
892 out of the corporation and to keep risks out of the corporation
893 by maintaining or increasing voluntary writings in counties or
894 areas in which corporation risks are highly concentrated and a
895 program to provide a formula under which an insurer voluntarily
896 taking risks out of the corporation by maintaining or increasing
897 voluntary writings will be relieved wholly or partially from
898 assessments under sub-subparagraph (b)3.a. However, any "take-
899 out bonus" or payment to an insurer must be conditioned on the
900 property being insured for at least 5 years by the insurer,
901 unless canceled or nonrenewed by the policyholder. If the policy
902 is canceled or nonrenewed by the policyholder before the end of
903 the 5-year period, the amount of the take-out bonus must be
904 prorated for the time period the policy was insured. When the
905 corporation enters into a contractual agreement for a take-out
906 plan, the producing agent of record of the corporation policy is
907 entitled to retain any unearned commission on such policy, and
908 the insurer shall either:

909 (I) Pay to the producing agent of record of the policy, for



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910 the first year, an amount which is the greater of the insurer's
911 usual and customary commission for the type of policy written or
912 a policy fee equal to the usual and customary commission of the
913 corporation; or

914 (II) Offer to allow the producing agent of record of the
915 policy to continue servicing the policy for a period of not less
916 than 1 year and offer to pay the agent the insurer's usual and
917 customary commission for the type of policy written. If the
918 producing agent is unwilling or unable to accept appointment by
919 the new insurer, the new insurer shall pay the agent in
920 accordance with sub-sub-subparagraph (I).

921 b. Any credit or exemption from regular assessments adopted
922 under this subparagraph shall last no longer than the 3 years
923 following the cancellation or expiration of the policy by the
924 corporation. With the approval of the office, the board may
925 extend such credits for an additional year if the insurer
926 guarantees an additional year of renewability for all policies
927 removed from the corporation, or for 2 additional years if the
928 insurer guarantees 2 additional years of renewability for all
929 policies so removed.

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

933 d. Notwithstanding any other law, for purposes of a
934 depopulation, take-out, or keep-out program adopted by the
935 corporation, including an initial or renewal offer of coverage
936 made to a policyholder removed from the corporation pursuant to
937 such program, an eligible surplus lines insurer may participate
938 in the program in the same manner and on the same terms as an



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939 authorized insurer, except as provided under this sub-
940 subparagraph.

941 (I) The policy count of the corporation must be more than
942 700,000 within the 30 days before the time a takeout offer is
943 made by a surplus lines insurer.

944 (II) To qualify for participation, the surplus lines
945 insurer must first obtain approval from the office for its
946 depopulation, take-out, or keep-out plan and then comply with
947 all of the corporation's requirements for the plan applicable to
948 admitted insurers and with all statutory provisions applicable
949 to the removal of policies from the corporation.

950 (III) In considering a surplus lines insurer's request for
951 approval for its plan, the office shall determine whether the
952 surplus lines insurer meets the following requirements:

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

955 (B) Has a superior, excellent, exceptional, or equally
956 comparable financial strength rating by a rating agency
957 acceptable to the office;

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

963 (D) Provides prominent notice to the policyholder before
964 the assumption of the policy that surplus lines policies are not
965 provided coverage by the Florida Insurance Guaranty Association
966 and provides an outline of any substantial differences in
967 coverage between the existing policy and the policy being



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968 offered to the insured; and
969 (E) Provides policy coverage similar to that provided by
970 the corporation.
971 (IV) To obtain approval for a plan, the surplus lines
972 insurer must file the following with the office:
973 (A) Information requested by the office to demonstrate
974 compliance with s. 624.404(3), including biographical
975 affidavits, fingerprints processed pursuant to s. 624.34, and
976 the results of criminal history records checks for officers and
977 directors of the insurer and its parent or holding company;
978 (B) A service-of-process consent and agreement form
979 executed by the insurer;
980 (C) Proof that the insurer has been an eligible or
981 authorized insurer for at least 3 years;
982 (D) A duly authenticated copy of the insurer's current
983 audited financial statement, in English, which, in the case of
984 statements originally made in the currencies of other countries,
985 expresses all monetary values in United States dollars, at an
986 exchange rate then current and shown in the statement, and
987 including any additional information relative to the insurer as
988 the office may request;
989 (E) A complete certified copy of the latest official
990 financial statement required by the insurer's domiciliary state,
991 if different from the statement required by sub-sub-sub-
992 subparagraph (D); and
993 (F) If applicable, a copy of the United States trust
994 account agreement.
995
996 This sub-sub-subparagraph does not subject any surplus lines



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997 insurer to requirements in addition to part VIII of chapter 626.
998 Surplus lines brokers making an offer of coverage under this
999 sub-subparagraph are not required to comply with s.
1000 626.916(1) (a), (b), (c), or (e).

1001 (V) Within 10 days after the date of assumption, the
1002 surplus lines insurer assuming policies from the corporation
1003 shall remit to the Bureau of Collateral Management within the
1004 Department of Financial Services a special deposit equal to the
1005 unearned premium net of unearned commissions on the assumed
1006 block of business. The surplus lines insurer shall submit to the
1007 office, along with the special deposit, an accounting of the
1008 policies assumed and the amount of unearned premium for such
1009 policies and a sworn affidavit attesting to the accuracy of the
1010 accounting by an officer of the surplus lines insurer.
1011 Thereafter, the surplus lines insurer shall make a filing within
1012 10 days after the end of each calendar quarter attesting to the
1013 unearned premium in force for the previous quarter on policies
1014 assumed from the corporation and shall submit additional funds
1015 with that filing if the special deposit is insufficient to cover
1016 the unearned premium on assumed policies, or shall receive a
1017 return of funds within 60 days if the special deposit exceeds
1018 the amount of unearned premium required for assumed policies.
1019 The special deposit is an asset of the surplus lines insurer
1020 which is held by the department for the benefit of state
1021 policyholders of the surplus lines insurer in the event of the
1022 insolvency of the surplus lines insurer. If an order of
1023 liquidation is entered in any state against the surplus lines
1024 insurer, the department may use the special deposit for payment
1025 of unearned premium or policy claims, return all or part of the



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1026 deposit to the domiciliary receiver, or use the funds in
1027 accordance with any action authorized under part I of chapter
1028 631 or in compliance with any order of a court having
1029 jurisdiction over the insolvency.

1030 (VI) In advance of a surplus lines insurer assuming a
1031 policy, surplus lines brokers representing a surplus lines
1032 insurer on a take-out program shall obtain confirmation, in
1033 written or e-mail form, from each producing agent stating that
1034 the agent is willing to participate in the take-out program with
1035 the surplus lines insurer engaging in the take-out program. The
1036 take-out program is also subject to s. 627.3517. If a
1037 policyholder is selected for removal from the corporation by a
1038 surplus lines insurer and an authorized insurer, the corporation
1039 must give priority to the offer of coverage from the authorized
1040 insurer.

1041 (VII) (A) A risk that has a dwelling replacement cost of
1042 \$700,000 or more or a single condominium unit that has a
1043 combined dwelling and contents replacement cost of \$700,000 or
1044 more is not eligible for coverage by the corporation if it is
1045 offered comparable coverage from a qualified surplus lines
1046 insurer at a premium no greater than the

1047
1048 ===== T I T L E A M E N D M E N T =====

1049 And the title is amended as follows:

1050 Delete lines 4 - 7

1051 and insert:

1052 applicability; amending s. 627.351, F.S.; requiring,
1053 rather than authorizing, the corporation to use a
1054 single account under certain circumstances; revising



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1055 the method for determining the amounts of potential
1056 surcharges to be levied against policyholders under
1057 certain circumstances; requiring the corporation to
1058 annually collect a specified surcharge upon renewal on
1059 certain policies; defining the term "primary