

The Florida Senate
HOUSE MESSAGE SUMMARY

Prepared By: The Professional Staff of the Committee on Banking and Insurance

[2022s00468.hms.bi]

BILL: SB 468
INTRODUCER: Senator Perry
SUBJECT: Insurance
DATE: March 10, 2022

I. Amendments Contained in Message:

House Amendment – 224215 (body with title)

II. Summary of Amendments Contained in Message:

House Amendment – 224215 adds provisions from the House companion to this bill, CS/CS/HB 503, and also incorporates provisions contained in CS/CS/HB 1307, which is an act related to Citizens Property Insurance Corporation.

Section 3 amends s. 624.413, F.S., to allow the Office of Insurance Regulation to require that persons that are citizens of, domiciled in, or residents of a country outside of the United States, who are also owners of an applicant for a certificate of authority to transact insurance in this state, must provide sworn biographical statements, legible copies of fingerprints, and releases of background investigation information when the aggregate ownership of such insurer by persons outside the United States exceeds or intends to exceed 10 percent. This provision applies to stock insurers, multiple-employer welfare arrangements, insurance administrators, domestic insurers, domestic reciprocal insurers, motor vehicle service agreements, home warranties, service warranties, prepaid limited health service organizations, discount plan organizations, health maintenance organizations, prepaid health clinics, and continuing care contracts.

Section 7 amends s. 627.021, F.S., to clarify the Rating Law does not apply to surplus lines placed under ss. 626.913-626.937, except as may be specifically stated to apply.

Section 12 amends s. 627.351, F.S., related to Citizens Property Insurance Corporation (Citizens). The amendment:

- Requires that Citizens use a method for valuing dwelling replacement cost, which is approved by the Office of Insurance Regulation (OIR), when enforcing the requirement that structures and single condominium units with a replacement cost above the statutory threshold are ineligible for Citizens. Currently, structures and single condominium units with a replacement cost above \$700,000 are ineligible for Citizens coverage unless the dwelling or single condominium unit is located in a county where the OIR has determined there is not a reasonable degree of competition, which is currently Miami-Dade County and Monroe County, where the statutory threshold is \$1 million.

- Deletes unnecessary language related to Citizens eligibility that ceased to be effective on January 1, 2017.
- Provides that a policy removed from Citizens through an assumption agreement remains on Citizens' policy forms through the end of the policy term.
- Establishes that when a Citizens' personal residential lines or commercial residential lines policyholder receives an offer of coverage at renewal from an authorized insurer, the risk is not eligible for coverage from Citizens unless the premium from the authorized insurers are more than a set percentage greater than the renewal premiums for comparable coverage from Citizens. This percentage is 4 percent for policies renewing in 2023, and will increase annually by 4 percent increments until it reaches 20 percent in 2027. The bill also provides that a commercial residential risk seeking new Citizens coverage will be ineligible if it receives an offer of coverage from an authorized insurer that is more than 20 percent greater than Citizens coverage. Current law sets the threshold at 15 percent.
- Requires the executive director of Citizens, at the time of appointment, to have experience, character, and qualifications as set forth in s. 624.404(3), F.S.
- Modifies the current requirement that at least one of the two members of the Citizen's Board of Governor appointed by each appointing officer have "demonstrated experience in insurance," by specifying that such experience consist of at least 10 years of experience:
 - In property and casualty insurance as a full-time employee, officer, or owner of a licensed insurance agency or an insurer writing residential property insurance in Florida;
 - As an insurance regulator; or
 - As an executive director or officer of an insurance trade association.
- Eliminates the ability of Citizens to include the cost of reinsurance in its rate calculations if it does not purchase reinsurance.

Section 13 makes technical changes to s. 627.3517, F.S., related to consumer choice.

Section 14 amends s. 6267.3518, F.S., related to the Citizens clearinghouse program, to eliminate a 36-month exception where a policyholder whose policy has been taken-out of Citizens can still be considered a renewal if the authorized insurer that took the policy raises the policyholder's rates above the rate increase allowed under the Citizens glidepath. The amendment makes additional conforming changes.

Section 18 amends s. 627.7152, F.S., to exclude public adjuster fees from the definition of "assignment agreements." The section retains the provisions in CS/CS/SB 468 that include inspections within the services covered by the definition of an assignment agreement and specify that the Notice of Intent to Initiate Litigation must be sent to the address or email specified in the insurance policy.

Section 20 amends s. 634.171, F.S., to provide that a licensed personal lines or general lines agent is exempt from salesperson licensing requirements to solicit, negotiate, advertise, or sell motor vehicle service agreements.