

26 | to personal lines residential risks that are primary
27 | residences and to personal lines residential risks
28 | that are not primary residences; providing that
29 | comparisons of comparable coverages under certain
30 | personal lines residential risks and commercial lines
31 | residential risks do not apply to policies that do not
32 | cover primary residences; providing that certain risks
33 | that could not be insured under standard policies are
34 | eligible for certain basic policies; authorizing
35 | policies that are removed from the corporation through
36 | assumption agreements to remain on the corporation's
37 | policy forms through the end of policy terms;
38 | providing duties of the insurers relating to producing
39 | agents of record under certain circumstances; revising
40 | the corporation's plan of operation; revising the
41 | required statements from applicants for coverage;
42 | revising the duties of the executive director of the
43 | corporation; authorizing the executive director to
44 | assign and appoint designees; removing a
45 | nonapplicability provision relating to bond
46 | requirements; removing obsolete language; authorizing
47 | insurers' assessable insureds to be relieved from
48 | assessments under certain circumstances; removing
49 | provisions relating to certain insurer assessment
50 | deferments; removing provisions relating to the

51 | intangibles of and coverage by the Florida Windstorm
 52 | Underwriting Association and the corporation coastal
 53 | account; authorizing the corporation and certain
 54 | persons to make specified information obtained from
 55 | underwriting files and confidential claims files
 56 | available to licensed surplus lines agents;
 57 | prohibiting such agents from using such information
 58 | for specified purposes; authorizing the corporation to
 59 | share its claims data with a specified entity;
 60 | amending s. 627.3511, F.S.; conforming provisions to
 61 | changes made by the act; conforming cross-references;
 62 | providing the corporation authority relating to
 63 | patents, copyrights, and trademarks; amending s.
 64 | 627.3518, F.S.; providing nonapplicability of
 65 | provisions relating to noneligibility for coverage by
 66 | the corporation; providing effective dates.

67 |
 68 | Be It Enacted by the Legislature of the State of Florida:

69 |
 70 | Section 1. Subsection (7) of section 627.351, Florida
 71 | Statutes, is renumbered as subsection (8), paragraph (b) of
 72 | subsection (2) and subsection (6) are amended, and a new
 73 | subsection (7) is added to that section, to read:

74 | 627.351 Insurance risk apportionment plans.—
 75 | (2) WINDSTORM INSURANCE RISK APPORTIONMENT.—

76 (b) The department shall require all insurers holding a
77 certificate of authority to transact property insurance on a
78 direct basis in this state, other than joint underwriting
79 associations and other entities formed pursuant to this section,
80 to provide windstorm coverage to applicants from areas
81 determined to be eligible pursuant to paragraph (c) who in good
82 faith are entitled to, but are unable to procure, such coverage
83 through ordinary means; or it shall adopt a reasonable plan or
84 plans for the equitable apportionment or sharing among such
85 insurers of windstorm coverage, which may include formation of
86 an association for this purpose. As used in this subsection, the
87 term "property insurance" means insurance on real or personal
88 property, as defined in s. 624.604, including insurance for
89 fire, industrial fire, allied lines, farmowners multiperil,
90 homeowners multiperil, commercial multiperil, and mobile homes,
91 and including liability coverages on all such insurance, but
92 excluding inland marine as defined in s. 624.607(3) and
93 excluding vehicle insurance as defined in s. 624.605(1)(a) other
94 than insurance on mobile homes used as permanent dwellings. The
95 department shall adopt rules that provide a formula for the
96 recovery and repayment of any deferred assessments.

97 1. For the purpose of this section, properties eligible
98 for such windstorm coverage are defined as dwellings, buildings,
99 and other structures, including mobile homes which are used as
100 dwellings and which are tied down in compliance with mobile home

101 tie-down requirements prescribed by the Department of Highway
 102 Safety and Motor Vehicles pursuant to s. 320.8325, and the
 103 contents of all such properties. An applicant or policyholder is
 104 eligible for coverage only if an offer of coverage cannot be
 105 obtained by or for the applicant or policyholder from an
 106 admitted insurer at approved rates.

107 2.a.(I) All insurers required to be members of such
 108 association shall participate in its writings, expenses, and
 109 losses. Surplus of the association shall be retained for the
 110 payment of claims and shall not be distributed to the member
 111 insurers. Such participation by member insurers shall be in the
 112 proportion that the net direct premiums of each member insurer
 113 written for property insurance in this state during the
 114 preceding calendar year bear to the aggregate net direct
 115 premiums for property insurance of all member insurers, as
 116 reduced by any credits for voluntary writings, in this state
 117 during the preceding calendar year. For the purposes of this
 118 subsection, the term "net direct premiums" means direct written
 119 premiums for property insurance, reduced by premium for
 120 liability coverage and for the following if included in allied
 121 lines: rain and hail on growing crops; livestock; association
 122 direct premiums booked; National Flood Insurance Program direct
 123 premiums; and similar deductions specifically authorized by the
 124 plan of operation and approved by the department. A member's
 125 participation shall begin on the first day of the calendar year

126 following the year in which it is issued a certificate of
127 authority to transact property insurance in the state and shall
128 terminate 1 year after the end of the calendar year during which
129 it no longer holds a certificate of authority to transact
130 property insurance in the state. The commissioner, after review
131 of annual statements, other reports, and any other statistics
132 that the commissioner deems necessary, shall certify to the
133 association the aggregate direct premiums written for property
134 insurance in this state by all member insurers.

135 (II) Effective July 1, 2002, the association shall operate
136 subject to the supervision and approval of a board of governors
137 who are the same individuals that have been appointed by the
138 Treasurer to serve on the board of governors of the Citizens
139 Property Insurance Corporation.

140 (III) The plan of operation shall provide a formula
141 whereby a company voluntarily providing windstorm coverage in
142 affected areas will be relieved wholly or partially from
143 apportionment of a regular assessment pursuant to sub-sub-
144 subparagraph d.(I) or sub-sub-subparagraph d.(II).

145 (IV) A company which is a member of a group of companies
146 under common management may elect to have its credits applied on
147 a group basis, and any company or group may elect to have its
148 credits applied to any other company or group.

149 (V) There shall be no credits or relief from apportionment
150 to a company for emergency assessments collected from its

151 policyholders under sub-sub-subparagraph d.(III).

152 (VI) The plan of operation may also provide for the award
 153 of credits, for a period not to exceed 3 years, from a regular
 154 assessment pursuant to sub-sub-subparagraph d.(I) or sub-sub-
 155 subparagraph d.(II) as an incentive for taking policies out of
 156 the Residential Property and Casualty Joint Underwriting
 157 Association. In order to qualify for the exemption under this
 158 sub-sub-subparagraph, the take-out plan must provide that at
 159 least 40 percent of the policies removed from the Residential
 160 Property and Casualty Joint Underwriting Association cover risks
 161 located in Miami-Dade, Broward, and Palm Beach Counties or at
 162 least 30 percent of the policies so removed cover risks located
 163 in Miami-Dade, Broward, and Palm Beach Counties and an
 164 additional 50 percent of the policies so removed cover risks
 165 located in other coastal counties, and must also provide that no
 166 more than 15 percent of the policies so removed may exclude
 167 windstorm coverage. With the approval of the department, the
 168 association may waive these geographic criteria for a take-out
 169 plan that removes at least the lesser of 100,000 Residential
 170 Property and Casualty Joint Underwriting Association policies or
 171 15 percent of the total number of Residential Property and
 172 Casualty Joint Underwriting Association policies, provided the
 173 governing board of the Residential Property and Casualty Joint
 174 Underwriting Association certifies that the take-out plan will
 175 materially reduce the Residential Property and Casualty Joint

176 Underwriting Association's 100-year probable maximum loss from
177 hurricanes. With the approval of the department, the board may
178 extend such credits for an additional year if the insurer
179 guarantees an additional year of renewability for all policies
180 removed from the Residential Property and Casualty Joint
181 Underwriting Association, or for 2 additional years if the
182 insurer guarantees 2 additional years of renewability for all
183 policies removed from the Residential Property and Casualty
184 Joint Underwriting Association.

185 b. Assessments to pay deficits in the association under
186 this subparagraph shall be included as an appropriate factor in
187 the making of rates as provided in s. 627.3512.

188 c. The Legislature finds that the potential for unlimited
189 deficit assessments under this subparagraph may induce insurers
190 to attempt to reduce their writings in the voluntary market, and
191 that such actions would worsen the availability problems that
192 the association was created to remedy. It is the intent of the
193 Legislature that insurers remain fully responsible for paying
194 regular assessments and collecting emergency assessments for any
195 deficits of the association; however, it is also the intent of
196 the Legislature to provide a means by which assessment
197 liabilities may be amortized over a period of years.

198 d.(I) When the deficit incurred in a particular calendar
199 year is 10 percent or less of the aggregate statewide direct
200 written premium for property insurance for the prior calendar

201 year for all member insurers, the association shall levy an
 202 assessment on member insurers in an amount equal to the deficit.

203 (II) When the deficit incurred in a particular calendar
 204 year exceeds 10 percent of the aggregate statewide direct
 205 written premium for property insurance for the prior calendar
 206 year for all member insurers, the association shall levy an
 207 assessment on member insurers in an amount equal to the greater
 208 of 10 percent of the deficit or 10 percent of the aggregate
 209 statewide direct written premium for property insurance for the
 210 prior calendar year for member insurers. Any remaining deficit
 211 shall be recovered through emergency assessments under sub-sub-
 212 subparagraph (III).

213 (III) Upon a determination by the board of directors that
 214 a deficit exceeds the amount that will be recovered through
 215 regular assessments on member insurers, pursuant to sub-sub-
 216 subparagraph (I) or sub-sub-subparagraph (II), the board shall
 217 levy, after verification by the department, emergency
 218 assessments to be collected by member insurers and by
 219 underwriting associations created pursuant to this section which
 220 write property insurance, upon issuance or renewal of property
 221 insurance policies other than National Flood Insurance policies
 222 in the year or years following levy of the regular assessments.
 223 The amount of the emergency assessment collected in a particular
 224 year shall be a uniform percentage of that year's direct written
 225 premium for property insurance for all member insurers and

226 | underwriting associations, excluding National Flood Insurance
227 | policy premiums, as annually determined by the board and
228 | verified by the department. The department shall verify the
229 | arithmetic calculations involved in the board's determination
230 | within 30 days after receipt of the information on which the
231 | determination was based. Notwithstanding any other provision of
232 | law, each member insurer and each underwriting association
233 | created pursuant to this section shall collect emergency
234 | assessments from its policyholders without such obligation being
235 | affected by any credit, limitation, exemption, or deferment. The
236 | emergency assessments so collected shall be transferred directly
237 | to the association on a periodic basis as determined by the
238 | association. The aggregate amount of emergency assessments
239 | levied under this sub-sub-subparagraph in any calendar year may
240 | not exceed the greater of 10 percent of the amount needed to
241 | cover the original deficit, plus interest, fees, commissions,
242 | required reserves, and other costs associated with financing of
243 | the original deficit, or 10 percent of the aggregate statewide
244 | direct written premium for property insurance written by member
245 | insurers and underwriting associations for the prior year, plus
246 | interest, fees, commissions, required reserves, and other costs
247 | associated with financing the original deficit. The board may
248 | pledge the proceeds of the emergency assessments under this sub-
249 | sub-subparagraph as the source of revenue for bonds, to retire
250 | any other debt incurred as a result of the deficit or events

251 giving rise to the deficit, or in any other way that the board
252 determines will efficiently recover the deficit. The emergency
253 assessments under this sub-sub-subparagraph shall continue as
254 long as any bonds issued or other indebtedness incurred with
255 respect to a deficit for which the assessment was imposed remain
256 outstanding, unless adequate provision has been made for the
257 payment of such bonds or other indebtedness pursuant to the
258 document governing such bonds or other indebtedness. Emergency
259 assessments collected under this sub-sub-subparagraph are not
260 part of an insurer's rates, are not premium, and are not subject
261 to premium tax, fees, or commissions; however, failure to pay
262 the emergency assessment shall be treated as failure to pay
263 premium.

264 (IV) Each member insurer's share of the total regular
265 assessments under sub-sub-subparagraph (I) or sub-sub-
266 subparagraph (II) shall be in the proportion that the insurer's
267 net direct premium for property insurance in this state, for the
268 year preceding the assessment bears to the aggregate statewide
269 net direct premium for property insurance of all member
270 insurers, as reduced by any credits for voluntary writings for
271 that year.

272 (V) If regular deficit assessments are made under sub-sub-
273 subparagraph (I) or sub-sub-subparagraph (II), ~~or by the~~
274 ~~Residential Property and Casualty Joint Underwriting Association~~
275 ~~under sub-subparagraph (6)(b)3.a.,~~ the association shall levy

276 upon the association's policyholders, as part of its next rate
277 filing, or by a separate rate filing solely for this purpose, a
278 market equalization surcharge in a percentage equal to the total
279 amount of such regular assessments divided by the aggregate
280 statewide direct written premium for property insurance for
281 member insurers for the prior calendar year. Market equalization
282 surcharges under this sub-sub-subparagraph are not considered
283 premium and are not subject to commissions, fees, or premium
284 taxes; however, failure to pay a market equalization surcharge
285 shall be treated as failure to pay premium.

286 e. The governing body of any unit of local government, any
287 residents of which are insured under the plan, may issue bonds
288 as defined in s. 125.013 or s. 166.101 to fund an assistance
289 program, in conjunction with the association, for the purpose of
290 defraying deficits of the association. In order to avoid
291 needless and indiscriminate proliferation, duplication, and
292 fragmentation of such assistance programs, any unit of local
293 government, any residents of which are insured by the
294 association, may provide for the payment of losses, regardless
295 of whether or not the losses occurred within or outside of the
296 territorial jurisdiction of the local government. Revenue bonds
297 may not be issued until validated pursuant to chapter 75, unless
298 a state of emergency is declared by executive order or
299 proclamation of the Governor pursuant to s. 252.36 making such
300 findings as are necessary to determine that it is in the best

301 interests of, and necessary for, the protection of the public
302 health, safety, and general welfare of residents of this state
303 and the protection and preservation of the economic stability of
304 insurers operating in this state, and declaring it an essential
305 public purpose to permit certain municipalities or counties to
306 issue bonds as will provide relief to claimants and
307 policyholders of the association and insurers responsible for
308 apportionment of plan losses. Any such unit of local government
309 may enter into such contracts with the association and with any
310 other entity created pursuant to this subsection as are
311 necessary to carry out this paragraph. Any bonds issued under
312 this sub-subparagraph shall be payable from and secured by
313 moneys received by the association from assessments under this
314 subparagraph, and assigned and pledged to or on behalf of the
315 unit of local government for the benefit of the holders of such
316 bonds. The funds, credit, property, and taxing power of the
317 state or of the unit of local government shall not be pledged
318 for the payment of such bonds. If any of the bonds remain unsold
319 60 days after issuance, the department shall require all
320 insurers subject to assessment to purchase the bonds, which
321 shall be treated as admitted assets; each insurer shall be
322 required to purchase that percentage of the unsold portion of
323 the bond issue that equals the insurer's relative share of
324 assessment liability under this subsection. An insurer shall not
325 be required to purchase the bonds to the extent that the

326 department determines that the purchase would endanger or impair
327 the solvency of the insurer. The authority granted by this sub-
328 subparagraph is additional to any bonding authority granted by
329 subparagraph 6.

330 3. The plan shall also provide that any member with a
331 surplus as to policyholders of \$25 million or less writing 25
332 percent or more of its total countrywide property insurance
333 premiums in this state may petition the department, within the
334 first 90 days of each calendar year, to qualify as a limited
335 apportionment company. The apportionment of such a member
336 company in any calendar year for which it is qualified shall not
337 exceed its gross participation, which shall not be affected by
338 the formula for voluntary writings. In no event shall a limited
339 apportionment company be required to participate in any
340 apportionment of losses pursuant to sub-sub-subparagraph 2.d.(I)
341 or sub-sub-subparagraph 2.d.(II) in the aggregate which exceeds
342 \$50 million after payment of available plan funds in any
343 calendar year. However, a limited apportionment company shall
344 collect from its policyholders any emergency assessment imposed
345 under sub-sub-subparagraph 2.d.(III). The plan shall provide
346 that, if the department determines that any regular assessment
347 will result in an impairment of the surplus of a limited
348 apportionment company, the department may direct that all or
349 part of such assessment be deferred. However, there shall be no
350 limitation or deferment of an emergency assessment to be

351 collected from policyholders under sub-sub-subparagraph
352 2.d.(III).

353 4. The plan shall provide for the deferment, in whole or
354 in part, of a regular assessment of a member insurer under sub-
355 sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II), but
356 not for an emergency assessment collected from policyholders
357 under sub-sub-subparagraph 2.d.(III), if, in the opinion of the
358 commissioner, payment of such regular assessment would endanger
359 or impair the solvency of the member insurer. In the event a
360 regular assessment against a member insurer is deferred in whole
361 or in part, the amount by which such assessment is deferred may
362 be assessed against the other member insurers in a manner
363 consistent with the basis for assessments set forth in sub-sub-
364 subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II).

365 5.a. The plan of operation may include deductibles and
366 rules for classification of risks and rate modifications
367 consistent with the objective of providing and maintaining funds
368 sufficient to pay catastrophe losses.

369 b. It is the intent of the Legislature that the rates for
370 coverage provided by the association be actuarially sound and
371 not competitive with approved rates charged in the admitted
372 voluntary market such that the association functions as a
373 residual market mechanism to provide insurance only when the
374 insurance cannot be procured in the voluntary market. The plan
375 of operation shall provide a mechanism to assure that, beginning

376 no later than January 1, 1999, the rates charged by the
377 association for each line of business are reflective of approved
378 rates in the voluntary market for hurricane coverage for each
379 line of business in the various areas eligible for association
380 coverage.

381 c. The association shall provide for windstorm coverage on
382 residential properties in limits up to \$10 million for
383 commercial lines residential risks and up to \$1 million for
384 personal lines residential risks. If coverage with the
385 association is sought for a residential risk valued in excess of
386 these limits, coverage shall be available to the risk up to the
387 replacement cost or actual cash value of the property, at the
388 option of the insured, if coverage for the risk cannot be
389 located in the authorized market. The association must accept a
390 commercial lines residential risk with limits above \$10 million
391 or a personal lines residential risk with limits above \$1
392 million if coverage is not available in the authorized market.
393 The association may write coverage above the limits specified in
394 this subparagraph with or without facultative or other
395 reinsurance coverage, as the association determines appropriate.

396 d. The plan of operation must provide objective criteria
397 and procedures, approved by the department, to be uniformly
398 applied for all applicants in determining whether an individual
399 risk is so hazardous as to be uninsurable. In making this
400 determination and in establishing the criteria and procedures,

401 the following shall be considered:

402 (I) Whether the likelihood of a loss for the individual
 403 risk is substantially higher than for other risks of the same
 404 class; and

405 (II) Whether the uncertainty associated with the
 406 individual risk is such that an appropriate premium cannot be
 407 determined.

408
 409 The acceptance or rejection of a risk by the association
 410 pursuant to such criteria and procedures must be construed as
 411 the private placement of insurance, and the provisions of
 412 chapter 120 do not apply.

413 e. If the risk accepts an offer of coverage through the
 414 market assistance program or through a mechanism established by
 415 the association, either before the policy is issued by the
 416 association or during the first 30 days of coverage by the
 417 association, and the producing agent who submitted the
 418 application to the association is not currently appointed by the
 419 insurer, the insurer shall:

420 (I) Pay to the producing agent of record of the policy,
 421 for the first year, an amount that is the greater of the
 422 insurer's usual and customary commission for the type of policy
 423 written or a fee equal to the usual and customary commission of
 424 the association; or

425 (II) Offer to allow the producing agent of record of the

426 | policy to continue servicing the policy for a period of not less
427 | than 1 year and offer to pay the agent the greater of the
428 | insurer's or the association's usual and customary commission
429 | for the type of policy written.

430 |

431 | If the producing agent is unwilling or unable to accept
432 | appointment, the new insurer shall pay the agent in accordance
433 | with sub-sub-subparagraph (I). Subject to the provisions of s.
434 | 627.3517, the policies issued by the association must provide
435 | that if the association obtains an offer from an authorized
436 | insurer to cover the risk at its approved rates under either a
437 | standard policy including wind coverage or, if consistent with
438 | the insurer's underwriting rules as filed with the department, a
439 | basic policy including wind coverage, the risk is no longer
440 | eligible for coverage through the association. Upon termination
441 | of eligibility, the association shall provide written notice to
442 | the policyholder and agent of record stating that the
443 | association policy must be canceled as of 60 days after the date
444 | of the notice because of the offer of coverage from an
445 | authorized insurer. Other provisions of the insurance code
446 | relating to cancellation and notice of cancellation do not apply
447 | to actions under this sub-subparagraph.

448 | f. When the association enters into a contractual
449 | agreement for a take-out plan, the producing agent of record of
450 | the association policy is entitled to retain any unearned

451 commission on the policy, and the insurer shall:

452 (I) Pay to the producing agent of record of the
453 association policy, for the first year, an amount that is the
454 greater of the insurer's usual and customary commission for the
455 type of policy written or a fee equal to the usual and customary
456 commission of the association; or

457 (II) Offer to allow the producing agent of record of the
458 association policy to continue servicing the policy for a period
459 of not less than 1 year and offer to pay the agent the greater
460 of the insurer's or the association's usual and customary
461 commission for the type of policy written.

462

463 If the producing agent is unwilling or unable to accept
464 appointment, the new insurer shall pay the agent in accordance
465 with sub-sub-subparagraph (I).

466 6.a. The plan of operation may authorize the formation of
467 a private nonprofit corporation, a private nonprofit
468 unincorporated association, a partnership, a trust, a limited
469 liability company, or a nonprofit mutual company which may be
470 empowered, among other things, to borrow money by issuing bonds
471 or by incurring other indebtedness and to accumulate reserves or
472 funds to be used for the payment of insured catastrophe losses.
473 The plan may authorize all actions necessary to facilitate the
474 issuance of bonds, including the pledging of assessments or
475 other revenues.

476 b. Any entity created under this subsection, or any entity
477 formed for the purposes of this subsection, may sue and be sued,
478 may borrow money; issue bonds, notes, or debt instruments;
479 pledge or sell assessments, market equalization surcharges and
480 other surcharges, rights, premiums, contractual rights,
481 projected recoveries from the Florida Hurricane Catastrophe
482 Fund, other reinsurance recoverables, and other assets as
483 security for such bonds, notes, or debt instruments; enter into
484 any contracts or agreements necessary or proper to accomplish
485 such borrowings; and take other actions necessary to carry out
486 the purposes of this subsection. The association may issue bonds
487 or incur other indebtedness, or have bonds issued on its behalf
488 by a unit of local government pursuant to subparagraph (6)(q)2.,
489 in the absence of a hurricane or other weather-related event,
490 upon a determination by the association subject to approval by
491 the department that such action would enable it to efficiently
492 meet the financial obligations of the association and that such
493 financings are reasonably necessary to effectuate the
494 requirements of this subsection. Any such entity may accumulate
495 reserves and retain surpluses as of the end of any association
496 year to provide for the payment of losses incurred by the
497 association during that year or any future year. The association
498 shall incorporate and continue the plan of operation and
499 articles of agreement in effect on the effective date of chapter
500 76-96, Laws of Florida, to the extent that it is not

501 inconsistent with chapter 76-96, and as subsequently modified
502 consistent with chapter 76-96. The board of directors and
503 officers currently serving shall continue to serve until their
504 successors are duly qualified as provided under the plan. The
505 assets and obligations of the plan in effect immediately prior
506 to the effective date of chapter 76-96 shall be construed to be
507 the assets and obligations of the successor plan created herein.

508 c. In recognition of s. 10, Art. I of the State
509 Constitution, prohibiting the impairment of obligations of
510 contracts, it is the intent of the Legislature that no action be
511 taken whose purpose is to impair any bond indenture or financing
512 agreement or any revenue source committed by contract to such
513 bond or other indebtedness issued or incurred by the association
514 or any other entity created under this subsection.

515 7. On such coverage, an agent's remuneration shall be that
516 amount of money payable to the agent by the terms of his or her
517 contract with the company with which the business is placed.
518 However, no commission will be paid on that portion of the
519 premium which is in excess of the standard premium of that
520 company.

521 8. Subject to approval by the department, the association
522 may establish different eligibility requirements and operational
523 procedures for any line or type of coverage for any specified
524 eligible area or portion of an eligible area if the board
525 determines that such changes to the eligibility requirements and

526 operational procedures are justified due to the voluntary market
527 being sufficiently stable and competitive in such area or for
528 such line or type of coverage and that consumers who, in good
529 faith, are unable to obtain insurance through the voluntary
530 market through ordinary methods would continue to have access to
531 coverage from the association. When coverage is sought in
532 connection with a real property transfer, such requirements and
533 procedures shall not provide for an effective date of coverage
534 later than the date of the closing of the transfer as
535 established by the transferor, the transferee, and, if
536 applicable, the lender.

537 9. Notwithstanding any other provision of law:

538 a. The pledge or sale of, the lien upon, and the security
539 interest in any rights, revenues, or other assets of the
540 association created or purported to be created pursuant to any
541 financing documents to secure any bonds or other indebtedness of
542 the association shall be and remain valid and enforceable,
543 notwithstanding the commencement of and during the continuation
544 of, and after, any rehabilitation, insolvency, liquidation,
545 bankruptcy, receivership, conservatorship, reorganization, or
546 similar proceeding against the association under the laws of
547 this state or any other applicable laws.

548 b. No such proceeding shall relieve the association of its
549 obligation, or otherwise affect its ability to perform its
550 obligation, to continue to collect, or levy and collect,

551 assessments, market equalization or other surcharges, projected
 552 recoveries from the Florida Hurricane Catastrophe Fund,
 553 reinsurance recoverables, or any other rights, revenues, or
 554 other assets of the association pledged.

555 c. Each such pledge or sale of, lien upon, and security
 556 interest in, including the priority of such pledge, lien, or
 557 security interest, any such assessments, emergency assessments,
 558 market equalization or renewal surcharges, projected recoveries
 559 from the Florida Hurricane Catastrophe Fund, reinsurance
 560 recoverables, or other rights, revenues, or other assets which
 561 are collected, or levied and collected, after the commencement
 562 of and during the pendency of or after any such proceeding shall
 563 continue unaffected by such proceeding.

564 d. As used in this subsection, the term "financing
 565 documents" means any agreement, instrument, or other document
 566 now existing or hereafter created evidencing any bonds or other
 567 indebtedness of the association or pursuant to which any such
 568 bonds or other indebtedness has been or may be issued and
 569 pursuant to which any rights, revenues, or other assets of the
 570 association are pledged or sold to secure the repayment of such
 571 bonds or indebtedness, together with the payment of interest on
 572 such bonds or such indebtedness, or the payment of any other
 573 obligation of the association related to such bonds or
 574 indebtedness.

575 e. Any such pledge or sale of assessments, revenues,

576 contract rights or other rights or assets of the association
577 shall constitute a lien and security interest, or sale, as the
578 case may be, that is immediately effective and attaches to such
579 assessments, revenues, contract, or other rights or assets,
580 whether or not imposed or collected at the time the pledge or
581 sale is made. Any such pledge or sale is effective, valid,
582 binding, and enforceable against the association or other entity
583 making such pledge or sale, and valid and binding against and
584 superior to any competing claims or obligations owed to any
585 other person or entity, including policyholders in this state,
586 asserting rights in any such assessments, revenues, contract, or
587 other rights or assets to the extent set forth in and in
588 accordance with the terms of the pledge or sale contained in the
589 applicable financing documents, whether or not any such person
590 or entity has notice of such pledge or sale and without the need
591 for any physical delivery, recordation, filing, or other action.

592 f. There shall be no liability on the part of, and no
593 cause of action of any nature shall arise against, any member
594 insurer or its agents or employees, agents or employees of the
595 association, members of the board of directors of the
596 association, or the department or its representatives, for any
597 action taken by them in the performance of their duties or
598 responsibilities under this subsection. Such immunity does not
599 apply to actions for breach of any contract or agreement
600 pertaining to insurance, or any willful tort.

601 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

605 1. The Legislature finds that private insurers are
 606 unwilling or unable to provide affordable property insurance
 607 coverage in this state to the extent sought and needed. The
 608 absence of affordable property insurance threatens the public
 609 health, safety, and welfare and likewise threatens the economic
 610 health of the state. The state therefore has a compelling public
 611 interest and a public purpose to assist in assuring that
 612 property in the state is insured and that it is insured at
 613 affordable rates so as to facilitate the remediation,
 614 reconstruction, and replacement of damaged or destroyed property
 615 in order to reduce or avoid the negative effects otherwise
 616 resulting to the public health, safety, and welfare, to the
 617 economy of the state, and to the revenues of the state and local
 618 governments which are needed to provide for the public welfare.
 619 It is necessary, therefore, to provide affordable property
 620 insurance to applicants who are in good faith entitled to
 621 procure insurance through the voluntary market but are unable to
 622 do so. The Legislature intends, therefore, that affordable
 623 property insurance be provided and that it continue to be
 624 provided, as long as necessary, through Citizens Property
 625 Insurance Corporation, a government entity that is an integral

626 part of the state, and that is not a private insurance company.
627 To that end, the corporation shall strive to increase the
628 availability of affordable property insurance in this state,
629 while achieving efficiencies and economies, and while providing
630 service to policyholders, applicants, and agents which is no
631 less than the quality generally provided in the voluntary
632 market, for the achievement of the foregoing public purposes.
633 Because it is essential for this government entity to have the
634 maximum financial resources to pay claims following a
635 catastrophic hurricane, it is the intent of the Legislature that
636 the corporation continue to be an integral part of the state and
637 that the income of the corporation be exempt from federal income
638 taxation and that interest on the debt obligations issued by the
639 corporation be exempt from federal income taxation.

640 2. The Residential Property and Casualty Joint
641 Underwriting Association originally created by this statute
642 shall be known as the Citizens Property Insurance Corporation.
643 The corporation shall provide insurance for residential and
644 commercial property, for applicants who are entitled, but, in
645 good faith, are unable to procure insurance through the
646 voluntary market. The corporation shall operate pursuant to a
647 plan of operation approved by order of the Financial Services
648 Commission. The plan is subject to continuous review by the
649 commission. The commission may, by order, withdraw approval of
650 all or part of a plan if the commission determines that

651 conditions have changed since approval was granted and that the
652 purposes of the plan require changes in the plan. For the
653 purposes of this subsection, residential coverage includes both
654 personal lines residential coverage, which consists of the type
655 of coverage provided by homeowner, mobile home owner, dwelling,
656 tenant, condominium unit owner, and similar policies; and
657 commercial lines residential coverage, which consists of the
658 type of coverage provided by condominium association, apartment
659 building, and similar policies.

660 3. With respect to coverage for personal lines residential
661 structures:

662 ~~a. Effective January 1, 2014, a structure that has a~~
663 ~~dwelling replacement cost of \$1 million or more, or a single~~
664 ~~condominium unit that has a combined dwelling and contents~~
665 ~~replacement cost of \$1 million or more, is not eligible for~~
666 ~~coverage by the corporation. Such dwellings insured by the~~
667 ~~corporation on December 31, 2013, may continue to be covered by~~
668 ~~the corporation until the end of the policy term. The office~~
669 ~~shall approve the method used by the corporation for valuing the~~
670 ~~dwelling replacement cost for the purposes of this subparagraph.~~
671 ~~If a policyholder is insured by the corporation before being~~
672 ~~determined to be ineligible pursuant to this subparagraph and~~
673 ~~such policyholder files a lawsuit challenging the determination,~~
674 ~~the policyholder may remain insured by the corporation until the~~
675 ~~conclusion of the litigation.~~

676 ~~b. Effective January 1, 2015, a structure that has a~~
677 ~~dwelling replacement cost of \$900,000 or more, or a single~~
678 ~~condominium unit that has a combined dwelling and contents~~
679 ~~replacement cost of \$900,000 or more, is not eligible for~~
680 ~~coverage by the corporation. Such dwellings insured by the~~
681 ~~corporation on December 31, 2014, may continue to be covered by~~
682 ~~the corporation only until the end of the policy term.~~

683 ~~c. Effective January 1, 2016, a structure that has a~~
684 ~~dwelling replacement cost of \$800,000 or more, or a single~~
685 ~~condominium unit that has a combined dwelling and contents~~
686 ~~replacement cost of \$800,000 or more, is not eligible for~~
687 ~~coverage by the corporation. Such dwellings insured by the~~
688 ~~corporation on December 31, 2015, may continue to be covered by~~
689 ~~the corporation until the end of the policy term.~~

690 ~~a.d.~~ Effective January 1, 2017, a structure that has a
691 dwelling replacement cost of \$700,000 or more, or a single
692 condominium unit that has a combined dwelling and contents
693 replacement cost of \$700,000 or more, is not eligible for
694 coverage by the corporation. ~~Such dwellings insured by the~~
695 ~~corporation on December 31, 2016, may continue to be covered by~~
696 ~~the corporation until the end of the policy term.~~

697 b. The requirements of sub-subparagraph a. ~~sub-~~
698 ~~subparagraphs b.-d.~~ do not apply in counties where the office
699 determines there is not a reasonable degree of competition. In
700 such counties a personal lines residential structure that has a

701 dwelling replacement cost of less than \$1 million, or a single
702 condominium unit that has a combined dwelling and contents
703 replacement cost of less than \$1 million, is eligible for
704 coverage by the corporation.

705 4. It is the intent of the Legislature that policyholders,
706 applicants, and agents of the corporation receive service and
707 treatment of the highest possible level but never less than that
708 generally provided in the voluntary market. It is also intended
709 that the corporation be held to service standards no less than
710 those applied to insurers in the voluntary market by the office
711 with respect to responsiveness, timeliness, customer courtesy,
712 and overall dealings with policyholders, applicants, or agents
713 of the corporation.

714 5.a. Effective January 1, 2009, a personal lines
715 residential structure that is located in the "wind-borne debris
716 region," as defined in s. 1609.2, International Building Code
717 (2006), and that has an insured value on the structure of
718 \$750,000 or more is not eligible for coverage by the corporation
719 unless the structure has opening protections as required under
720 the Florida Building Code for a newly constructed residential
721 structure in that area. A residential structure is deemed to
722 comply with this sub-subparagraph if it has shutters or opening
723 protections on all openings and if such opening protections
724 complied with the Florida Building Code at the time they were
725 installed.

726 b. Any major structure, as defined in s. 161.54(6)(a),
727 that is newly constructed, or rebuilt, repaired, restored, or
728 remodeled to increase the total square footage of finished area
729 by more than 25 percent, pursuant to a permit applied for after
730 July 1, 2015, is not eligible for coverage by the corporation if
731 the structure is seaward of the coastal construction control
732 line established pursuant to s. 161.053 or is within the Coastal
733 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
734 3510.

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

740 (b)1. All insurers authorized to write one or more subject
741 lines of business in this state are subject to assessment by the
742 corporation and, for the purposes of this subsection, are
743 referred to collectively as "assessable insurers." Insurers
744 writing one or more subject lines of business in this state
745 pursuant to part VIII of chapter 626 are not assessable
746 insurers; however, insureds who procure one or more subject
747 lines of business in this state pursuant to part VIII of chapter
748 626 are subject to assessment by the corporation and are
749 referred to collectively as "assessable insureds." An insurer's
750 assessment liability begins on the first day of the calendar

751 year following the year in which the insurer was issued a
752 certificate of authority to transact insurance for subject lines
753 of business in this state and terminates 1 year after the end of
754 the first calendar year during which the insurer no longer holds
755 a certificate of authority to transact insurance for subject
756 lines of business in this state.

757 ~~2.a.~~ All revenues, assets, liabilities, losses, and
758 expenses of the corporation shall be maintained in the Citizens
759 account. The Citizens account may provide ~~divided into three~~
760 ~~separate accounts as follows:~~

761 a.(I) ~~A personal lines account for~~ Personal residential
762 policies that provide ~~issued by the corporation which provides~~
763 comprehensive, multiperil coverage on risks that are not located
764 in areas eligible for coverage by the Florida Windstorm
765 Underwriting Association as those areas were defined on January
766 1, 2002, and for policies that do not provide coverage for the
767 peril of wind on risks that are located in such areas;

768 b.(II) ~~A commercial lines account for~~ Commercial
769 residential and commercial nonresidential policies that provide
770 ~~issued by the corporation which provides~~ coverage for basic
771 property perils on risks that are not located in areas eligible
772 for coverage by the Florida Windstorm Underwriting Association
773 as those areas were defined on January 1, 2002, and for policies
774 that do not provide coverage for the peril of wind on risks that
775 are located in such areas; and

776 c. (III) ~~A Coastal account for~~ Personal residential
777 policies and commercial residential and commercial
778 nonresidential property policies that provide ~~issued by the~~
779 ~~corporation which provides~~ coverage for the peril of wind on
780 risks that are located in areas eligible for coverage by the
781 Florida Windstorm Underwriting Association, as those areas were
782 defined on January 1, 2002. The corporation may offer policies
783 that provide multiperil coverage and shall offer policies that
784 provide coverage only for the peril of wind for risks located in
785 areas eligible for coverage by the Florida Windstorm
786 Underwriting Association, as those areas were defined on January
787 1, 2002 in the coastal account. ~~Effective July 1, 2014,~~ The
788 corporation may not offer ~~shall cease offering~~ new commercial
789 residential policies providing multiperil coverage but ~~and~~ shall
790 ~~instead~~ continue to offer commercial residential wind-only
791 policies, and may offer commercial residential policies
792 excluding wind. However, the corporation may, ~~however,~~ continue
793 to renew a commercial residential multiperil policy on a
794 building that was ~~is~~ insured by the corporation on June 30,
795 2014, under a multiperil policy. In issuing multiperil coverage
796 under this sub-subparagraph, the corporation may use its
797 approved policy forms and rates for risks located in areas not
798 eligible for coverage by the Florida Windstorm Underwriting
799 Association, as those areas were defined on January 1, 2002, and
800 for policies that do not provide coverage for the peril of wind

801 on risks that are located in such areas ~~the personal lines~~
 802 ~~account~~. An applicant or insured who is eligible to purchase a
 803 multiperil policy from the corporation may purchase a multiperil
 804 policy from an authorized insurer without prejudice to the
 805 applicant's or insured's eligibility to prospectively purchase a
 806 policy that provides coverage only for the peril of wind from
 807 the corporation. An applicant or insured who is eligible for a
 808 corporation policy that provides coverage only for the peril of
 809 wind may elect to purchase or retain such policy and also
 810 purchase or retain coverage excluding wind from an authorized
 811 insurer without prejudice to the applicant's or insured's
 812 eligibility to prospectively purchase a policy that provides
 813 multiperil coverage from the corporation. The following
 814 policies, which provide coverage only for the peril of wind,
 815 must also include quota share primary insurance under
 816 subparagraph (c)2.:

817 (I) Personal residential policies and commercial
 818 residential and commercial nonresidential property policies that
 819 provide coverage for the peril of wind on risks that are located
 820 in areas eligible for coverage by the Florida Windstorm
 821 Underwriting Association, as those areas were defined on January
 822 1, 2002;

823 (II) Policies that provide multiperil coverage, if offered
 824 by the corporation, and policies that provide coverage only for
 825 the peril of wind for risks located in areas eligible for

826 coverage by the Florida Windstorm Underwriting Association, as
 827 those areas were defined on January 1, 2002;

828 (III) Commercial residential wind-only policies;

829 (IV) Commercial residential policies excluding wind, if
 830 offered by the corporation; and

831 (V) Commercial residential multiperil policies on a
 832 building that was insured by the corporation on June 30, 2014 ~~It~~
 833 ~~is the goal of the Legislature that there be an overall average~~
 834 ~~savings of 10 percent or more for a policyholder who currently~~
 835 ~~has a wind-only policy with the corporation, and an ex-wind~~
 836 ~~policy with a voluntary insurer or the corporation, and who~~
 837 ~~obtains a multiperil policy from the corporation. It is the~~
 838 ~~intent of the Legislature that the offer of multiperil coverage~~
 839 ~~in the coastal account be made and implemented in a manner that~~
 840 ~~does not adversely affect the tax-exempt status of the~~
 841 ~~corporation or creditworthiness of or security for currently~~
 842 ~~outstanding financing obligations or credit facilities of the~~
 843 ~~coastal account, the personal lines account, or the commercial~~
 844 ~~lines account. The coastal account must also include quota share~~
 845 ~~primary insurance under subparagraph (c)2.~~

846
 847 The area eligible for coverage with the corporation under this
 848 sub-subparagraph ~~under the coastal account also~~ includes the
 849 area within Port Canaveral, which is bordered on the south by
 850 the City of Cape Canaveral, bordered on the west by the Banana

851 River, and bordered on the north by Federal Government property.

852 3. With respect to a deficit in the Citizens account:

853 a. Upon a determination by the board of governors that the
854 Citizens account has a projected deficit, the board shall levy a
855 Citizens policyholder surcharge against all policyholders of the
856 corporation.

857 (I) The surcharge shall be levied as a uniform percentage
858 of the premium for the policy of up to 15 percent of such
859 premium, which funds shall be used to offset the deficit.

860 (II) The surcharge is payable upon cancellation or
861 termination of the policy, upon renewal of the policy, or upon
862 issuance of a new policy by the corporation within the first 12
863 months after the date of the levy or the period of time
864 necessary to fully collect the surcharge amount.

865 (III) The surcharge is not considered premium and is not
866 subject to commissions, fees, or premium taxes. However, failure
867 to pay the surcharge shall be treated as failure to pay premium.

868 ~~b. The three separate accounts must be maintained as long~~
869 ~~as financing obligations entered into by the Florida Windstorm~~
870 ~~Underwriting Association or Residential Property and Casualty~~
871 ~~Joint Underwriting Association are outstanding, in accordance~~
872 ~~with the terms of the corresponding financing documents. If no~~
873 ~~such financing obligations remain outstanding or if the~~
874 ~~financing documents allow for combining of accounts, the~~
875 ~~corporation may consolidate the three separate accounts into a~~

876 ~~new account, to be known as the Citizens account, for all~~
877 ~~revenues, assets, liabilities, losses, and expenses of the~~
878 ~~corporation. The Citizens account, if established by the~~
879 ~~corporation, is authorized to provide coverage to the same~~
880 ~~extent as provided under each of the three separate accounts.~~
881 ~~The authority to provide coverage under the Citizens account is~~
882 ~~set forth in subparagraph 4. Consistent with this subparagraph~~
883 ~~and prudent investment policies that minimize the cost of~~
884 ~~carrying debt, the board shall exercise its best efforts to~~
885 ~~retire existing debt or obtain the approval of necessary parties~~
886 ~~to amend the terms of existing debt, so as to structure the most~~
887 ~~efficient plan for consolidating the three separate accounts~~
888 ~~into a single account. Once the accounts are combined into one~~
889 ~~account, this subparagraph and subparagraph 3. shall be replaced~~
890 ~~in their entirety by subparagraphs 4. and 5.~~

891 ~~e. Creditors of the Residential Property and Casualty~~
892 ~~Joint Underwriting Association and the accounts specified in~~
893 ~~sub-sub-subparagraphs a.(I) and (II) may have a claim against,~~
894 ~~and recourse to, those accounts and no claim against, or~~
895 ~~recourse to, the account referred to in sub-sub-subparagraph~~
896 ~~a.(III). Creditors of the Florida Windstorm Underwriting~~
897 ~~Association have a claim against, and recourse to, the account~~
898 ~~referred to in sub-sub-subparagraph a.(III) and no claim~~
899 ~~against, or recourse to, the accounts referred to in sub-sub-~~
900 ~~subparagraphs a.(I) and (II).~~

901 ~~d. Revenues, assets, liabilities, losses, and expenses not~~
 902 ~~attributable to particular accounts shall be prorated among the~~
 903 ~~accounts.~~

904 ~~e. The Legislature finds that the revenues of the~~
 905 ~~corporation are revenues that are necessary to meet the~~
 906 ~~requirements set forth in documents authorizing the issuance of~~
 907 ~~bonds under this subsection.~~

908 ~~f. The income of the corporation may not inure to the~~
 909 ~~benefit of any private person.~~

910 ~~3. With respect to a deficit in an account:~~

911 ~~a. After accounting for the Citizens policyholder~~
 912 ~~surcharge imposed under sub-subparagraph j., if the remaining~~
 913 ~~projected deficit incurred in the coastal account in a~~
 914 ~~particular calendar year:~~

915 ~~(I) Is not greater than 2 percent of the aggregate~~
 916 ~~statewide direct written premium for the subject lines of~~
 917 ~~business for the prior calendar year, the entire deficit shall~~
 918 ~~be recovered through regular assessments of assessable insurers~~
 919 ~~under paragraph (q) and assessable insureds.~~

920 ~~(II) Exceeds 2 percent of the aggregate statewide direct~~
 921 ~~written premium for the subject lines of business for the prior~~
 922 ~~calendar year, the corporation shall levy regular assessments on~~
 923 ~~assessable insurers under paragraph (q) and on assessable~~
 924 ~~insureds in an amount equal to the greater of 2 percent of the~~
 925 ~~projected deficit or 2 percent of the aggregate statewide direct~~

926 ~~written premium for the subject lines of business for the prior~~
927 ~~calendar year. Any remaining projected deficit shall be~~
928 ~~recovered through emergency assessments under sub-subparagraph~~
929 ~~e.~~

930 ~~b. Each assessable insurer's share of the amount being~~
931 ~~assessed under sub-subparagraph a. must be in the proportion~~
932 ~~that the assessable insurer's direct written premium for the~~
933 ~~subject lines of business for the year preceding the assessment~~
934 ~~bears to the aggregate statewide direct written premium for the~~
935 ~~subject lines of business for that year. The assessment~~
936 ~~percentage applicable to each assessable insured is the ratio of~~
937 ~~the amount being assessed under sub-subparagraph a. to the~~
938 ~~aggregate statewide direct written premium for the subject lines~~
939 ~~of business for the prior year. Assessments levied by the~~
940 ~~corporation on assessable insurers under sub-subparagraph a.~~
941 ~~must be paid as required by the corporation's plan of operation~~
942 ~~and paragraph (q). Assessments levied by the corporation on~~
943 ~~assessable insureds under sub-subparagraph a. shall be collected~~
944 ~~by the surplus lines agent at the time the surplus lines agent~~
945 ~~collects the surplus lines tax required by s. 626.932, and paid~~
946 ~~to the Florida Surplus Lines Service Office at the time the~~
947 ~~surplus lines agent pays the surplus lines tax to that office.~~
948 ~~Upon receipt of regular assessments from surplus lines agents,~~
949 ~~the Florida Surplus Lines Service Office shall transfer the~~
950 ~~assessments directly to the corporation as determined by the~~

951 ~~corporation.~~

952 ~~e. The corporation may not levy regular assessments under~~
 953 ~~paragraph (q) pursuant to sub-subparagraph a. or sub-~~
 954 ~~subparagraph b. if the three separate accounts in sub-sub-~~
 955 ~~subparagraphs 2.a.(I)-(III) have been consolidated into the~~
 956 ~~Citizens account pursuant to sub-subparagraph 2.b. However, the~~
 957 ~~outstanding balance of any regular assessment levied by the~~
 958 ~~corporation before establishment of the Citizens account remains~~
 959 ~~payable to the corporation.~~

960 ~~b.d.~~ After accounting for the Citizens policyholder
 961 surcharge imposed under sub-subparagraph a. j., the remaining
 962 projected deficits in the Citizens ~~personal lines~~ account ~~and in~~
 963 ~~the commercial lines account~~ in a particular calendar year shall
 964 be recovered through emergency assessments under sub-
 965 subparagraph c. e.

966 ~~c.e.~~ Upon a determination by the board of governors that a
 967 projected deficit in the Citizens ~~an~~ account exceeds the amount
 968 that is expected to be recovered through surcharges ~~regular~~
 969 ~~assessments~~ under sub-subparagraph a., ~~plus the amount that is~~
 970 ~~expected to be recovered through surcharges under sub-~~
 971 ~~subparagraph j.~~, the board, after verification by the office,
 972 shall levy emergency assessments for as many years as necessary
 973 to cover the deficits, to be collected by assessable insurers
 974 and the corporation and collected from assessable insureds upon
 975 issuance or renewal of policies for subject lines of business,

976 | excluding National Flood Insurance Program policies. The amount
 977 | collected in a particular year must be a uniform percentage of
 978 | that year's direct written premium for subject lines of business
 979 | and the Citizens account ~~all accounts of the corporation,~~
 980 | ~~excluding~~ National Flood Insurance Program policy premiums, as
 981 | annually determined by the board and verified by the office. The
 982 | office shall verify the arithmetic calculations involved in the
 983 | board's determination within 30 days after receipt of the
 984 | information on which the determination was based. The office
 985 | shall notify assessable insurers and the Florida Surplus Lines
 986 | Service Office of the date on which assessable insurers shall
 987 | begin to collect and assessable insureds shall begin to pay such
 988 | assessment. The date must be at least 90 days after the date the
 989 | corporation levies emergency assessments pursuant to this sub-
 990 | subparagraph. Notwithstanding any other ~~provision of law,~~ the
 991 | corporation and each assessable insurer that writes subject
 992 | lines of business shall collect emergency assessments from its
 993 | policyholders without such obligation being affected by any
 994 | credit, limitation, exemption, or deferment. Emergency
 995 | assessments levied by the corporation on assessable insureds
 996 | shall be collected by the surplus lines agent at the time the
 997 | surplus lines agent collects the surplus lines tax required by
 998 | s. 626.932 and paid to the Florida Surplus Lines Service Office
 999 | at the time the surplus lines agent pays the surplus lines tax
 1000 | to that office. The emergency assessments collected shall be

1001 transferred directly to the corporation on a periodic basis as
 1002 determined by the corporation and held by the corporation solely
 1003 in the Citizens ~~applicable~~ account. The aggregate amount of
 1004 emergency assessments levied for the Citizens ~~an~~ account in any
 1005 calendar year may be less than but may not exceed the greater of
 1006 10 percent of the amount needed to cover the deficit, plus
 1007 interest, fees, commissions, required reserves, and other costs
 1008 associated with financing the original deficit, or 10 percent of
 1009 the aggregate statewide direct written premium for subject lines
 1010 of business and the Citizens account ~~all accounts~~ of the
 1011 corporation for the prior year, plus interest, fees,
 1012 commissions, required reserves, and other costs associated with
 1013 financing the deficit.

1014 ~~d.£.~~ The corporation may pledge the proceeds of
 1015 assessments, projected recoveries from the Florida Hurricane
 1016 Catastrophe Fund, other insurance and reinsurance recoverables,
 1017 policyholder surcharges and other surcharges, and other funds
 1018 available to the corporation as the source of revenue for and to
 1019 secure bonds issued under paragraph (q), bonds or other
 1020 indebtedness issued under subparagraph (c)3., or lines of credit
 1021 or other financing mechanisms issued or created under this
 1022 subsection, or to retire any other debt incurred as a result of
 1023 deficits or events giving rise to deficits, or in any other way
 1024 that the board determines will efficiently recover such
 1025 deficits. The purpose of the lines of credit or other financing

1026 mechanisms is to provide additional resources to assist the
1027 corporation in covering claims and expenses attributable to a
1028 catastrophe. As used in this subsection, the term "assessments"
1029 includes emergency ~~regular~~ assessments under sub-subparagraph c.
1030 ~~a. or subparagraph (q)1. and emergency assessments under sub-~~
1031 ~~subparagraph e.~~ Emergency assessments collected under sub-
1032 subparagraph c. ~~e.~~ are not part of an insurer's rates, are not
1033 premium, and are not subject to premium tax, fees, or
1034 commissions; however, failure to pay the emergency assessment
1035 shall be treated as failure to pay premium. The emergency
1036 assessments shall continue as long as any bonds issued or other
1037 indebtedness incurred with respect to a deficit for which the
1038 assessment was imposed remain outstanding, unless adequate
1039 provision has been made for the payment of such bonds or other
1040 indebtedness pursuant to the documents governing such bonds or
1041 indebtedness.

1042 ~~e.g.~~ As used in this subsection and for purposes of any
1043 deficit incurred on or after January 25, 2007, the term "subject
1044 lines of business" means insurance written by assessable
1045 insurers or procured by assessable insureds for all property and
1046 casualty lines of business in this state, but not including
1047 workers' compensation or medical malpractice. As used in this
1048 sub-subparagraph, the term "property and casualty lines of
1049 business" includes all lines of business identified on Form 2,
1050 Exhibit of Premiums and Losses, in the annual statement required

1051 of authorized insurers under s. 624.424 and any rule adopted
 1052 under this section, except for those lines identified as
 1053 accident and health insurance and except for policies written
 1054 under the National Flood Insurance Program or the Federal Crop
 1055 Insurance Program. For purposes of this sub-subparagraph, the
 1056 term "workers' compensation" includes both workers' compensation
 1057 insurance and excess workers' compensation insurance.

1058 ~~f.h.~~ The Florida Surplus Lines Service Office shall
 1059 annually determine ~~annually~~ the aggregate statewide written
 1060 premium in subject lines of business procured by assessable
 1061 insureds and report that information to the corporation in a
 1062 form and at a time the corporation specifies to ensure that the
 1063 corporation can meet the requirements of this subsection and the
 1064 corporation's financing obligations.

1065 ~~g.i.~~ The Florida Surplus Lines Service Office shall verify
 1066 the proper application by surplus lines agents of assessment
 1067 percentages for ~~regular assessments and~~ emergency assessments
 1068 levied under this subparagraph on assessable insureds and assist
 1069 the corporation in ensuring the accurate, timely collection and
 1070 payment of assessments by surplus lines agents as required by
 1071 the corporation.

1072 ~~j.~~ Upon determination by the board of governors that an
 1073 account has a projected deficit, the board shall levy a Citizens
 1074 policyholder surcharge against all policyholders of the
 1075 corporation.

1076 ~~(I) The surcharge shall be levied as a uniform percentage~~
1077 ~~of the premium for the policy of up to 15 percent of such~~
1078 ~~premium, which funds shall be used to offset the deficit.~~

1079 ~~(II) The surcharge is payable upon cancellation or~~
1080 ~~termination of the policy, upon renewal of the policy, or upon~~
1081 ~~issuance of a new policy by the corporation within the first 12~~
1082 ~~months after the date of the levy or the period of time~~
1083 ~~necessary to fully collect the surcharge amount.~~

1084 ~~(III) The corporation may not levy any regular assessments~~
1085 ~~under paragraph (q) pursuant to sub-subparagraph a. or sub-~~
1086 ~~subparagraph b. with respect to a particular year's deficit~~
1087 ~~until the corporation has first levied the full amount of the~~
1088 ~~surcharge authorized by this sub-subparagraph.~~

1089 ~~(IV) The surcharge is not considered premium and is not~~
1090 ~~subject to commissions, fees, or premium taxes. However, failure~~
1091 ~~to pay the surcharge shall be treated as failure to pay premium.~~

1092 h.k. If the amount of any assessments or surcharges
1093 collected from corporation policyholders, assessable insurers or
1094 their policyholders, or assessable insureds exceeds the amount
1095 of the deficits, such excess amounts shall be remitted to and
1096 retained by the corporation in a reserve to be used by the
1097 corporation, as determined by the board of governors and
1098 approved by the office, to pay claims or reduce any past,
1099 present, or future plan-year deficits or to reduce outstanding
1100 debt.

1101 ~~4. The Citizens account, if established by the corporation~~
1102 ~~pursuant to sub-subparagraph 2.b., is authorized to provide:~~

1103 ~~a. Personal residential policies that provide~~
1104 ~~comprehensive, multiperil coverage on risks that are not located~~
1105 ~~in areas eligible for coverage by the Florida Windstorm~~
1106 ~~Underwriting Association, as those areas were defined on January~~
1107 ~~1, 2002, and for policies that do not provide coverage for the~~
1108 ~~peril of wind on risks that are located in such areas;~~

1109 ~~b. Commercial residential and commercial nonresidential~~
1110 ~~policies that provide coverage for basic property perils on~~
1111 ~~risks that are not located in areas eligible for coverage by the~~
1112 ~~Florida Windstorm Underwriting Association, as those areas were~~
1113 ~~defined on January 1, 2002, and for policies that do not provide~~
1114 ~~coverage for the peril of wind on risks that are located in such~~
1115 ~~areas; and~~

1116 ~~e. Personal residential policies and commercial~~
1117 ~~residential and commercial nonresidential property policies that~~
1118 ~~provide coverage for the peril of wind on risks that are located~~
1119 ~~in areas eligible for coverage by the Florida Windstorm~~
1120 ~~Underwriting Association, as those areas were defined on January~~
1121 ~~1, 2002. The corporation may offer policies that provide~~
1122 ~~multiperil coverage and shall offer policies that provide~~
1123 ~~coverage only for the peril of wind for risks located in areas~~
1124 ~~eligible for coverage by the Florida Windstorm Underwriting~~
1125 ~~Association, as those areas were defined on January 1, 2002. The~~

1126 ~~corporation may not offer new commercial residential policies~~
1127 ~~providing multiperil coverage, but shall continue to offer~~
1128 ~~commercial residential wind-only policies, and may offer~~
1129 ~~commercial residential policies excluding wind. However, the~~
1130 ~~corporation may continue to renew a commercial residential~~
1131 ~~multiperil policy on a building that was insured by the~~
1132 ~~corporation on June 30, 2014, under a multiperil policy. In~~
1133 ~~issuing multiperil coverage under this sub-subparagraph, the~~
1134 ~~corporation may use its approved policy forms and rates for~~
1135 ~~risks located in areas not eligible for coverage by the Florida~~
1136 ~~Windstorm Underwriting Association as those areas were defined~~
1137 ~~on January 1, 2002, and for policies that do not provide~~
1138 ~~coverage for the peril of wind on risks that are located in such~~
1139 ~~areas. An applicant or insured who is eligible to purchase a~~
1140 ~~multiperil policy from the corporation may purchase a multiperil~~
1141 ~~policy from an authorized insurer without prejudice to the~~
1142 ~~applicant's or insured's eligibility to prospectively purchase a~~
1143 ~~policy that provides coverage only for the peril of wind from~~
1144 ~~the corporation. An applicant or insured who is eligible for a~~
1145 ~~corporation policy that provides coverage only for the peril of~~
1146 ~~wind may elect to purchase or retain such policy and also~~
1147 ~~purchase or retain coverage excluding wind from an authorized~~
1148 ~~insurer without prejudice to the applicant's or insured's~~
1149 ~~eligibility to prospectively purchase a policy that provides~~
1150 ~~multiperil coverage from the corporation. The following~~

1151 ~~policies, which provide coverage only for the peril of wind,~~
1152 ~~must also include quota share primary insurance under~~
1153 ~~subparagraph (c)2.: Personal residential policies and commercial~~
1154 ~~residential and commercial nonresidential property policies that~~
1155 ~~provide coverage for the peril of wind on risks that are located~~
1156 ~~in areas eligible for coverage by the Florida Windstorm~~
1157 ~~Underwriting Association, as those areas were defined on January~~
1158 ~~1, 2002; policies that provide multiperil coverage, if offered~~
1159 ~~by the corporation, and policies that provide coverage only for~~
1160 ~~the peril of wind for risks located in areas eligible for~~
1161 ~~coverage by the Florida Windstorm Underwriting Association, as~~
1162 ~~those areas were defined on January 1, 2002; commercial~~
1163 ~~residential wind-only policies; commercial residential policies~~
1164 ~~excluding wind, if offered by the corporation; and commercial~~
1165 ~~residential multiperil policies on a building that was insured~~
1166 ~~by the corporation on June 30, 2014. The area eligible for~~
1167 ~~coverage with the corporation under this sub-subparagraph~~
1168 ~~includes the area within Port Canaveral, which is bordered on~~
1169 ~~the south by the City of Cape Canaveral, bordered on the west by~~
1170 ~~the Banana River, and bordered on the north by Federal~~
1171 ~~Government property.~~

1172 ~~5. With respect to a deficit in the Citizens account:~~
1173 ~~a. Upon a determination by the board of governors that the~~
1174 ~~Citizens account has a projected deficit, the board shall levy a~~
1175 ~~Citizens policyholder surcharge against all policyholders of the~~

1176 corporation.

1177 ~~(I) The surcharge shall be levied as a uniform percentage~~
1178 ~~of the premium for the policy of up to 15 percent of such~~
1179 ~~premium, which funds shall be used to offset the deficit.~~

1180 ~~(II) The surcharge is payable upon cancellation or~~
1181 ~~termination of the policy, upon renewal of the policy, or upon~~
1182 ~~issuance of a new policy by the corporation within the first 12~~
1183 ~~months after the date of the levy or the period of time~~
1184 ~~necessary to fully collect the surcharge amount.~~

1185 ~~(III) The surcharge is not considered premium and is not~~
1186 ~~subject to commissions, fees, or premium taxes. However, failure~~
1187 ~~to pay the surcharge shall be treated as failure to pay premium.~~

1188 ~~b. After accounting for the Citizens policyholder~~
1189 ~~surcharge imposed under sub-subparagraph a., the remaining~~
1190 ~~projected deficit incurred in the Citizens account in a~~
1191 ~~particular calendar year shall be recovered through emergency~~
1192 ~~assessments under sub-subparagraph c.~~

1193 ~~e. Upon a determination by the board of governors that a~~
1194 ~~projected deficit in the Citizens account exceeds the amount~~
1195 ~~that is expected to be recovered through surcharges under sub-~~
1196 ~~subparagraph a., the board, after verification by the office,~~
1197 ~~shall levy emergency assessments for as many years as necessary~~
1198 ~~to cover the deficits, to be collected by assessable insurers~~
1199 ~~and the corporation and collected from assessable insureds upon~~
1200 ~~issuance or renewal of policies for subject lines of business,~~

1201 ~~excluding National Flood Insurance Program policies. The amount~~
1202 ~~collected in a particular year must be a uniform percentage of~~
1203 ~~that year's direct written premium for subject lines of business~~
1204 ~~and the Citizens account, National Flood Insurance Program~~
1205 ~~policy premiums, as annually determined by the board and~~
1206 ~~verified by the office. The office shall verify the arithmetic~~
1207 ~~calculations involved in the board's determination within 30~~
1208 ~~days after receipt of the information on which the determination~~
1209 ~~was based. The office shall notify assessable insurers and the~~
1210 ~~Florida Surplus Lines Service Office of the date on which~~
1211 ~~assessable insurers shall begin to collect and assessable~~
1212 ~~insureds shall begin to pay such assessment. The date must be at~~
1213 ~~least 90 days after the date the corporation levies emergency~~
1214 ~~assessments pursuant to this sub-subparagraph. Notwithstanding~~
1215 ~~any other law, the corporation and each assessable insurer that~~
1216 ~~writes subject lines of business shall collect emergency~~
1217 ~~assessments from its policyholders without such obligation being~~
1218 ~~affected by any credit, limitation, exemption, or deferment.~~
1219 ~~Emergency assessments levied by the corporation on assessable~~
1220 ~~insureds shall be collected by the surplus lines agent at the~~
1221 ~~time the surplus lines agent collects the surplus lines tax~~
1222 ~~required by s. 626.932 and paid to the Florida Surplus Lines~~
1223 ~~Service Office at the time the surplus lines agent pays the~~
1224 ~~surplus lines tax to that office. The emergency assessments~~
1225 ~~collected shall be transferred directly to the corporation on a~~

1226 ~~periodic basis as determined by the corporation and held by the~~
1227 ~~corporation solely in the Citizens account. The aggregate amount~~
1228 ~~of emergency assessments levied for the Citizens account in any~~
1229 ~~calendar year may be less than, but may not exceed the greater~~
1230 ~~of, 10 percent of the amount needed to cover the deficit, plus~~
1231 ~~interest, fees, commissions, required reserves, and other costs~~
1232 ~~associated with financing the original deficit or 10 percent of~~
1233 ~~the aggregate statewide direct written premium for subject lines~~
1234 ~~of business and the Citizens accounts for the prior year, plus~~
1235 ~~interest, fees, commissions, required reserves, and other costs~~
1236 ~~associated with financing the deficit.~~

1237 ~~d. The corporation may pledge the proceeds of assessments,~~
1238 ~~projected recoveries from the Florida Hurricane Catastrophe~~
1239 ~~Fund, other insurance and reinsurance recoverables, policyholder~~
1240 ~~surcharges and other surcharges, and other funds available to~~
1241 ~~the corporation as the source of revenue for and to secure bonds~~
1242 ~~issued under paragraph (q), bonds or other indebtedness issued~~
1243 ~~under subparagraph (c)3., or lines of credit or other financing~~
1244 ~~mechanisms issued or created under this subsection; or to retire~~
1245 ~~any other debt incurred as a result of deficits or events giving~~
1246 ~~rise to deficits, or in any other way that the board determines~~
1247 ~~will efficiently recover such deficits. The purpose of the lines~~
1248 ~~of credit or other financing mechanisms is to provide additional~~
1249 ~~resources to assist the corporation in covering claims and~~
1250 ~~expenses attributable to a catastrophe. As used in this~~

1251 ~~subsection, the term "assessments" includes emergency~~
1252 ~~assessments under sub-subparagraph c. Emergency assessments~~
1253 ~~collected under sub-subparagraph c. are not part of an insurer's~~
1254 ~~rates, are not premium, and are not subject to premium tax,~~
1255 ~~fees, or commissions; however, failure to pay the emergency~~
1256 ~~assessment shall be treated as failure to pay premium. The~~
1257 ~~emergency assessments shall continue as long as any bonds issued~~
1258 ~~or other indebtedness incurred with respect to a deficit for~~
1259 ~~which the assessment was imposed remain outstanding, unless~~
1260 ~~adequate provision has been made for the payment of such bonds~~
1261 ~~or other indebtedness pursuant to the documents governing such~~
1262 ~~bonds or indebtedness.~~

1263 ~~e. As used in this subsection and for purposes of any~~
1264 ~~deficit incurred on or after January 25, 2007, the term "subject~~
1265 ~~lines of business" means insurance written by assessable~~
1266 ~~insurers or procured by assessable insureds for all property and~~
1267 ~~casualty lines of business in this state, but not including~~
1268 ~~workers' compensation or medical malpractice. As used in this~~
1269 ~~sub-subparagraph, the term "property and casualty lines of~~
1270 ~~business" includes all lines of business identified on Form 2,~~
1271 ~~Exhibit of Premiums and Losses, in the annual statement required~~
1272 ~~of authorized insurers under s. 624.424 and any rule adopted~~
1273 ~~under this section, except for those lines identified as~~
1274 ~~accident and health insurance and except for policies written~~
1275 ~~under the National Flood Insurance Program or the Federal Crop~~

1276 ~~Insurance Program. For purposes of this sub-subparagraph, the~~
1277 ~~term "workers' compensation" includes both workers' compensation~~
1278 ~~insurance and excess workers' compensation insurance.~~

1279 ~~f. The Florida Surplus Lines Service Office shall annually~~
1280 ~~determine the aggregate statewide written premium in subject~~
1281 ~~lines of business procured by assessable insureds and report~~
1282 ~~that information to the corporation in a form and at a time the~~
1283 ~~corporation specifies to ensure that the corporation can meet~~
1284 ~~the requirements of this subsection and the corporation's~~
1285 ~~financing obligations.~~

1286 ~~g. The Florida Surplus Lines Service Office shall verify~~
1287 ~~the proper application by surplus lines agents of assessment~~
1288 ~~percentages for emergency assessments levied under this~~
1289 ~~subparagraph on assessable insureds and assist the corporation~~
1290 ~~in ensuring the accurate, timely collection and payment of~~
1291 ~~assessments by surplus lines agents as required by the~~
1292 ~~corporation.~~

1293 ~~h. If the amount of any assessments or surcharges~~
1294 ~~collected from corporation policyholders, assessable insurers or~~
1295 ~~their policyholders, or assessable insureds exceeds the amount~~
1296 ~~of the deficits, such excess amounts shall be remitted to and~~
1297 ~~retained by the corporation in a reserve to be used by the~~
1298 ~~corporation, as determined by the board of governors and~~
1299 ~~approved by the office, to pay claims or reduce any past,~~
1300 ~~present, or future plan-year deficits or to reduce outstanding~~

1301 ~~debt.~~

1302 (c) The corporation's plan of operation:

1303 1. Must provide for adoption of residential property and
 1304 casualty insurance policy forms and commercial residential and
 1305 nonresidential property insurance forms, which must be approved
 1306 by the office before use. The corporation shall adopt the
 1307 following policy forms:

1308 a. Standard personal lines policy forms that are
 1309 comprehensive multiperil policies providing full coverage of a
 1310 residential property equivalent to the coverage provided in the
 1311 private insurance market under an HO-3, HO-4, or HO-6 policy.

1312 b. Basic personal lines policy forms that are policies
 1313 similar to an HO-8 policy or a dwelling fire policy that provide
 1314 coverage meeting the requirements of the secondary mortgage
 1315 market, but which is more limited than the coverage under a
 1316 standard policy.

1317 c. Commercial lines residential and nonresidential policy
 1318 forms that are generally similar to the basic perils of full
 1319 coverage obtainable for commercial residential structures and
 1320 commercial nonresidential structures in the admitted voluntary
 1321 market.

1322 d. Personal lines and commercial lines residential
 1323 property insurance forms that cover the peril of wind only. The
 1324 forms are applicable only to residential properties located in
 1325 areas eligible for coverage by the Florida Windstorm

1326 Underwriting Association, as those areas were defined on January
 1327 1, 2002.

1328 e. Commercial lines nonresidential property insurance
 1329 forms that cover the peril of wind only. The forms are
 1330 applicable only to nonresidential properties located in areas
 1331 eligible for coverage by the Florida Windstorm Underwriting
 1332 Association, as those areas were defined on January 1, 2002.

1333 f. The corporation may adopt variations of the policy
 1334 forms listed in sub-subparagraphs a.-e. which contain more
 1335 restrictive coverage.

1336 g. The corporation shall offer a basic personal lines
 1337 policy similar to an HO-8 policy with dwelling repair based on
 1338 common construction materials and methods.

1339 2. Must provide that the corporation adopt a program in
 1340 which the corporation and authorized insurers enter into quota
 1341 share primary insurance agreements for hurricane coverage, as
 1342 defined in s. 627.4025(2)(a), for eligible risks, and adopt
 1343 property insurance forms for eligible risks which cover the
 1344 peril of wind only.

1345 a. As used in this subsection, the term:

1346 (I) "Approved surplus lines insurer" means an eligible
 1347 surplus lines insurer that:

1348 (A) Has a financial strength rating of "A-" or higher from
 1349 A.M. Best Company;

1350 (B) Has a personal lines residential risk program that is

1351 managed by a Florida resident surplus lines broker;
 1352 (C) Applies to the office to participate in the take-out
 1353 process to offer coverage to applicants for new coverage from
 1354 the corporation or current policyholders of the corporation
 1355 through a take-out plan approved by the office;
 1356 (D) Files rates for review as part of a take-out plan with
 1357 the office. The office shall review whether the premium is more
 1358 than 20 percent greater than the premium for comparable coverage
 1359 from the corporation; and
 1360 (E) Provides data to the office related to coverage and
 1361 rates in a format adopted by the commission.
 1362 (II) "Eligible risks" means personal lines residential and
 1363 commercial lines residential risks that meet the underwriting
 1364 criteria of the corporation and are located in areas that were
 1365 eligible for coverage by the Florida Windstorm Underwriting
 1366 Association on January 1, 2002.
 1367 (III) "Primary residence" means the dwelling that is the
 1368 policyholder's primary home or is a rental property that is the
 1369 primary home of the tenant, and which the policyholder or tenant
 1370 occupies for more than 9 months of each year.
 1371 (IV)-(I) "Quota share primary insurance" means an
 1372 arrangement in which the primary hurricane coverage of an
 1373 eligible risk is provided in specified percentages by the
 1374 corporation and an authorized insurer. The corporation and
 1375 authorized insurer are each solely responsible for a specified

1376 percentage of hurricane coverage of an eligible risk as set
1377 forth in a quota share primary insurance agreement between the
1378 corporation and an authorized insurer and the insurance
1379 contract. The responsibility of the corporation or authorized
1380 insurer to pay its specified percentage of hurricane losses of
1381 an eligible risk, as set forth in the agreement, may not be
1382 altered by the inability of the other party to pay its specified
1383 percentage of losses. Eligible risks that are provided hurricane
1384 coverage through a quota share primary insurance arrangement
1385 must be provided policy forms that set forth the obligations of
1386 the corporation and authorized insurer under the arrangement,
1387 clearly specify the percentages of quota share primary insurance
1388 provided by the corporation and authorized insurer, and
1389 conspicuously and clearly state that the authorized insurer and
1390 the corporation may not be held responsible beyond their
1391 specified percentage of coverage of hurricane losses.

1392 ~~(II) "Eligible risks" means personal lines residential and~~
1393 ~~commercial lines residential risks that meet the underwriting~~
1394 ~~criteria of the corporation and are located in areas that were~~
1395 ~~eligible for coverage by the Florida Windstorm Underwriting~~
1396 ~~Association on January 1, 2002.~~

1397 b. The corporation may enter into quota share primary
1398 insurance agreements with authorized insurers at corporation
1399 coverage levels of 90 percent and 50 percent.

1400 c. If the corporation determines that additional coverage

1401 levels are necessary to maximize participation in quota share
1402 primary insurance agreements by authorized insurers, the
1403 corporation may establish additional coverage levels. However,
1404 the corporation's quota share primary insurance coverage level
1405 may not exceed 90 percent.

1406 d. Any quota share primary insurance agreement entered
1407 into between an authorized insurer and the corporation must
1408 provide for a uniform specified percentage of coverage of
1409 hurricane losses, by county or territory as set forth by the
1410 corporation board, for all eligible risks of the authorized
1411 insurer covered under the agreement.

1412 e. Any quota share primary insurance agreement entered
1413 into between an authorized insurer and the corporation is
1414 subject to review and approval by the office. However, such
1415 agreement shall be authorized only as to insurance contracts
1416 entered into between an authorized insurer and an insured who is
1417 already insured by the corporation for wind coverage.

1418 f. For all eligible risks covered under quota share
1419 primary insurance agreements, the exposure and coverage levels
1420 for both the corporation and authorized insurers shall be
1421 reported by the corporation to the Florida Hurricane Catastrophe
1422 Fund. For all policies of eligible risks covered under such
1423 agreements, the corporation and the authorized insurer must
1424 maintain complete and accurate records for the purpose of
1425 exposure and loss reimbursement audits as required by fund

1426 rules. The corporation and the authorized insurer shall each
1427 maintain duplicate copies of policy declaration pages and
1428 supporting claims documents.

1429 g. The corporation board shall establish in its plan of
1430 operation standards for quota share agreements which ensure that
1431 there is no discriminatory application among insurers as to the
1432 terms of the agreements, pricing of the agreements, incentive
1433 provisions if any, and consideration paid for servicing policies
1434 or adjusting claims.

1435 h. The quota share primary insurance agreement between the
1436 corporation and an authorized insurer must set forth the
1437 specific terms under which coverage is provided, including, but
1438 not limited to, the sale and servicing of policies issued under
1439 the agreement by the insurance agent of the authorized insurer
1440 producing the business, the reporting of information concerning
1441 eligible risks, the payment of premium to the corporation, and
1442 arrangements for the adjustment and payment of hurricane claims
1443 incurred on eligible risks by the claims adjuster and personnel
1444 of the authorized insurer. Entering into a quota sharing
1445 insurance agreement between the corporation and an authorized
1446 insurer is voluntary and at the discretion of the authorized
1447 insurer.

1448 3. May provide that the corporation may employ or
1449 otherwise contract with individuals or other entities to provide
1450 administrative or professional services that may be appropriate

1451 to effectuate the plan. The corporation may borrow funds by
1452 issuing bonds or by incurring other indebtedness, and shall have
1453 other powers reasonably necessary to effectuate the requirements
1454 of this subsection, including, without limitation, the power to
1455 issue bonds and incur other indebtedness in order to refinance
1456 outstanding bonds or other indebtedness. The corporation may
1457 seek judicial validation of its bonds or other indebtedness
1458 under chapter 75. The corporation may issue bonds or incur other
1459 indebtedness, or have bonds issued on its behalf by a unit of
1460 local government pursuant to subparagraph (q)2. in the absence
1461 of a hurricane or other weather-related event, upon a
1462 determination by the corporation, subject to approval by the
1463 office, that such action would enable it to efficiently meet the
1464 financial obligations of the corporation and that such
1465 financings are reasonably necessary to effectuate the
1466 requirements of this subsection. The corporation may take all
1467 actions needed to facilitate tax-free status for such bonds or
1468 indebtedness, including formation of trusts or other affiliated
1469 entities. The corporation may pledge assessments, projected
1470 recoveries from the Florida Hurricane Catastrophe Fund, other
1471 reinsurance recoverables, policyholder surcharges and other
1472 surcharges, and other funds available to the corporation as
1473 security for bonds or other indebtedness. In recognition of s.
1474 10, Art. I of the State Constitution, prohibiting the impairment
1475 of obligations of contracts, it is the intent of the Legislature

1476 that no action be taken whose purpose is to impair any bond
1477 indenture or financing agreement or any revenue source committed
1478 by contract to such bond or other indebtedness.

1479 4. Must require that the corporation operate subject to
1480 the supervision and approval of a board of governors consisting
1481 of nine individuals who are residents of this state and who are
1482 from different geographical areas of the state, one of whom is
1483 appointed by the Governor and serves solely to advocate on
1484 behalf of the consumer. The appointment of a consumer
1485 representative by the Governor is deemed to be within the scope
1486 of the exemption provided in s. 112.313(7) (b) and is in addition
1487 to the appointments authorized under sub-subparagraph a.

1488 a. The Governor, the Chief Financial Officer, the
1489 President of the Senate, and the Speaker of the House of
1490 Representatives shall each appoint two members of the board. At
1491 least one of the two members appointed by each appointing
1492 officer must have demonstrated expertise in insurance and be
1493 deemed to be within the scope of the exemption provided in s.
1494 112.313(7) (b). The Chief Financial Officer shall designate one
1495 of the appointees as chair. All board members serve at the
1496 pleasure of the appointing officer. All members of the board are
1497 subject to removal at will by the officers who appointed them.
1498 All board members, including the chair, must be appointed to
1499 serve for 3-year terms beginning annually on a date designated
1500 by the plan. However, for the first term beginning on or after

1501 July 1, 2009, each appointing officer shall appoint one member
1502 of the board for a 2-year term and one member for a 3-year term.
1503 A board vacancy shall be filled for the unexpired term by the
1504 appointing officer. The Chief Financial Officer shall appoint a
1505 technical advisory group to provide information and advice to
1506 the board in connection with the board's duties under this
1507 subsection. The executive director and senior managers of the
1508 corporation shall be engaged by the board and serve at the
1509 pleasure of the board. Any executive director appointed on or
1510 after July 1, 2006, is subject to confirmation by the Senate.
1511 The executive director is responsible for employing other staff
1512 as the corporation may require, subject to review and
1513 concurrence by the board.

1514 b. The board shall create a Market Accountability Advisory
1515 Committee to assist the corporation in developing awareness of
1516 its rates and its customer and agent service levels in
1517 relationship to the voluntary market insurers writing similar
1518 coverage.

1519 (I) The members of the advisory committee consist of the
1520 following 11 persons, one of whom must be elected chair by the
1521 members of the committee: four representatives, one appointed by
1522 the Florida Association of Insurance Agents, one by the Florida
1523 Association of Insurance and Financial Advisors, one by the
1524 Professional Insurance Agents of Florida, and one by the Latin
1525 American Association of Insurance Agencies; three

1526 representatives appointed by the insurers with the three highest
1527 voluntary market share of residential property insurance
1528 business in the state; one representative from the Office of
1529 Insurance Regulation; one consumer appointed by the board who is
1530 insured by the corporation at the time of appointment to the
1531 committee; one representative appointed by the Florida
1532 Association of Realtors; and one representative appointed by the
1533 Florida Bankers Association. All members shall be appointed to
1534 3-year terms and may serve for consecutive terms.

1535 (II) The committee shall report to the corporation at each
1536 board meeting on insurance market issues which may include rates
1537 and rate competition with the voluntary market; service,
1538 including policy issuance, claims processing, and general
1539 responsiveness to policyholders, applicants, and agents; and
1540 matters relating to depopulation.

1541 5. Must provide a procedure for determining the
1542 eligibility of a risk for coverage, as follows:

1543 a. Subject to s. 627.3517, with respect to personal lines
1544 residential risks that are primary residences, if the risk is
1545 offered coverage from an authorized insurer at the insurer's
1546 approved rate under a standard policy including wind coverage
1547 or, if consistent with the insurer's underwriting rules as filed
1548 with the office, a basic policy including wind coverage, for a
1549 new application to the corporation for coverage, the risk is not
1550 eligible for any policy issued by the corporation unless the

1551 premium for coverage from the authorized insurer is more than 20
1552 percent greater than the premium for comparable coverage from
1553 the corporation. Whenever an offer of coverage for a personal
1554 lines residential risk that is a primary residence is received
1555 for a policyholder of the corporation at renewal from an
1556 authorized insurer, if the offer is equal to or less than the
1557 corporation's renewal premium for comparable coverage, the risk
1558 is not eligible for coverage with the corporation for policies
1559 that renew before April 1, 2023; for policies that renew on or
1560 after that date, the risk is not eligible for coverage with the
1561 corporation unless the premium for coverage from the authorized
1562 insurer is more than 20 percent greater than the corporation's
1563 renewal premium for comparable coverage. If the risk is not able
1564 to obtain such offer, the risk is eligible for a standard policy
1565 including wind coverage or a basic policy including wind
1566 coverage issued by the corporation; however, if the risk could
1567 not be insured under a standard policy including wind coverage
1568 regardless of market conditions, the risk is eligible for a
1569 basic policy including wind coverage unless rejected under
1570 subparagraph 8. The corporation shall determine the type of
1571 policy to be provided on the basis of objective standards
1572 specified in the underwriting manual and based on generally
1573 accepted underwriting practices. A policyholder removed from the
1574 corporation through an assumption agreement does not remain
1575 eligible for coverage from the corporation after the end of the

1576 policy term. However, any policy removed from the corporation
1577 through an assumption agreement remains on the corporation's
1578 policy forms through the end of the policy term. This sub-
1579 subparagraph applies only to risks that are primary residences.

1580 (I) If the risk accepts an offer of coverage through the
1581 market assistance plan or through a mechanism established by the
1582 corporation other than a plan established by s. 627.3518, before
1583 a policy is issued to the risk by the corporation or during the
1584 first 30 days of coverage by the corporation, and the producing
1585 agent who submitted the application to the plan or to the
1586 corporation is not currently appointed by the insurer, the
1587 insurer shall:

1588 (A) Pay to the producing agent of record of the policy for
1589 the first year, an amount that is the greater of the insurer's
1590 usual and customary commission for the type of policy written or
1591 a fee equal to the usual and customary commission of the
1592 corporation; or

1593 (B) Offer to allow the producing agent of record of the
1594 policy to continue servicing the policy for at least 1 year and
1595 offer to pay the agent the greater of the insurer's or the
1596 corporation's usual and customary commission for the type of
1597 policy written.

1598
1599 If the producing agent is unwilling or unable to accept
1600 appointment, the new insurer shall pay the agent in accordance

1601 with sub-sub-sub-subparagraph (A).

1602 (II) If the corporation enters into a contractual
 1603 agreement for a take-out plan, the producing agent of record of
 1604 the corporation policy is entitled to retain any unearned
 1605 commission on the policy, and the insurer shall:

1606 (A) Pay to the producing agent of record, for the first
 1607 year, an amount that is the greater of the insurer's usual and
 1608 customary commission for the type of policy written or a fee
 1609 equal to the usual and customary commission of the corporation;
 1610 or

1611 (B) Offer to allow the producing agent of record to
 1612 continue servicing the policy for at least 1 year and offer to
 1613 pay the agent the greater of the insurer's or the corporation's
 1614 usual and customary commission for the type of policy written.

1615
 1616 If the producing agent is unwilling or unable to accept
 1617 appointment, the new insurer shall pay the agent in accordance
 1618 with sub-sub-sub-subparagraph (A).

1619 b. Subject to s. 627.3517, with respect to personal lines
 1620 residential risks that are not primary residences, if the risk
 1621 is offered coverage from an authorized insurer at the insurer's
 1622 approved rate or from an approved surplus lines insurer at the
 1623 rate approved by the office as part of such surplus lines
 1624 insurer's take-out plan for a new application to the corporation
 1625 for coverage, the risk is not eligible for any policy issued by

1626 the corporation unless the premium for coverage from the
1627 authorized insurer or approved surplus lines insurer is more
1628 than 20 percent greater than the premium for comparable coverage
1629 from the corporation. Whenever an offer of coverage for a
1630 personal lines residential risk that is not a primary residence
1631 is received for a policyholder of the corporation at renewal
1632 from an authorized insurer at the insurer's approved rate or an
1633 approved surplus lines insurer at the rate approved by the
1634 office as part of such insurer's take-out plan, the risk is not
1635 eligible for coverage with the corporation unless the premium
1636 for coverage from the authorized insurer or approved surplus
1637 lines insurer is more than 20 percent greater than the
1638 corporation's renewal premium for comparable coverage for
1639 policies that renew on or after July 1, 2024. If the risk is not
1640 able to obtain such offer, the risk is eligible for a standard
1641 policy, including wind coverage or a basic policy including wind
1642 coverage issued by the corporation. If the risk could not be
1643 insured under a standard policy including wind coverage
1644 regardless of market conditions, the risk is eligible for a
1645 basic policy including wind coverage unless rejected under
1646 subparagraph 8. The corporation shall determine the type of
1647 policy to be provided on the basis of objective standards
1648 specified in the underwriting manual and based on generally
1649 accepted underwriting practices. A policyholder removed from the
1650 corporation through an assumption agreement does not remain

1651 eligible for coverage from the corporation after the end of the
1652 policy term. However, any policy removed from the corporation
1653 through an assumption agreement remains on the corporation's
1654 policy forms through the end of the policy term.

1655 (I) If the risk accepts an offer of coverage through the
1656 market assistance plan or through a mechanism established by the
1657 corporation other than a plan established by s. 627.3518, before
1658 a policy is issued to the risk by the corporation or during the
1659 first 30 days of coverage by the corporation, and the producing
1660 agent who submitted the application to the plan or to the
1661 corporation is not currently appointed by the insurer, the
1662 insurer must:

1663 (A) Pay to the producing agent of record of the policy,
1664 for the first year, an amount that is the greater of the
1665 insurer's usual and customary commission for the type of policy
1666 written or a fee equal to the usual and customary commission of
1667 the corporation; or

1668 (B) Offer to allow the producing agent of record of the
1669 policy to continue servicing the policy for at least 1 year and
1670 offer to pay the agent the greater of the insurer's or the
1671 corporation's usual and customary commission for the type of
1672 policy written.

1673
1674 If the producing agent is unwilling or unable to accept
1675 appointment, the new insurer must pay the agent in accordance

1676 with sub-sub-sub-subparagraph (A).

1677 (II) If the corporation enters into a contractual
1678 agreement for a take-out plan, the producing agent of record of
1679 the corporation policy is entitled to retain any unearned
1680 commission on the policy, and the insurer shall:

1681 (A) Pay to the producing agent of record, for the first
1682 year, an amount that is the greater of the insurer's usual and
1683 customary commission for the type of policy written or a fee
1684 equal to the usual and customary commission of the corporation;
1685 or

1686 (B) Offer to allow the producing agent of record to
1687 continue servicing the policy for at least 1 year and offer to
1688 pay the agent the greater of the insurer's or the corporation's
1689 usual and customary commission for the type of policy written.

1690
1691 If the producing agent is unwilling or unable to accept
1692 appointment, the new insurer shall pay the agent in accordance
1693 with sub-sub-sub-subparagraph (A).

1694 ~~c.b.~~ With respect to commercial lines residential risks,
1695 for a new application to the corporation for coverage, if the
1696 risk is offered coverage under a policy including wind coverage
1697 from an authorized insurer at its approved rate, the risk is not
1698 eligible for a policy issued by the corporation unless the
1699 premium for coverage from the authorized insurer is more than 20
1700 percent greater than the premium for comparable coverage from

1701 the corporation. Whenever an offer of coverage for a commercial
1702 lines residential risk is received for a policyholder of the
1703 corporation at renewal from an authorized insurer, the risk is
1704 not eligible for coverage with the corporation unless the
1705 premium for coverage from the authorized insurer is more than 20
1706 percent greater than the corporation's renewal premium for
1707 comparable coverage. If the risk is not able to obtain any such
1708 offer, the risk is eligible for a policy including wind coverage
1709 issued by the corporation. A policyholder removed from the
1710 corporation through an assumption agreement remains eligible for
1711 coverage from the corporation until the end of the policy term.
1712 However, any policy removed from the corporation through an
1713 assumption agreement remains on the corporation's policy forms
1714 through the end of the policy term.

1715 (I) If the risk accepts an offer of coverage through the
1716 market assistance plan or through a mechanism established by the
1717 corporation other than a plan established by s. 627.3518, before
1718 a policy is issued to the risk by the corporation or during the
1719 first 30 days of coverage by the corporation, and the producing
1720 agent who submitted the application to the plan or the
1721 corporation is not currently appointed by the insurer, the
1722 insurer shall:

1723 (A) Pay to the producing agent of record of the policy,
1724 for the first year, an amount that is the greater of the
1725 insurer's usual and customary commission for the type of policy

1726 written or a fee equal to the usual and customary commission of
 1727 the corporation; or

1728 (B) Offer to allow the producing agent of record of the
 1729 policy to continue servicing the policy for at least 1 year and
 1730 offer to pay the agent the greater of the insurer's or the
 1731 corporation's usual and customary commission for the type of
 1732 policy written.

1733
 1734 If the producing agent is unwilling or unable to accept
 1735 appointment, the new insurer shall pay the agent in accordance
 1736 with sub-sub-sub-subparagraph (A).

1737 (II) If the corporation enters into a contractual
 1738 agreement for a take-out plan, the producing agent of record of
 1739 the corporation policy is entitled to retain any unearned
 1740 commission on the policy, and the insurer shall:

1741 (A) Pay to the producing agent of record, for the first
 1742 year, an amount that is the greater of the insurer's usual and
 1743 customary commission for the type of policy written or a fee
 1744 equal to the usual and customary commission of the corporation;
 1745 or

1746 (B) Offer to allow the producing agent of record to
 1747 continue servicing the policy for at least 1 year and offer to
 1748 pay the agent the greater of the insurer's or the corporation's
 1749 usual and customary commission for the type of policy written.

1750

1751 If the producing agent is unwilling or unable to accept
1752 appointment, the new insurer shall pay the agent in accordance
1753 with sub-sub-sub-subparagraph (A).

1754 d.e. For purposes of determining comparable coverage under
1755 sub-subparagraphs a. and c. ~~b.~~, the comparison must be based on
1756 those forms and coverages that are reasonably comparable. The
1757 corporation may rely on a determination of comparable coverage
1758 and premium made by the producing agent who submits the
1759 application to the corporation, made in the agent's capacity as
1760 the corporation's agent. For purposes of comparing the premium
1761 for comparable coverage under sub-subparagraphs a. and c. ~~b.~~,
1762 premium includes any surcharge or assessment that is actually
1763 applied to such policy. A comparison may be made solely of the
1764 premium with respect to the main building or structure only on
1765 the following basis: the same Coverage A or other building
1766 limits; the same percentage hurricane deductible that applies on
1767 an annual basis or that applies to each hurricane for commercial
1768 residential property; the same percentage of ordinance and law
1769 coverage, if the same limit is offered by both the corporation
1770 and the authorized insurer; the same mitigation credits, to the
1771 extent the same types of credits are offered both by the
1772 corporation and the authorized insurer; the same method for loss
1773 payment, such as replacement cost or actual cash value, if the
1774 same method is offered both by the corporation and the
1775 authorized insurer in accordance with underwriting rules; and

1776 any other form or coverage that is reasonably comparable as
1777 determined by the board. If an application is submitted to the
1778 corporation for wind-only coverage on a risk that is located in
1779 an area eligible for coverage by the Florida Windstorm
1780 Underwriting Association, as that area was defined on January 1,
1781 2002, the premium for the corporation's wind-only policy plus
1782 the premium for the ex-wind policy that is offered by an
1783 authorized insurer to the applicant must be compared to the
1784 premium for multiperil coverage offered by an authorized
1785 insurer, subject to the standards for comparison specified in
1786 this subparagraph. If the corporation or the applicant requests
1787 from the authorized insurer a breakdown of the premium of the
1788 offer by types of coverage so that a comparison may be made by
1789 the corporation or its agent and the authorized insurer refuses
1790 or is unable to provide such information, the corporation may
1791 treat the offer as not being an offer of coverage from an
1792 authorized insurer at the insurer's approved rate. However,
1793 notwithstanding any other provision of law, this sub-
1794 subparagraph does not apply to a policy that does not cover a
1795 primary residence.

1796 e. If the risk could not be insured under a standard
1797 policy including wind coverage regardless of market conditions,
1798 the risk is eligible for a basic policy including wind coverage
1799 unless rejected under subparagraph 8. The corporation shall
1800 determine the type of policy to be provided on the basis of

1801 objective standards specified in the underwriting manual and
1802 based on generally accepted underwriting practices. A
1803 policyholder removed from the corporation through an assumption
1804 agreement does not remain eligible for coverage from the
1805 corporation after the end of the policy term for a period.
1806 However, any policy removed from the corporation through an
1807 assumption agreement remains on the corporation's policy forms
1808 through the end of the policy term.

1809 (I) If the risk accepts an offer of coverage through the
1810 market assistance plan or through a mechanism established by the
1811 corporation other than a plan established by s. 627.3518, before
1812 a policy is issued to the risk by the corporation or during the
1813 first 30 days of coverage by the corporation, and the producing
1814 agent who submitted the application to the plan or to the
1815 corporation is not currently appointed by the insurer, the
1816 insurer shall:

1817 (A) Pay to the producing agent of record of the policy,
1818 for the first year, an amount that is the greater of the
1819 insurer's usual and customary commission for the type of policy
1820 written or a fee equal to the usual and customary commission of
1821 the corporation; or

1822 (B) Offer to allow the producing agent of record of the
1823 policy to continue servicing the policy for at least 1 year and
1824 offer to pay the agent the greater of the insurer's or the
1825 corporation's usual and customary commission for the type of

1826 policy written.

1827

1828 If the producing agent is unwilling or unable to accept
 1829 appointment, the new insurer shall pay the agent in accordance
 1830 with sub-sub-sub-subparagraph (A).

1831 (II) If the corporation enters into a contractual
 1832 agreement for a take-out plan, the producing agent of record of
 1833 the corporation policy is entitled to retain any unearned
 1834 commission on the policy, and the insurer shall:

1835 (A) Pay to the producing agent of record, for the first
 1836 year, an amount that is the greater of the insurer's usual and
 1837 customary commission for the type of policy written or a fee
 1838 equal to the usual and customary commission of the corporation;
 1839 or

1840 (B) Offer to allow the producing agent of record to
 1841 continue servicing the policy for at least 1 year and offer to
 1842 pay the agent the greater of the insurer's or the corporation's
 1843 usual and customary commission for the type of policy written.

1844

1845 If the producing agent is unwilling or unable to accept
 1846 appointment, the new insurer shall pay the agent in accordance
 1847 with sub-sub-sub-subparagraph (A).

1848 6. Must include rules for classifications of risks and
 1849 rates.

1850 7. Must provide that if premium and investment income÷

1851 a. for the Citizens ~~an~~ account which are attributable to a
 1852 particular calendar year are in excess of projected losses and
 1853 expenses for the Citizens account attributable to that year,
 1854 such excess shall be held in surplus in the Citizens account.
 1855 Such surplus must be available to defray deficits in the
 1856 Citizens ~~that~~ account as to future years and used for that
 1857 purpose before assessing assessable insurers and assessable
 1858 insureds as to any calendar year; ~~or~~

1859 ~~b. For the Citizens account, if established by the~~
 1860 ~~corporation, which are attributable to a particular calendar~~
 1861 ~~year are in excess of projected losses and expenses for the~~
 1862 ~~Citizens account attributable to that year, such excess shall be~~
 1863 ~~held in surplus in the Citizens account. Such surplus must be~~
 1864 ~~available to defray deficits in the Citizens account as to~~
 1865 ~~future years and used for that purpose before assessing~~
 1866 ~~assessable insurers and assessable insureds as to any calendar~~
 1867 ~~year.~~

1868 8. Must provide objective criteria and procedures to be
 1869 uniformly applied to all applicants in determining whether an
 1870 individual risk is so hazardous as to be uninsurable. In making
 1871 this determination and in establishing the criteria and
 1872 procedures, the following must be considered:

1873 a. Whether the likelihood of a loss for the individual
 1874 risk is substantially higher than for other risks of the same
 1875 class; and

1876 b. Whether the uncertainty associated with the individual
1877 risk is such that an appropriate premium cannot be determined.

1878
1879 The acceptance or rejection of a risk by the corporation shall
1880 be construed as the private placement of insurance, and the
1881 provisions of chapter 120 do not apply.

1882 9. Must provide that the corporation make its best efforts
1883 to procure catastrophe reinsurance at reasonable rates, to cover
1884 its projected 100-year probable maximum loss as determined by
1885 the board of governors. If catastrophe reinsurance is not
1886 available at reasonable rates, the corporation need not purchase
1887 it, but the corporation shall include the costs of reinsurance
1888 to cover its projected 100-year probable maximum loss in its
1889 rate calculations even if it does not purchase catastrophe
1890 reinsurance.

1891 10. ~~The policies issued by the corporation~~ Must provide in
1892 the policies issued by the corporation that if the corporation
1893 or the market assistance plan obtains an offer from an
1894 authorized insurer to cover the risk at its approved rates, the
1895 risk is no longer eligible for renewal through the corporation,
1896 except as otherwise provided in this subsection.

1897 11. ~~Corporation policies and applications~~ Must include in
1898 the corporation policies and applications a notice that the
1899 corporation policy could, under this section, be replaced with a
1900 policy issued by an authorized insurer which does not provide

1901 coverage identical to the coverage provided by the corporation.
 1902 The notice must also specify that acceptance of corporation
 1903 coverage creates a conclusive presumption that the applicant or
 1904 policyholder is aware of this potential.

1905 12. May establish, subject to approval by the office,
 1906 different eligibility requirements and operational procedures
 1907 for any line or type of coverage for any specified county or
 1908 area if the board determines that such changes are justified due
 1909 to the voluntary market being sufficiently stable and
 1910 competitive in such area or for such line or type of coverage
 1911 and that consumers who, in good faith, are unable to obtain
 1912 insurance through the voluntary market through ordinary methods
 1913 continue to have access to coverage from the corporation. If
 1914 coverage is sought in connection with a real property transfer,
 1915 the requirements and procedures may not provide an effective
 1916 date of coverage later than the date of the closing of the
 1917 transfer as established by the transferor, the transferee, and,
 1918 if applicable, the lender.

1919 ~~13. Must provide that:~~
 1920 ~~a. With respect to the coastal account, any assessable~~
 1921 ~~insurer with a surplus as to policyholders of \$25 million or~~
 1922 ~~less writing 25 percent or more of its total countrywide~~
 1923 ~~property insurance premiums in this state may petition the~~
 1924 ~~office, within the first 90 days of each calendar year, to~~
 1925 ~~qualify as a limited apportionment company. A regular assessment~~

1926 ~~levied by the corporation on a limited apportionment company for~~
 1927 ~~a deficit incurred by the corporation for the coastal account~~
 1928 ~~may be paid to the corporation on a monthly basis as the~~
 1929 ~~assessments are collected by the limited apportionment company~~
 1930 ~~from its insureds, but a limited apportionment company must~~
 1931 ~~begin collecting the regular assessments not later than 90 days~~
 1932 ~~after the regular assessments are levied by the corporation, and~~
 1933 ~~the regular assessments must be paid in full within 15 months~~
 1934 ~~after being levied by the corporation. A limited apportionment~~
 1935 ~~company shall collect from its policyholders any emergency~~
 1936 ~~assessment imposed under sub-subparagraph (b)3.e. The plan must~~
 1937 ~~provide that, if the office determines that any regular~~
 1938 ~~assessment will result in an impairment of the surplus of a~~
 1939 ~~limited apportionment company, the office may direct that all or~~
 1940 ~~part of such assessment be deferred as provided in subparagraph~~
 1941 ~~(q)4. However, an emergency assessment to be collected from~~
 1942 ~~policyholders under sub-subparagraph (b)3.e. may not be limited~~
 1943 ~~or deferred; or~~

1944 ~~b. With respect to the Citizens account, if established by~~
 1945 ~~the corporation pursuant to sub-subparagraph (b)2.b., any~~
 1946 ~~assessable insurer with a surplus as to policyholders of \$25~~
 1947 ~~million or less and writing 25 percent or more of its total~~
 1948 ~~countrywide property insurance premiums in this state may~~
 1949 ~~petition the office, within the first 90 days of each calendar~~
 1950 ~~year, to qualify as a limited apportionment company. A limited~~

1951 ~~apportionment company shall collect from its policyholders any~~
1952 ~~emergency assessment imposed under sub-subparagraph (b) 5.c. An~~
1953 ~~emergency assessment to be collected from policyholders under~~
1954 ~~sub-subparagraph (b) 5.c. may not be limited or deferred.~~

1955 13.14. Must provide that the corporation appoint as its
1956 licensed agents only those agents who throughout such
1957 appointments also hold an appointment as defined in s. 626.015
1958 by at least three insurers ~~an insurer~~ who are ~~is~~ authorized to
1959 write and are ~~is~~ actually writing or renewing personal lines
1960 residential property coverage, commercial residential property
1961 coverage, or commercial nonresidential property coverage within
1962 the state.

1963 14.15. Must provide a premium payment plan option to its
1964 policyholders which, at a minimum, allows for quarterly and
1965 semiannual payment of premiums. A monthly payment plan may, but
1966 is not required to, be offered.

1967 15.16. Must limit coverage on mobile homes or manufactured
1968 homes built before 1994 to actual cash value of the dwelling
1969 rather than replacement costs of the dwelling.

1970 16.17. Must provide coverage for manufactured or mobile
1971 home dwellings. Such coverage must also include the following
1972 attached structures:

1973 a. Screened enclosures that are aluminum framed or
1974 screened enclosures that are not covered by the same or
1975 substantially the same materials as those of the primary

1976 dwelling;

1977 b. Carports that are aluminum or carports that are not
1978 covered by the same or substantially the same materials as those
1979 of the primary dwelling; and

1980 c. Patios that have a roof covering that is constructed of
1981 materials that are not the same or substantially the same
1982 materials as those of the primary dwelling.

1983

1984 The corporation shall make available a policy for mobile homes
1985 or manufactured homes for a minimum insured value of at least
1986 \$3,000.

1987 ~~17.18.~~ May provide such limits of coverage as the board
1988 determines, consistent with the requirements of this subsection.

1989 ~~18.19.~~ May require commercial property to meet specified
1990 hurricane mitigation construction features as a condition of
1991 eligibility for coverage.

1992 ~~19.20.~~ Must provide that new or renewal policies issued by
1993 the corporation on or after January 1, 2012, which cover
1994 sinkhole loss do not include coverage for any loss to
1995 appurtenant structures, driveways, sidewalks, decks, or patios
1996 that are directly or indirectly caused by sinkhole activity. The
1997 corporation shall exclude such coverage using a notice of
1998 coverage change, which may be included with the policy renewal,
1999 and not by issuance of a notice of nonrenewal of the excluded
2000 coverage upon renewal of the current policy.

2026 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
 2027 FLORIDA LEGISLATURE.

2028 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
 2029 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
 2030 STATE OF FLORIDA.

2031 ~~b. The corporation must require, if it has established the~~
 2032 ~~Citizens account pursuant to sub-subparagraph (b)2.b., that the~~
 2033 ~~agent obtain from an applicant for coverage from the corporation~~
 2034 ~~the following acknowledgment signed by the applicant, which~~
 2035 ~~includes, at a minimum, the following statement:~~

~~ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
 AND ASSESSMENT LIABILITY:~~

2038 ~~1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE~~
 2039 ~~CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A~~
 2040 ~~DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,~~
 2041 ~~MY POLICY COULD BE SUBJECT TO SURCHARGES AND ASSESSMENTS, WHICH~~
 2042 ~~WILL BE DUE AND PAYABLE UPON RENEWAL, CANCELLATION, OR~~
 2043 ~~TERMINATION OF THE POLICY, AND THAT THE SURCHARGES AND~~
 2044 ~~ASSESSMENTS COULD BE AS HIGH AS 25 PERCENT OF MY PREMIUM, OR A~~
 2045 ~~DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA LEGISLATURE.~~

2046 ~~2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER~~
 2047 ~~SURCHARGE, WHICH COULD BE AS HIGH AS 15 PERCENT OF MY PREMIUM,~~
 2048 ~~BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO~~
 2049 ~~BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN~~
 2050 ~~PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE~~

2051 ~~WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES~~
2052 ~~ARE REGULATED AND APPROVED BY THE STATE.~~

2053 ~~3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY~~
2054 ~~ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER~~
2055 ~~INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE~~
2056 ~~FLORIDA LEGISLATURE.~~

2057 ~~4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE~~
2058 ~~CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE~~
2059 ~~STATE OF FLORIDA.~~

2060 ~~b.e.~~ The corporation shall maintain, in electronic format
2061 or otherwise, a copy of the applicant's signed acknowledgment
2062 and provide a copy of the statement to the policyholder as part
2063 of the first renewal after the effective date of sub-
2064 subparagraph a. ~~or sub-subparagraph b., as applicable.~~

2065 ~~c.d.~~ The signed acknowledgment form creates a conclusive
2066 presumption that the policyholder understood and accepted his or
2067 her potential surcharge and assessment liability as a
2068 policyholder of the corporation.

2069 (d)1. All prospective employees for senior management
2070 positions, as defined by the plan of operation, are subject to
2071 background checks as a prerequisite for employment. The office
2072 shall conduct the background checks pursuant to ss. 624.34,
2073 624.404(3), and 628.261.

2074 2. On or before July 1 of each year, employees of the
2075 corporation must sign and submit a statement attesting that they

2076 do not have a conflict of interest, as defined in part III of
2077 chapter 112. As a condition of employment, all prospective
2078 employees must sign and submit to the corporation a conflict-of-
2079 interest statement.

2080 3. The executive director, senior managers, and members of
2081 the board of governors are subject to part III of chapter 112,
2082 including, but not limited to, the code of ethics and public
2083 disclosure and reporting of financial interests, pursuant to s.
2084 112.3145. For purposes of applying part III of chapter 112 to
2085 activities of the executive director, senior managers, and
2086 members of the board of governors, those persons shall be
2087 considered public officers or employees and the corporation
2088 shall be considered their agency. Notwithstanding s.
2089 112.3143(2), a board member may not vote on any measure that
2090 would inure to his or her special private gain or loss; that he
2091 or she knows would inure to the special private gain or loss of
2092 any principal by whom he or she is retained or to the parent
2093 organization or subsidiary of a corporate principal by which he
2094 or she is retained, other than an agency as defined in s.
2095 112.312; or that he or she knows would inure to the special
2096 private gain or loss of a relative or business associate of the
2097 public officer. Before the vote is taken, such member shall
2098 publicly state to the assembly the nature of his or her interest
2099 in the matter from which he or she is abstaining from voting
2100 and, within 15 days after the vote occurs, disclose the nature

2101 of his or her interest as a public record in a memorandum filed
2102 with the person responsible for recording the minutes of the
2103 meeting, who shall incorporate the memorandum in the minutes.
2104 Senior managers and board members are also required to file such
2105 disclosures with the Commission on Ethics and the Office of
2106 Insurance Regulation. The executive director of the corporation
2107 or his or her designee shall notify each existing and newly
2108 appointed member of the board of governors and senior managers
2109 of their duty to comply with the reporting requirements of part
2110 III of chapter 112. At least quarterly, the executive director
2111 or his or her designee shall submit to the Commission on Ethics
2112 a list of names of the senior managers and members of the board
2113 of governors who are subject to the public disclosure
2114 requirements under s. 112.3145.

2115 4. Notwithstanding s. 112.3148, s. 112.3149, or any other
2116 provision of law, an employee or board member may not knowingly
2117 accept, directly or indirectly, any gift or expenditure from a
2118 person or entity, or an employee or representative of such
2119 person or entity, which has a contractual relationship with the
2120 corporation or who is under consideration for a contract. An
2121 employee or board member who fails to comply with subparagraph
2122 3. or this subparagraph is subject to penalties provided under
2123 ss. 112.317 and 112.3173.

2124 5. Any senior manager of the corporation who is employed
2125 on or after January 1, 2007, regardless of the date of hire, who

2126 subsequently retires or terminates employment is prohibited from
2127 representing another person or entity before the corporation for
2128 2 years after retirement or termination of employment from the
2129 corporation.

2130 6. The executive director, members of the board of
2131 governors, and senior managers of the corporation are prohibited
2132 from having any employment or contractual relationship for 2
2133 years after retirement from or termination of service to the
2134 corporation with an insurer that has entered into a take-out
2135 bonus agreement with the corporation.

2136 (e) The corporation is subject to s. 287.057 for the
2137 purchase of commodities and contractual services except as
2138 otherwise provided in this paragraph. Services provided by
2139 tradepersons or technical experts to assist a licensed adjuster
2140 in the evaluation of individual claims are not subject to the
2141 procurement requirements of this section. Additionally, the
2142 procurement of financial services providers and underwriters
2143 must be made pursuant to s. 627.3513. Contracts for goods or
2144 services valued at or more than \$100,000 are subject to approval
2145 by the board.

2146 1. The corporation is an agency for purposes of s.
2147 287.057, except that, for purposes of s. 287.057(24), the
2148 corporation is an eligible user.

2149 a. The authority of the Department of Management Services
2150 and the Chief Financial Officer under s. 287.057 extends to the

2151 corporation as if the corporation were an agency.

2152 b. The executive director of the corporation is the agency
2153 head under s. 287.057, ~~except for resolution of bid protests for~~
2154 ~~which the board would serve as the agency head.~~ The executive
2155 director may assign or appoint a designee to act on his or her
2156 behalf.

2157 2. The corporation must provide notice of a decision or
2158 intended decision concerning a solicitation, contract award, or
2159 exceptional purchase by electronic posting. Such notice must
2160 contain the following statement: "Failure to file a protest
2161 within the time prescribed in this section constitutes a waiver
2162 of proceedings."

2163 a. A person adversely affected by the corporation's
2164 decision or intended decision to award a contract pursuant to s.
2165 287.057(1) or (3)(c) who elects to challenge the decision must
2166 file a written notice of protest with the executive director of
2167 the corporation within 72 hours after the corporation posts a
2168 notice of its decision or intended decision. For a protest of
2169 the terms, conditions, and specifications contained in a
2170 solicitation, including provisions governing the methods for
2171 ranking bids, proposals, replies, awarding contracts, reserving
2172 rights of further negotiation, or modifying or amending any
2173 contract, the notice of protest must be filed in writing within
2174 72 hours after posting the solicitation. Saturdays, Sundays, and
2175 state holidays are excluded in the computation of the 72-hour

2176 | time period.

2177 | b. A formal written protest must be filed within 10 days
2178 | after the date the notice of protest is filed. The formal
2179 | written protest must state with particularity the facts and law
2180 | upon which the protest is based. Upon receipt of a formal
2181 | written protest that has been timely filed, the corporation must
2182 | stop the solicitation or contract award process until the
2183 | subject of the protest is resolved by final board action unless
2184 | the executive director sets forth in writing particular facts
2185 | and circumstances that require the continuance of the
2186 | solicitation or contract award process without delay in order to
2187 | avoid an immediate and serious danger to the public health,
2188 | safety, or welfare.

2189 | (I) The corporation must provide an opportunity to resolve
2190 | the protest by mutual agreement between the parties within 7
2191 | business days after receipt of the formal written protest.

2192 | (II) If the subject of a protest is not resolved by mutual
2193 | agreement within 7 business days, the corporation's board must
2194 | transmit the protest to the Division of Administrative Hearings
2195 | and contract with the division to conduct a hearing to determine
2196 | the merits of the protest and to issue a recommended order. The
2197 | contract must provide for the corporation to reimburse the
2198 | division for any costs incurred by the division for court
2199 | reporters, transcript preparation, travel, facility rental, and
2200 | other customary hearing costs in the manner set forth in s.

2201 120.65(9). The division has jurisdiction to determine the facts
2202 and law concerning the protest and to issue a recommended order.
2203 The division's rules and procedures apply to these proceedings~~+~~
2204 ~~the division's applicable bond requirements do not apply.~~ The
2205 protest must be heard by the division at a publicly noticed
2206 meeting in accordance with procedures established by the
2207 division.

2208 c. In a protest of an invitation-to-bid or request-for-
2209 proposals procurement, submissions made after the bid or
2210 proposal opening which amend or supplement the bid or proposal
2211 may not be considered. In protesting an invitation-to-negotiate
2212 procurement, submissions made after the corporation announces
2213 its intent to award a contract, reject all replies, or withdraw
2214 the solicitation that amends or supplements the reply may not be
2215 considered. Unless otherwise provided by law, the burden of
2216 proof rests with the party protesting the corporation's action.
2217 In a competitive-procurement protest, other than a rejection of
2218 all bids, proposals, or replies, the administrative law judge
2219 must conduct a de novo proceeding to determine whether the
2220 corporation's proposed action is contrary to the corporation's
2221 governing statutes, the corporation's rules or policies, or the
2222 solicitation specifications. The standard of proof for the
2223 proceeding is whether the corporation's action was clearly
2224 erroneous, contrary to competition, arbitrary, or capricious. In
2225 any bid-protest proceeding contesting an intended corporation

2226 action to reject all bids, proposals, or replies, the standard
2227 of review by the board is whether the corporation's intended
2228 action is illegal, arbitrary, dishonest, or fraudulent.

2229 d. Failure to file a notice of protest or failure to file
2230 a formal written protest constitutes a waiver of proceedings.

2231 3. The ~~board, acting as~~ agency head or his or her
2232 designee, shall consider the recommended order of an
2233 administrative law judge ~~in a public meeting~~ and take final
2234 action on the protest. Any further legal remedy lies with the
2235 First District Court of Appeal.

2236 (f) The corporation is subject to the provisions of
2237 chapter 255.

2238 (g) The board shall determine whether it is more cost-
2239 effective and in the best interests of the corporation to use
2240 legal services provided by in-house attorneys employed by the
2241 corporation rather than contracting with outside counsel. In
2242 making such determination, the board shall document its findings
2243 and shall consider: the expertise needed; whether time
2244 commitments exceed in-house staff resources; whether local
2245 representation is needed; the travel, lodging and other costs
2246 associated with in-house representation; and such other factors
2247 that the board determines are relevant.

2248 (h) The corporation may not retain a lobbyist to represent
2249 it before the legislative branch or executive branch. However,
2250 full-time employees of the corporation may register as lobbyists

2251 and represent the corporation before the legislative branch or
2252 executive branch.

2253 (i)1. The Office of the Internal Auditor is established
2254 within the corporation to provide a central point for
2255 coordination of and responsibility for activities that promote
2256 accountability, integrity, and efficiency to the policyholders
2257 and to the taxpayers of this state. The internal auditor shall
2258 be appointed by the board of governors, shall report to and be
2259 under the general supervision of the board of governors, and is
2260 not subject to supervision by an employee of the corporation.
2261 Administrative staff and support shall be provided by the
2262 corporation. The internal auditor shall be appointed without
2263 regard to political affiliation. It is the duty and
2264 responsibility of the internal auditor to:

2265 a. Provide direction for, supervise, conduct, and
2266 coordinate audits, investigations, and management reviews
2267 relating to the programs and operations of the corporation.

2268 b. Conduct, supervise, or coordinate other activities
2269 carried out or financed by the corporation for the purpose of
2270 promoting efficiency in the administration of, or preventing and
2271 detecting fraud, abuse, and mismanagement in, its programs and
2272 operations.

2273 c. Submit final audit reports, reviews, or investigative
2274 reports to the board of governors, the executive director, the
2275 members of the Financial Services Commission, and the President

2276 of the Senate and the Speaker of the House of Representatives.

2277 d. Keep the board of governors informed concerning fraud,
 2278 abuses, and internal control deficiencies relating to programs
 2279 and operations administered or financed by the corporation,
 2280 recommend corrective action, and report on the progress made in
 2281 implementing corrective action.

2282 e. Cooperate and coordinate activities with the
 2283 corporation's inspector general.

2284 2. On or before February 15, the internal auditor shall
 2285 prepare an annual report evaluating the effectiveness of the
 2286 internal controls of the corporation and providing
 2287 recommendations for corrective action, if necessary, and
 2288 summarizing the audits, reviews, and investigations conducted by
 2289 the office during the preceding fiscal year. The final report
 2290 shall be furnished to the board of governors and the executive
 2291 director, the President of the Senate, the Speaker of the House
 2292 of Representatives, and the Financial Services Commission.

2293 (j) All records of the corporation, except as otherwise
 2294 provided by law, are subject to the record retention
 2295 requirements of s. 119.021.

2296 (k)1. The corporation shall establish and maintain a unit
 2297 or division to investigate possible fraudulent claims by
 2298 insureds or by persons making claims for services or repairs
 2299 against policies held by insureds; or it may contract with
 2300 others to investigate possible fraudulent claims for services or

2301 repairs against policies held by the corporation pursuant to s.
2302 626.9891. The corporation must comply with reporting
2303 requirements of s. 626.9891. An employee of the corporation
2304 shall notify the corporation's Office of the Inspector General
2305 and the Division of Investigative and Forensic Services within
2306 48 hours after having information that would lead a reasonable
2307 person to suspect that fraud may have been committed by any
2308 employee of the corporation.

2309 2. The corporation shall establish a unit or division
2310 responsible for receiving and responding to consumer complaints,
2311 which unit or division is the sole responsibility of a senior
2312 manager of the corporation.

2313 (1) The office shall conduct a comprehensive market
2314 conduct examination of the corporation every 2 years to
2315 determine compliance with its plan of operation and internal
2316 operations procedures. The first market conduct examination
2317 report shall be submitted to the President of the Senate and the
2318 Speaker of the House of Representatives no later than February
2319 1, 2009. Subsequent reports shall be submitted on or before
2320 February 1 every 2 years thereafter.

2321 (m) The Auditor General shall conduct an operational audit
2322 of the corporation every 3 years to evaluate management's
2323 performance in administering laws, policies, and procedures
2324 governing the operations of the corporation in an efficient and
2325 effective manner. The scope of the review shall include, but is

2326 | not limited to, evaluating claims handling, customer service,
2327 | take-out programs and bonuses, financing arrangements,
2328 | procurement of goods and services, internal controls, and the
2329 | internal audit function. The initial audit must be completed by
2330 | February 1, 2009.

2331 | (n)1. Rates for coverage provided by the corporation must
2332 | be actuarially sound pursuant to s. 627.062 and not competitive
2333 | with approved rates charged in the admitted voluntary market so
2334 | that the corporation functions as a residual market mechanism to
2335 | provide insurance only when insurance cannot be procured in the
2336 | voluntary market, except as otherwise provided in this
2337 | paragraph. The office shall provide the corporation such
2338 | information as would be necessary to determine whether rates are
2339 | competitive. The corporation shall file its recommended rates
2340 | with the office at least annually. The corporation shall provide
2341 | any additional information regarding the rates which the office
2342 | requires. The office shall consider the recommendations of the
2343 | board and issue a final order establishing the rates for the
2344 | corporation within~~45~~ days after the recommended rates are
2345 | filed. The corporation may not pursue an administrative
2346 | challenge or judicial review of the final order of the office.

2347 | 2. In addition to the rates otherwise determined pursuant
2348 | to this paragraph, the corporation shall impose and collect an
2349 | amount equal to the premium tax provided in s. 624.509 to
2350 | augment the financial resources of the corporation.

2351 3. After the public hurricane loss-projection model under
2352 s. 627.06281 has been found to be accurate and reliable by the
2353 Florida Commission on Hurricane Loss Projection Methodology, the
2354 model shall be considered when establishing the windstorm
2355 portion of the corporation's rates. The corporation may use the
2356 public model results in combination with the results of private
2357 models to calculate rates for the windstorm portion of the
2358 corporation's rates. This subparagraph does not require or allow
2359 the corporation to adopt rates lower than the rates otherwise
2360 required or allowed by this paragraph.

2361 4. The corporation must make a recommended actuarially
2362 sound rate filing for each personal and commercial line of
2363 business it writes.

2364 5. Notwithstanding the board's recommended rates and the
2365 office's final order regarding the corporation's filed rates
2366 under subparagraph 1., the corporation shall annually implement
2367 a rate increase which, except for sinkhole coverage, does not
2368 exceed the following for any single policy issued by the
2369 corporation, excluding coverage changes and surcharges:

2370 ~~a. Twelve percent for 2023.~~

2371 a.b. Thirteen percent for 2024.

2372 b.e. Fourteen percent for 2025.

2373 c.d. Fifteen percent for 2026 and all subsequent years.

2374 6. The corporation may also implement an increase to
2375 reflect the effect on the corporation of the cash buildup factor

2376 | pursuant to s. 215.555(5)(b).

2377 | 7. The corporation's implementation of rates as prescribed
 2378 | in subparagraphs 5. and 8. shall cease for any line of business
 2379 | written by the corporation upon the corporation's implementation
 2380 | of actuarially sound rates. Thereafter, the corporation shall
 2381 | annually make a recommended actuarially sound rate filing that
 2382 | is not competitive with approved rates in the admitted voluntary
 2383 | market for each commercial and personal line of business the
 2384 | corporation writes.

2385 | 8. The following new or renewal personal lines policies
 2386 | written on or after November 1, 2023, are not subject to the
 2387 | rate increase limitations in subparagraph 5., but may not be
 2388 | charged more than 50 percent above, and may not be charged ~~nor~~
 2389 | less than, the prior year's established rate for the
 2390 | corporation:

- 2391 | a. Policies that do not cover a primary residence;
- 2392 | b. New policies under which the coverage for the insured
 2393 | risk, before the date of application with the corporation, was
 2394 | last provided by an insurer determined by the office to be
 2395 | unsound or an insurer placed in receivership under chapter 631;
 2396 | or

- 2397 | c. Subsequent renewals of those policies, including the
 2398 | new policies in sub-subparagraph b., under which the coverage
 2399 | for the insured risk, before the date of application with the
 2400 | corporation, was last provided by an insurer determined by the

2401 office to be unsound or an insurer placed in receivership under
2402 chapter 631.

2403 9. As used in this paragraph, the term "primary residence"
2404 means the dwelling that is the policyholder's primary home or is
2405 a rental property that is the primary home of the tenant, and
2406 which the policyholder or tenant occupies for more than 9 months
2407 of each year.

2408 (o) If coverage in ~~an account, or~~ the Citizens account ~~if~~
2409 ~~established by the corporation,~~ is deactivated pursuant to
2410 paragraph (p), coverage through the corporation shall be
2411 reactivated by order of the office only under one of the
2412 following circumstances:

2413 1. If the market assistance plan receives a minimum of 100
2414 applications for coverage within a 3-month period, or 200
2415 applications for coverage within a 1-year period or less for
2416 residential coverage, unless the market assistance plan provides
2417 a quotation from authorized ~~admitted~~ carriers at their approved
2418 ~~filed~~ rates for at least 90 percent of such applicants. Any
2419 market assistance plan application that is rejected because an
2420 individual risk is so hazardous as to be uninsurable using the
2421 criteria specified in subparagraph (c)8. shall not be included
2422 in the minimum percentage calculation provided herein. In the
2423 event that there is a legal or administrative challenge to a
2424 determination by the office that the conditions of this
2425 subparagraph have been met for eligibility for coverage in the

2426 corporation, any eligible risk may obtain coverage during the
2427 pendency of such challenge.

2428 2. In response to a state of emergency declared by the
2429 Governor under s. 252.36, the office may activate coverage by
2430 order for the period of the emergency upon a finding by the
2431 office that the emergency significantly affects the availability
2432 of residential property insurance.

2433 (p)1. The corporation shall file with the office quarterly
2434 statements of financial condition, an annual statement of
2435 financial condition, and audited financial statements in the
2436 manner prescribed by law. In addition, the corporation shall
2437 report to the office monthly on the types, premium, exposure,
2438 and distribution by county of its policies in force, and shall
2439 submit other reports as the office requires to carry out its
2440 oversight of the corporation.

2441 2. The activities of the corporation shall be reviewed at
2442 least annually by the office to determine whether coverage shall
2443 be deactivated ~~in an account, or in the Citizens account if~~
2444 ~~established by the corporation,~~ on the basis that the conditions
2445 giving rise to its activation no longer exist.

2446 (q)1. The corporation shall certify to the office its
2447 needs for annual assessments as to a particular calendar year,
2448 and for any interim assessments that it deems to be necessary to
2449 sustain operations as to a particular year pending the receipt
2450 of annual assessments. Upon verification, the office shall

2451 approve such certification, and the corporation shall levy such
 2452 annual or interim assessments. Such assessments shall be
 2453 prorated, if authority to levy exists, as provided in paragraph
 2454 (b). The corporation shall take all reasonable and prudent steps
 2455 necessary to collect the amount of assessments due from each
 2456 assessable insurer, including, if prudent, filing suit to
 2457 collect the assessments, and the office may provide such
 2458 assistance to the corporation it deems appropriate. If the
 2459 corporation is unable to collect an assessment from any
 2460 assessable insurer, the uncollected assessments shall be levied
 2461 as an additional assessment against the assessable insurers and
 2462 any assessable insurer required to pay an additional assessment
 2463 as a result of such failure to pay shall have a cause of action
 2464 against such nonpaying assessable insurer. Assessments shall be
 2465 included as an appropriate factor in the making of rates. The
 2466 failure of a surplus lines agent to collect and remit any
 2467 regular or emergency assessment levied by the corporation is
 2468 considered to be a violation of s. 626.936 and subjects the
 2469 surplus lines agent to the penalties provided in that section.

2470 2. The governing body of any unit of local government, any
 2471 residents of which are insured by the corporation, may issue
 2472 bonds as defined in s. 125.013 or s. 166.101 from time to time
 2473 to fund an assistance program, in conjunction with the
 2474 corporation, for the purpose of defraying deficits of the
 2475 corporation. In order to avoid needless and indiscriminate

2476 proliferation, duplication, and fragmentation of such assistance
2477 programs, any unit of local government, any residents of which
2478 are insured by the corporation, may provide for the payment of
2479 losses, regardless of whether or not the losses occurred within
2480 or outside of the territorial jurisdiction of the local
2481 government. Revenue bonds under this subparagraph may not be
2482 issued until validated pursuant to chapter 75, unless a state of
2483 emergency is declared by executive order or proclamation of the
2484 Governor pursuant to s. 252.36 making such findings as are
2485 necessary to determine that it is in the best interests of, and
2486 necessary for, the protection of the public health, safety, and
2487 general welfare of residents of this state and declaring it an
2488 essential public purpose to permit certain municipalities or
2489 counties to issue such bonds as will permit relief to claimants
2490 and policyholders of the corporation. Any such unit of local
2491 government may enter into such contracts with the corporation
2492 and with any other entity created pursuant to this subsection as
2493 are necessary to carry out this paragraph. Any bonds issued
2494 under this subparagraph shall be payable from and secured by
2495 moneys received by the corporation from emergency assessments
2496 under sub-subparagraph (b)3.c. ~~(b)3.e.~~, and assigned and pledged
2497 to or on behalf of the unit of local government for the benefit
2498 of the holders of such bonds. The funds, credit, property, and
2499 taxing power of the state or of the unit of local government
2500 shall not be pledged for the payment of such bonds.

2501 3.a. The corporation shall adopt one or more programs
2502 subject to approval by the office for the reduction of both new
2503 and renewal writings in the corporation. Beginning January 1,
2504 2008, any program the corporation adopts for the payment of
2505 bonuses to an insurer for each risk the insurer removes from the
2506 corporation shall comply with s. 627.3511(2) and may not exceed
2507 the amount referenced in s. 627.3511(2) for each risk removed.
2508 The corporation may consider any prudent and not unfairly
2509 discriminatory approach to reducing corporation writings, and
2510 may adopt a credit against assessment liability or other
2511 liability that provides an incentive for insurers to take risks
2512 out of the corporation and to keep risks out of the corporation
2513 by maintaining or increasing voluntary writings in counties or
2514 areas in which corporation risks are highly concentrated and a
2515 program to provide a formula under which an insurer voluntarily
2516 taking risks out of the corporation by maintaining or increasing
2517 voluntary writings will be relieved wholly or partially from
2518 assessments ~~under sub-subparagraph (b) 3.a.~~ In addition, in the
2519 event policies are taken out by an approved surplus lines
2520 insurer, such insurer's assessable insureds may also be relieved
2521 wholly or partially from assessments. However, any "take-out
2522 bonus" or payment to an insurer must be conditioned on the
2523 property being insured for at least 5 years by the insurer,
2524 unless canceled or nonrenewed by the policyholder. If the policy
2525 is canceled or nonrenewed by the policyholder before the end of

2526 | the 5-year period, the amount of the take-out bonus must be
 2527 | prorated for the time period the policy was insured. When the
 2528 | corporation enters into a contractual agreement for a take-out
 2529 | plan, the producing agent of record of the corporation policy is
 2530 | entitled to retain any unearned commission on such policy, and
 2531 | the insurer shall either:

2532 | (I) Pay to the producing agent of record of the policy,
 2533 | for the first year, an amount which is the greater of the
 2534 | insurer's usual and customary commission for the type of policy
 2535 | written or a policy fee equal to the usual and customary
 2536 | commission of the corporation; or

2537 | (II) Offer to allow the producing agent of record of the
 2538 | policy to continue servicing the policy for a period of not less
 2539 | than 1 year and offer to pay the agent the insurer's usual and
 2540 | customary commission for the type of policy written. If the
 2541 | producing agent is unwilling or unable to accept appointment by
 2542 | the new insurer, the new insurer shall pay the agent in
 2543 | accordance with sub-sub-subparagraph (I).

2544 | b. Any credit or exemption from regular assessments
 2545 | adopted under this subparagraph shall last no longer than the 3
 2546 | years following the cancellation or expiration of the policy by
 2547 | the corporation. With the approval of the office, the board may
 2548 | extend such credits for an additional year if the insurer
 2549 | guarantees an additional year of renewability for all policies
 2550 | removed from the corporation, or for 2 additional years if the

2551 insurer guarantees 2 additional years of renewability for all
2552 policies so removed.

2553 c. There shall be no credit, limitation, exemption, or
2554 deferment from emergency assessments to be collected from
2555 policyholders pursuant to sub-subparagraph (b)3.c. ~~(b)3.e. or~~
2556 ~~sub-subparagraph (b)5.e.~~

2557 ~~4. The plan shall provide for the deferment, in whole or~~
2558 ~~in part, of the assessment of an assessable insurer, other than~~
2559 ~~an emergency assessment collected from policyholders pursuant to~~
2560 ~~sub-subparagraph (b)3.e. or sub-subparagraph (b)5.e., if the~~
2561 ~~office finds that payment of the assessment would endanger or~~
2562 ~~impair the solvency of the insurer. In the event an assessment~~
2563 ~~against an assessable insurer is deferred in whole or in part,~~
2564 ~~the amount by which such assessment is deferred may be assessed~~
2565 ~~against the other assessable insurers in a manner consistent~~
2566 ~~with the basis for assessments set forth in paragraph (b).~~

2567 ~~4.5.~~ Effective July 1, 2007, in order to evaluate the
2568 costs and benefits of approved take-out plans, if the
2569 corporation pays a bonus or other payment to an insurer for an
2570 approved take-out plan, it shall maintain a record of the
2571 address or such other identifying information on the property or
2572 risk removed in order to track if and when the property or risk
2573 is later insured by the corporation.

2574 ~~5.6.~~ Any policy taken out, assumed, or removed from the
2575 corporation is, as of the effective date of the take-out,

2576 assumption, or removal, direct insurance issued by the insurer
2577 and not by the corporation, even if the corporation continues to
2578 service the policies. This subparagraph applies to policies of
2579 the corporation and not policies taken out, assumed, or removed
2580 from any other entity.

2581 6.7. For a policy taken out, assumed, or removed from the
2582 corporation, the insurer may, for a period of no more than 3
2583 years, continue to use any of the corporation's policy forms or
2584 endorsements that apply to the policy taken out, removed, or
2585 assumed without obtaining approval from the office for use of
2586 such policy form or endorsement.

2587 (r) Nothing in this subsection shall be construed to
2588 preclude the issuance of residential property insurance coverage
2589 pursuant to part VIII of chapter 626.

2590 (s)1. There shall be no liability on the part of, and no
2591 cause of action of any nature shall arise against, any
2592 assessable insurer or its agents or employees, the corporation
2593 or its agents or employees, members of the board of governors or
2594 their respective designees at a board meeting, corporation
2595 committee members, or the office or its representatives, for any
2596 action taken by them in the performance of their duties or
2597 responsibilities under this subsection. Such immunity does not
2598 apply to:

2599 a. Any of the foregoing persons or entities for any
2600 willful tort;

2601 b. The corporation or its producing agents for breach of
2602 any contract or agreement pertaining to insurance coverage;

2603 c. The corporation with respect to issuance or payment of
2604 debt;

2605 d. Any assessable insurer with respect to any action to
2606 enforce an assessable insurer's obligations to the corporation
2607 under this subsection; or

2608 e. The corporation in any pending or future action for
2609 breach of contract or for benefits under a policy issued by the
2610 corporation.

2611 2. The corporation shall manage its claim employees,
2612 independent adjusters, and others who handle claims to ensure
2613 they carry out the corporation's duty to its policyholders to
2614 handle claims carefully, timely, diligently, and in good faith,
2615 balanced against the corporation's duty to the state to manage
2616 its assets responsibly to minimize its assessment potential.

2617 (t) For the purposes of s. 199.183(1), the corporation
2618 shall be considered a political subdivision of the state and
2619 shall be exempt from the corporate income tax. The premiums,
2620 assessments, investment income, and other revenue of the
2621 corporation are funds received for providing property insurance
2622 coverage as required by this subsection, paying claims for
2623 Florida citizens insured by the corporation, securing and
2624 repaying debt obligations issued by the corporation, and
2625 conducting all other activities of the corporation, and shall

2626 | not be considered taxes, fees, licenses, or charges for services
2627 | imposed by the Legislature on individuals, businesses, or
2628 | agencies outside state government. Bonds and other debt
2629 | obligations issued by or on behalf of the corporation are not to
2630 | be considered "state bonds" within the meaning of s. 215.58(8).
2631 | The corporation is subject to the procurement provisions of
2632 | chapter 287 as provided in paragraph (e), and policies and
2633 | decisions of the corporation relating to incurring debt, levying
2634 | of assessments and the sale, issuance, continuation, terms and
2635 | claims under corporation policies, and all services relating
2636 | thereto, are not subject to the provisions of chapter 120. The
2637 | corporation is not required to obtain or to hold a certificate
2638 | of authority issued by the office, nor is it required to
2639 | participate as a member insurer of the Florida Insurance
2640 | Guaranty Association. However, the corporation is required to
2641 | pay, in the same manner as an authorized insurer, assessments
2642 | levied by the Florida Insurance Guaranty Association. It is the
2643 | intent of the Legislature that the tax exemptions provided in
2644 | this paragraph will augment the financial resources of the
2645 | corporation to better enable the corporation to fulfill its
2646 | public purposes. Any debt obligations issued by the corporation,
2647 | their transfer, and the income therefrom, including any profit
2648 | made on the sale thereof, shall at all times be free from
2649 | taxation of every kind by the state and any political
2650 | subdivision or local unit or other instrumentality thereof;

2651 however, this exemption does not apply to any tax imposed by
2652 chapter 220 on interest, income, or profits on debt obligations
2653 owned by corporations other than the corporation.

2654 (u) Upon a determination by the office that the conditions
2655 giving rise to the establishment and activation of the
2656 corporation no longer exist, the corporation is dissolved. Upon
2657 dissolution, the assets of the corporation shall be applied
2658 first to pay all debts, liabilities, and obligations of the
2659 corporation, including the establishment of reasonable reserves
2660 for any contingent liabilities or obligations, and all remaining
2661 assets of the corporation shall become property of the state and
2662 shall be deposited in the Florida Hurricane Catastrophe Fund.
2663 However, no dissolution shall take effect as long as the
2664 corporation has bonds or other financial obligations outstanding
2665 unless adequate provision has been made for the payment of the
2666 bonds or other financial obligations pursuant to the documents
2667 authorizing the issuance of the bonds or other financial
2668 obligations.

2669 (v)1. Effective July 1, 2002, policies of the Residential
2670 Property and Casualty Joint Underwriting Association become
2671 policies of the corporation. All obligations, rights, assets and
2672 liabilities of the association, including bonds, note and debt
2673 obligations, and the financing documents pertaining to them
2674 become those of the corporation as of July 1, 2002. The
2675 corporation is not required to issue endorsements or

2676 certificates of assumption to insureds during the remaining term
2677 of in-force transferred policies.

2678 2. Effective July 1, 2002, policies of the Florida
2679 Windstorm Underwriting Association are transferred to the
2680 corporation and become policies of the corporation. All
2681 obligations, rights, assets, and liabilities of the association,
2682 including bonds, note and debt obligations, and the financing
2683 documents pertaining to them are transferred to and assumed by
2684 the corporation on July 1, 2002. The corporation is not required
2685 to issue endorsements or certificates of assumption to insureds
2686 during the remaining term of in-force transferred policies.

2687 3. The Florida Windstorm Underwriting Association and the
2688 Residential Property and Casualty Joint Underwriting Association
2689 shall take all actions necessary to further evidence the
2690 transfers and provide the documents and instruments of further
2691 assurance as may reasonably be requested by the corporation for
2692 that purpose. The corporation shall execute assumptions and
2693 instruments as the trustees or other parties to the financing
2694 documents of the Florida Windstorm Underwriting Association or
2695 the Residential Property and Casualty Joint Underwriting
2696 Association may reasonably request to further evidence the
2697 transfers and assumptions, which transfers and assumptions,
2698 however, are effective on the date provided under this paragraph
2699 whether or not, and regardless of the date on which, the
2700 assumptions or instruments are executed by the corporation.

2701 ~~Subject to the relevant financing documents pertaining to their~~
2702 ~~outstanding bonds, notes, indebtedness, or other financing~~
2703 ~~obligations, the moneys, investments, receivables, choses in~~
2704 ~~action, and other intangibles of the Florida Windstorm~~
2705 ~~Underwriting Association shall be credited to the coastal~~
2706 ~~account of the corporation, and those of the personal lines~~
2707 ~~residential coverage account and the commercial lines~~
2708 ~~residential coverage account of the Residential Property and~~
2709 ~~Casualty Joint Underwriting Association shall be credited to the~~
2710 ~~personal lines account and the commercial lines account,~~
2711 ~~respectively, of the corporation.~~

2712 4. Effective July 1, 2002, a new applicant for property
2713 insurance coverage who would otherwise have been eligible for
2714 coverage in the Florida Windstorm Underwriting Association is
2715 eligible for coverage from the corporation as provided in this
2716 subsection.

2717 5. The transfer of all policies, obligations, rights,
2718 assets, and liabilities from the Florida Windstorm Underwriting
2719 Association to the corporation and the renaming of the
2720 Residential Property and Casualty Joint Underwriting Association
2721 as the corporation does not affect the coverage with respect to
2722 covered policies as defined in s. 215.555(2)(c) provided to
2723 these entities by the Florida Hurricane Catastrophe Fund. ~~The~~
2724 ~~coverage provided by the fund to the Florida Windstorm~~
2725 ~~Underwriting Association based on its exposures as of June 30,~~

2726 ~~2002, and each June 30 thereafter, unless the corporation has~~
2727 ~~established the Citizens account, shall be redesignated as~~
2728 ~~coverage for the coastal account of the corporation.~~
2729 ~~Notwithstanding any other provision of law, the coverage~~
2730 ~~provided by the fund to the Residential Property and Casualty~~
2731 ~~Joint Underwriting Association based on its exposures as of June~~
2732 ~~30, 2002, and each June 30 thereafter, unless the corporation~~
2733 ~~has established the Citizens account, shall be transferred to~~
2734 ~~the personal lines account and the commercial lines account of~~
2735 ~~the corporation. Notwithstanding any other provision of law, the~~
2736 ~~coastal account, unless the corporation has established the~~
2737 ~~Citizens account, shall be treated, for all Florida Hurricane~~
2738 ~~Catastrophe Fund purposes, as if it were a separate~~
2739 ~~participating insurer with its own exposures, reimbursement~~
2740 ~~premium, and loss reimbursement. Likewise, the personal lines~~
2741 ~~and commercial lines accounts, unless the corporation has~~
2742 ~~established the Citizens account, shall be viewed together, for~~
2743 ~~all fund purposes, as if the two accounts were one and represent~~
2744 ~~a single, separate participating insurer with its own exposures,~~
2745 ~~reimbursement premium, and loss reimbursement. The coverage~~
2746 ~~provided by the fund to the corporation shall constitute and~~
2747 ~~operate as a full transfer of coverage from the Florida~~
2748 ~~Windstorm Underwriting Association and Residential Property and~~
2749 ~~Casualty Joint Underwriting Association to the corporation.~~
2750 (w) Notwithstanding any other provision of law:

2751 1. The pledge or sale of, the lien upon, and the security
2752 interest in any rights, revenues, or other assets of the
2753 corporation created or purported to be created pursuant to any
2754 financing documents to secure any bonds or other indebtedness of
2755 the corporation shall be and remain valid and enforceable,
2756 notwithstanding the commencement of and during the continuation
2757 of, and after, any rehabilitation, insolvency, liquidation,
2758 bankruptcy, receivership, conservatorship, reorganization, or
2759 similar proceeding against the corporation under the laws of
2760 this state.

2761 2. The proceeding does not relieve the corporation of its
2762 obligation, or otherwise affect its ability to perform its
2763 obligation, to continue to collect, or levy and collect,
2764 assessments, policyholder surcharges or other surcharges ~~under~~
2765 ~~sub-subparagraph (b) 3.j.~~, or any other rights, revenues, or
2766 other assets of the corporation pledged pursuant to any
2767 financing documents.

2768 3. Each such pledge or sale of, lien upon, and security
2769 interest in, including the priority of such pledge, lien, or
2770 security interest, any such assessments, policyholder surcharges
2771 or other surcharges, or other rights, revenues, or other assets
2772 which are collected, or levied and collected, after the
2773 commencement of and during the pendency of, or after, any such
2774 proceeding shall continue unaffected by such proceeding. As used
2775 in this subsection, the term "financing documents" means any

2776 agreement or agreements, instrument or instruments, or other
2777 document or documents now existing or hereafter created
2778 evidencing any bonds or other indebtedness of the corporation or
2779 pursuant to which any such bonds or other indebtedness has been
2780 or may be issued and pursuant to which any rights, revenues, or
2781 other assets of the corporation are pledged or sold to secure
2782 the repayment of such bonds or indebtedness, together with the
2783 payment of interest on such bonds or such indebtedness, or the
2784 payment of any other obligation or financial product, as defined
2785 in the plan of operation of the corporation related to such
2786 bonds or indebtedness.

2787 4. Any such pledge or sale of assessments, revenues,
2788 contract rights, or other rights or assets of the corporation
2789 shall constitute a lien and security interest, or sale, as the
2790 case may be, that is immediately effective and attaches to such
2791 assessments, revenues, or contract rights or other rights or
2792 assets, whether or not imposed or collected at the time the
2793 pledge or sale is made. Any such pledge or sale is effective,
2794 valid, binding, and enforceable against the corporation or other
2795 entity making such pledge or sale, and valid and binding against
2796 and superior to any competing claims or obligations owed to any
2797 other person or entity, including policyholders in this state,
2798 asserting rights in any such assessments, revenues, or contract
2799 rights or other rights or assets to the extent set forth in and
2800 in accordance with the terms of the pledge or sale contained in

2801 the applicable financing documents, whether or not any such
2802 person or entity has notice of such pledge or sale and without
2803 the need for any physical delivery, recordation, filing, or
2804 other action.

2805 5. As long as the corporation has any bonds outstanding,
2806 the corporation may not file a voluntary petition under chapter
2807 9 of the federal Bankruptcy Code or such corresponding chapter
2808 or sections as may be in effect, from time to time, and a public
2809 officer or any organization, entity, or other person may not
2810 authorize the corporation to be or become a debtor under chapter
2811 9 of the federal Bankruptcy Code or such corresponding chapter
2812 or sections as may be in effect, from time to time, during any
2813 such period.

2814 6. If ordered by a court of competent jurisdiction, the
2815 corporation may assume policies or otherwise provide coverage
2816 for policyholders of an insurer placed in liquidation under
2817 chapter 631, under such forms, rates, terms, and conditions as
2818 the corporation deems appropriate, subject to approval by the
2819 office.

2820 (x)1. The following records of the corporation are
2821 confidential and exempt from the provisions of s. 119.07(1) and
2822 s. 24(a), Art. I of the State Constitution:

2823 a. Underwriting files, except that a policyholder or an
2824 applicant shall have access to his or her own underwriting
2825 files. Confidential and exempt underwriting file records may

2826 also be released to other governmental agencies upon written
2827 request and demonstration of need; such records held by the
2828 receiving agency remain confidential and exempt as provided
2829 herein.

2830 b. Claims files, until termination of all litigation and
2831 settlement of all claims arising out of the same incident,
2832 although portions of the claims files may remain exempt, as
2833 otherwise provided by law. Confidential and exempt claims file
2834 records may be released to other governmental agencies upon
2835 written request and demonstration of need; such records held by
2836 the receiving agency remain confidential and exempt as provided
2837 herein.

2838 c. Records obtained or generated by an internal auditor
2839 pursuant to a routine audit, until the audit is completed, or if
2840 the audit is conducted as part of an investigation, until the
2841 investigation is closed or ceases to be active. An investigation
2842 is considered "active" while the investigation is being
2843 conducted with a reasonable, good faith belief that it could
2844 lead to the filing of administrative, civil, or criminal
2845 proceedings.

2846 d. Matters reasonably encompassed in privileged attorney-
2847 client communications.

2848 e. Proprietary information licensed to the corporation
2849 under contract and the contract provides for the confidentiality
2850 of such proprietary information.

2851 f. All information relating to the medical condition or
2852 medical status of a corporation employee which is not relevant
2853 to the employee's capacity to perform his or her duties, except
2854 as otherwise provided in this paragraph. Information that is
2855 exempt shall include, but is not limited to, information
2856 relating to workers' compensation, insurance benefits, and
2857 retirement or disability benefits.

2858 g. Upon an employee's entrance into the employee
2859 assistance program, a program to assist any employee who has a
2860 behavioral or medical disorder, substance abuse problem, or
2861 emotional difficulty that affects the employee's job
2862 performance, all records relative to that participation shall be
2863 confidential and exempt from the provisions of s. 119.07(1) and
2864 s. 24(a), Art. I of the State Constitution, except as otherwise
2865 provided in s. 112.0455(11).

2866 h. Information relating to negotiations for financing,
2867 reinsurance, depopulation, or contractual services, until the
2868 conclusion of the negotiations.

2869 i. Minutes of closed meetings regarding underwriting
2870 files, and minutes of closed meetings regarding an open claims
2871 file until termination of all litigation and settlement of all
2872 claims with regard to that claim, except that information
2873 otherwise confidential or exempt by law shall be redacted.

2874 2. If an authorized insurer is considering underwriting a
2875 risk insured by the corporation, relevant underwriting files and

2876 confidential claims files may be released to the insurer
2877 provided the insurer agrees in writing, notarized and under
2878 oath, to maintain the confidentiality of such files. If a file
2879 is transferred to an insurer, that file is no longer a public
2880 record because it is not held by an agency subject to the
2881 provisions of the public records law. Underwriting files and
2882 confidential claims files may also be released to staff and the
2883 board of governors of the market assistance plan established
2884 pursuant to s. 627.3515, who must retain the confidentiality of
2885 such files, except such files may be released to authorized
2886 insurers that are considering assuming the risks to which the
2887 files apply, provided the insurer agrees in writing, notarized
2888 and under oath, to maintain the confidentiality of such files.
2889 Finally, the corporation or the board or staff of the market
2890 assistance plan may make the following information obtained from
2891 underwriting files and confidential claims files available to an
2892 entity that has obtained a permit to become an authorized
2893 insurer, a reinsurer that may provide reinsurance under s.
2894 624.610, a licensed reinsurance broker, a licensed rating
2895 organization, a modeling company, a licensed surplus lines
2896 agent, or a licensed general lines insurance agent: name,
2897 address, and telephone number of the residential property owner
2898 or insured; location of the risk; rating information; loss
2899 history; and policy type. The receiving person must retain the
2900 confidentiality of the information received and may use the

2901 information only for the purposes of developing a take-out plan
2902 or a rating plan to be submitted to the office for approval or
2903 otherwise analyzing the underwriting of a risk or risks insured
2904 by the corporation on behalf of the private insurance market. A
2905 licensed surplus lines agent or a licensed general lines
2906 insurance agent may not use such information for the direct
2907 solicitation of policyholders.

2908 3. A policyholder who has filed suit against the
2909 corporation has the right to discover the contents of his or her
2910 own claims file to the same extent that discovery of such
2911 contents would be available from a private insurer in litigation
2912 as provided by the Florida Rules of Civil Procedure, the Florida
2913 Evidence Code, and other applicable law. Pursuant to subpoena, a
2914 third party has the right to discover the contents of an
2915 insured's or applicant's underwriting or claims file to the same
2916 extent that discovery of such contents would be available from a
2917 private insurer by subpoena as provided by the Florida Rules of
2918 Civil Procedure, the Florida Evidence Code, and other applicable
2919 law, and subject to any confidentiality protections requested by
2920 the corporation and agreed to by the seeking party or ordered by
2921 the court. The corporation may release confidential underwriting
2922 and claims file contents and information as it deems necessary
2923 and appropriate to underwrite or service insurance policies and
2924 claims, subject to any confidentiality protections deemed
2925 necessary and appropriate by the corporation.

2926 4. Portions of meetings of the corporation are exempt from
2927 the provisions of s. 286.011 and s. 24(b), Art. I of the State
2928 Constitution wherein confidential underwriting files or
2929 confidential open claims files are discussed. All portions of
2930 corporation meetings which are closed to the public shall be
2931 recorded by a court reporter. The court reporter shall record
2932 the times of commencement and termination of the meeting, all
2933 discussion and proceedings, the names of all persons present at
2934 any time, and the names of all persons speaking. No portion of
2935 any closed meeting shall be off the record. Subject to the
2936 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's
2937 notes of any closed meeting shall be retained by the corporation
2938 for a minimum of 5 years. A copy of the transcript, less any
2939 exempt matters, of any closed meeting wherein claims are
2940 discussed shall become public as to individual claims after
2941 settlement of the claim.

2942 (y) It is the intent of the Legislature that the
2943 amendments to this subsection enacted in 2002 should, over time,
2944 reduce the probable maximum windstorm losses in the residual
2945 markets and the potential assessments to be levied on property
2946 insurers and policyholders statewide.

2947 (z) In enacting the provisions of this section, the
2948 Legislature recognizes that both the Florida Windstorm
2949 Underwriting Association and the Residential Property and
2950 Casualty Joint Underwriting Association have entered into

2951 financing arrangements that obligate each entity to service its
2952 debts and maintain the capacity to repay funds secured under
2953 these financing arrangements. It is the intent of the
2954 Legislature that nothing in this section be construed to
2955 compromise, diminish, or interfere with the rights of creditors
2956 under such financing arrangements. It is further the intent of
2957 the Legislature to preserve the obligations of the Florida
2958 Windstorm Underwriting Association and Residential Property and
2959 Casualty Joint Underwriting Association with regard to
2960 outstanding financing arrangements, with such obligations
2961 passing entirely and unchanged to the corporation and,
2962 specifically, to the Citizens ~~applicable~~ account of the
2963 corporation. So long as any bonds, notes, indebtedness, or other
2964 financing obligations of the Florida Windstorm Underwriting
2965 Association or the Residential Property and Casualty Joint
2966 Underwriting Association are outstanding, under the terms of the
2967 financing documents pertaining to them, the governing board of
2968 the corporation shall have and shall exercise the authority to
2969 levy, charge, collect, and receive all premiums, assessments,
2970 surcharges, charges, revenues, and receipts that the
2971 associations had authority to levy, charge, collect, or receive
2972 under the provisions of subsection (2) and this subsection,
2973 respectively, as they existed on January 1, 2002, to provide
2974 moneys, without exercise of the authority provided by this
2975 subsection, in at least the amounts, and by the times, as would

2976 | be provided under those former provisions of subsection (2) or
2977 | this subsection, respectively, so that the value, amount, and
2978 | collectability of any assets, revenues, or revenue source
2979 | pledged or committed to, or any lien thereon securing such
2980 | outstanding bonds, notes, indebtedness, or other financing
2981 | obligations will not be diminished, impaired, or adversely
2982 | affected by the amendments made by this act and to permit
2983 | compliance with all provisions of financing documents pertaining
2984 | to such bonds, notes, indebtedness, or other financing
2985 | obligations, or the security or credit enhancement for them, and
2986 | any reference in this subsection to bonds, notes, indebtedness,
2987 | financing obligations, or similar obligations, of the
2988 | corporation shall include like instruments or contracts of the
2989 | Florida Windstorm Underwriting Association and the Residential
2990 | Property and Casualty Joint Underwriting Association to the
2991 | extent not inconsistent with the provisions of the financing
2992 | documents pertaining to them.

2993 | (aa) Except as otherwise provided in this paragraph, the
2994 | corporation shall require the securing and maintaining of flood
2995 | insurance as a condition of coverage of a personal lines
2996 | residential risk. The insured or applicant must execute a form
2997 | approved by the office affirming that flood insurance is not
2998 | provided by the corporation and that if flood insurance is not
2999 | secured by the applicant or insured from an insurer other than
3000 | the corporation and in addition to coverage by the corporation,

3001 the risk will not be eligible for coverage by the corporation.
 3002 The corporation may deny coverage of a personal lines
 3003 residential risk to an applicant or insured who refuses to
 3004 secure and maintain flood insurance. The requirement to purchase
 3005 flood insurance shall be implemented as follows:

3006 1. Except as provided in subparagraphs 2. and 3., all
 3007 personal lines residential policyholders must have flood
 3008 coverage in place for policies effective on or after:

3009 a. January 1, 2024, for a structure that has a dwelling
 3010 replacement cost of \$600,000 or more.

3011 b. January 1, 2025, for a structure that has a dwelling
 3012 replacement cost of \$500,000 or more.

3013 c. January 1, 2026, for a structure that has a dwelling
 3014 replacement cost of \$400,000 or more.

3015 d. January 1, 2027, for all other personal lines
 3016 residential property insured by the corporation.

3017 2. All personal lines residential policyholders whose
 3018 property insured by the corporation is located within the
 3019 special flood hazard area defined by the Federal Emergency
 3020 Management Agency must have flood coverage in place:

3021 a. At the time of initial policy issuance for all new
 3022 personal lines residential policies issued by the corporation on
 3023 or after April 1, 2023.

3024 b. By the time of the policy renewal for all personal
 3025 lines residential policies renewing on or after July 1, 2023.

3026 3. Policyholders are not required to purchase flood
 3027 insurance as a condition for maintaining the following policies
 3028 issued by the corporation:

3029 a. Policies that do not provide coverage for the peril of
 3030 wind.

3031 b. Policies that provide coverage under a condominium unit
 3032 owners form.

3033

3034 The flood insurance required under this paragraph must meet, at
 3035 a minimum, the dwelling coverage available from the National
 3036 Flood Insurance Program or the requirements of subparagraphs s.
 3037 627.715(1)(a)1., 2., and 3.

3038 (bb) A salaried employee of the corporation who performs
 3039 policy administration services subsequent to the effectuation of
 3040 a corporation policy is not required to be licensed as an agent
 3041 under the provisions of s. 626.112.

3042 (cc) There shall be no liability on the part of, and no
 3043 cause of action of any nature shall arise against, producing
 3044 agents of record of the corporation or employees of such agents
 3045 for insolvency of any take-out insurer.

3046 (dd) The assets of the corporation may be invested and
 3047 managed by the State Board of Administration.

3048 (ee) The office may establish a pilot program to offer
 3049 optional sinkhole coverage in one or more counties or other
 3050 territories of the corporation for the purpose of implementing

3051 s. 627.706, as amended by s. 30, chapter 2007-1, Laws of
3052 Florida. Under the pilot program, the corporation is not
3053 required to issue a notice of nonrenewal to exclude sinkhole
3054 coverage upon the renewal of existing policies, but may exclude
3055 such coverage using a notice of coverage change.

3056 (ff) In establishing replacement costs for coverage on a
3057 dwelling insured by the corporation, the corporation must accept
3058 a valuation from any of the following sources and must use the
3059 lowest valuation as the insured value of the dwelling, excluding
3060 land value, provided the valuation was completed within the 12
3061 months before the application or renewal date of coverage:

3062 1. A replacement cost valuation software that is
3063 specifically designed for use in establishing insurance
3064 replacement costs and that includes an itemized calculation of
3065 the cost of reconstruction;

3066 2. A replacement cost valuation prepared by a certified or
3067 licensed real estate appraiser under part II of chapter 475 that
3068 is specifically formulated to establish insurance replacement
3069 cost, rather than market value, and which includes an itemized
3070 calculation of the cost of reconstruction; or

3071 3. A replacement cost valuation prepared by a general,
3072 building, or residential contractor licensed under s. 489.113,
3073 or a professional engineer licensed under s. 471.015, which
3074 includes an itemized calculation of the total price of
3075 reconstruction.

3076 (gg) The Office of Inspector General is established within
3077 the corporation to provide a central point for coordination of
3078 and responsibility for activities that promote accountability,
3079 integrity, and efficiency. The office shall be headed by an
3080 inspector general, which is a senior management position that
3081 involves planning, coordinating, and performing activities
3082 assigned to and assumed by the inspector general for the
3083 corporation.

3084 1. The inspector general shall be appointed by the
3085 Financial Services Commission and may only be removed from
3086 office by the commission. The inspector general shall be
3087 appointed without regard to political affiliation.

3088 a. At a minimum, the inspector general must possess a
3089 bachelor's degree from an accredited college or university and 8
3090 years of professional experience related to the duties of an
3091 inspector general as described in this paragraph, of which 5
3092 years must have been at a supervisory level.

3093 b. The inspector general shall report to, and be under the
3094 supervision of, the chair of the board of governors. The
3095 executive director or corporation staff may not prevent or
3096 prohibit the inspector general from initiating, carrying out, or
3097 completing any audit, review, evaluation, study, or
3098 investigation.

3099 2. The inspector general shall initiate, direct,
3100 coordinate, participate in, and perform audits, reviews,

3101 | evaluations, studies, and investigations designed to assess
3102 | management practices; compliance with laws, rules, and policies;
3103 | and program effectiveness and efficiency. This includes:

3104 | a. Conducting internal examinations; investigating
3105 | allegations of fraud, waste, abuse, malfeasance, mismanagement,
3106 | employee misconduct, or violations of corporation policies; and
3107 | conducting any other investigations as directed by the Financial
3108 | Services Commission or as independently determined.

3109 | b. Evaluating and recommending actions regarding security,
3110 | the ethical behavior of personnel and vendors, and compliance
3111 | with rules, laws, policies, and personnel matters; and rendering
3112 | ethics opinions.

3113 | c. Evaluating personnel and administrative policy
3114 | compliance, management and operational matters, and human
3115 | resources-related matters.

3116 | d. Evaluating the application of a corporation code of
3117 | ethics, providing reviews and recommendations on the design and
3118 | content of ethics-related policy training courses, educating
3119 | employees on the code and on appropriate conduct, and checking
3120 | for compliance.

3121 | e. Evaluating the activities of the senior management team
3122 | and management's compliance with recommended solutions.

3123 | f. Cooperating and coordinating activities with the chief
3124 | of internal audit.

3125 | g. Maintaining records of investigations and discipline in

3126 | accordance with established policies, or as otherwise required.

3127 | h. Supervising and directing the tasks and assignments of
3128 | the staff assigned to assist with the inspector general's
3129 | projects, including regular review and feedback regarding work
3130 | in progress and providing recommendations regarding relevant
3131 | training and staff development activities.

3132 | i. Directing, planning, preparing, and presenting interim
3133 | and final reports and oral briefings which communicate the
3134 | results of studies, reviews, and investigations.

3135 | j. Providing the executive director with independent and
3136 | objective assessments of programs and activities.

3137 | k. Completing special projects, assignments, and other
3138 | duties as requested by the Financial Services Commission.

3139 | l. Reporting expeditiously to the Department of Law
3140 | Enforcement or other law enforcement agencies, as appropriate,
3141 | whenever the inspector general has reasonable grounds to believe
3142 | there has been a violation of criminal law.

3143 | (hh) The corporation shall prepare a report for each
3144 | calendar year outlining both the statewide average and county-
3145 | specific details of the loss ratio attributable to losses that
3146 | are not catastrophic losses for residential coverage provided by
3147 | the corporation, which information must be presented to the
3148 | office and available for public inspection on the Internet
3149 | website of the corporation by March 1 of the following calendar
3150 | year.

3151 (ii) The corporation shall revise the programs adopted
3152 pursuant to sub-subparagraph (q)3.a. for personal lines
3153 residential policies to maximize policyholder options and
3154 encourage increased participation by insurers and agents. After
3155 January 1, 2017, a policy may not be taken out of the
3156 corporation unless the provisions of this paragraph are met.

3157 1. The corporation must publish a periodic schedule of
3158 cycles during which an insurer may identify, and notify the
3159 corporation of, policies that the insurer is requesting to take
3160 out. A request must include a description of the coverage
3161 offered and an estimated premium and must be submitted to the
3162 corporation in a form and manner prescribed by the corporation.

3163 2. The corporation must maintain and make available to the
3164 agent of record a consolidated list of all insurers requesting
3165 to take out a policy. The list must include a description of the
3166 coverage offered and the estimated premium for each take-out
3167 request.

3168 3. If a policyholder receives a take-out offer from an
3169 authorized insurer, the risk is no longer eligible for coverage
3170 with the corporation unless the premium for coverage from the
3171 authorized insurer is more than 20 percent greater than the
3172 renewal premium for comparable coverage from the corporation
3173 pursuant to sub-subparagraph (c)5.d. ~~(e)5.e.~~ This subparagraph
3174 applies to take-out offers that are part of an application to
3175 participate in depopulation submitted to the office on or after

3176 January 1, 2023. This subparagraph applies only to a policy that
 3177 covers a primary residence.

3178 4. The corporation must provide written notice to the
 3179 policyholder and the agent of record regarding all insurers
 3180 requesting to take out the policy. The notice must be in a
 3181 format prescribed by the corporation and include, for each take-
 3182 out offer:

- 3183 a. The amount of the estimated premium;
- 3184 b. A description of the coverage; and
- 3185 c. A comparison of the estimated premium and coverage
 3186 offered by the insurer to the estimated premium and coverage
 3187 provided by the corporation.

3188 (jj) The corporation's budget allocations for the
 3189 compensation of all corporation employees and any proposed raise
 3190 for an individual employee exceeding 10 percent of that
 3191 employee's current salary must be approved by the board of
 3192 governors. The corporation must have an overall employee
 3193 compensation plan approved by the board of governors.

3194 (kk) A corporation policyholder making a claim for water
 3195 damage against the corporation has the burden of proving that
 3196 the damage was not caused by flooding.

3197 (ll) The corporation may share its claims data with the
 3198 National Insurance Crime Bureau, provided that the National
 3199 Insurance Crime Bureau agrees to maintain the confidentiality of
 3200 such documents as otherwise provided for in paragraph (x).

3201 (mm) ~~(11)~~1. In addition to any other method of alternative
3202 dispute resolution authorized by state law, the corporation may
3203 adopt policy forms that provide for the resolution of disputes
3204 regarding its claim determinations, including disputes regarding
3205 coverage for, or the scope and value of, a claim, in a
3206 proceeding before the Division of Administrative Hearings. Any
3207 such policies are not subject to s. 627.70154. All proceedings
3208 in the Division of Administrative Hearings pursuant to such
3209 policies are subject to ss. 57.105 and 768.79 as if filed in the
3210 courts of this state and are not considered chapter 120
3211 administrative proceedings. Rule 1.442, Florida Rules of Civil
3212 Procedure, applies to any offer served pursuant to s. 768.79,
3213 except that, notwithstanding any provision in Rule 1.442,
3214 Florida Rules of Civil Procedure, to the contrary, an offer
3215 shall not be served earlier than 10 days after filing the
3216 request for hearing with the Division of Administrative Hearings
3217 and shall not be served later than 10 days before the date set
3218 for the final hearing. The administrative law judge in such
3219 proceedings shall award attorney fees and other relief pursuant
3220 to ss. 57.105 and 768.79. The corporation may not seek, and the
3221 office may not approve, a maximum hourly rate for attorney fees.
3222 2. The corporation may contract with the division to
3223 conduct proceedings to resolve disputes regarding its claim
3224 determinations as may be provided for in the applicable policies
3225 of insurance.

3226 ~~(nn)~~ The corporation may not determine that a risk is
3227 ineligible for coverage with the corporation solely because such
3228 risk has unrepaired damage caused by a covered loss that is the
3229 subject of a claim that has been filed with the Florida
3230 Insurance Guaranty Association. This paragraph applies to a risk
3231 until the earlier of 24 months after the date the Florida
3232 Insurance Guaranty Association began servicing such claim or the
3233 Florida Insurance Guaranty Association closes the claim.

3234 (7) PATENTS, COPYRIGHTS, OR TRADEMARKS.—Notwithstanding
3235 any other provision of law to the contrary, the corporation may,
3236 in its own name:

3237 (a) Perform all things necessary to secure letters of
3238 patent, copyrights, or trademarks on any work products and
3239 enforce its rights therein.

3240 (b) License, lease, assign, or otherwise give written
3241 consent to any person, firm, or other corporation for the
3242 manufacture or use of patents, copyrights, or trademarks on any
3243 work products and rights therein on a royalty basis or for such
3244 other consideration as the corporation deems proper.

3245 (c) Take any action necessary, including legal action, to
3246 protect the manufacture or use of patents, copyrights, or
3247 trademarks on any work products and rights therein against
3248 improper or unlawful use or infringement.

3249 (d) Enforce the collection of any sums due the corporation
3250 for the manufacture or use of patents, copyrights, or trademarks

3251 on any work products and rights therein by any other party.

3252 (e) Sell any of the manufacture or use of patents,
3253 copyrights, or trademarks on any work products and rights
3254 therein and execute all instruments necessary to consummate any
3255 such sale.

3256 (f) Do all other acts necessary and proper for the
3257 execution of powers and duties conferred upon the corporation in
3258 order to administer this subsection.

3259 Section 2. Effective upon becoming a law, paragraph (aa)
3260 of subsection (6) of section 627.351, Florida Statutes, is
3261 amended to read:

3262 627.351 Insurance risk apportionment plans.—

3263 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

3264 (aa) Except as otherwise provided in this paragraph, the
3265 corporation shall require the securing and maintaining of flood
3266 insurance as a condition of coverage of a personal lines
3267 residential risk. The insured or applicant must execute a form
3268 approved by the office affirming that flood insurance is not
3269 provided by the corporation and that if flood insurance is not
3270 secured by the applicant or insured from an insurer other than
3271 the corporation and in addition to coverage by the corporation,
3272 the risk will not be eligible for coverage by the corporation.
3273 The corporation may deny coverage of a personal lines
3274 residential risk to an applicant or insured who refuses to
3275 secure and maintain flood insurance. The requirement to purchase

3276 flood insurance shall be implemented as follows:

3277 1. Except as provided in subparagraphs 2. and 3., all
3278 personal lines residential policyholders must have flood
3279 coverage in place for policies effective on or after:

3280 a. January 1, 2024, for a structure that has a dwelling
3281 replacement cost of \$600,000 or more.

3282 b. January 1, 2025, for a structure that has a dwelling
3283 replacement cost of \$500,000 or more.

3284 c. January 1, 2026, for a structure that has a dwelling
3285 replacement cost of \$400,000 or more.

3286 d. January 1, 2027, for all other personal lines
3287 residential property insured by the corporation.

3288 2. All personal lines residential policyholders whose
3289 property insured by the corporation is located within the
3290 special flood hazard area defined by the Federal Emergency
3291 Management Agency must have flood coverage in place:

3292 a. At the time of initial policy issuance for all new
3293 personal lines residential policies issued by the corporation on
3294 or after April 1, 2023.

3295 b. By the time of the policy renewal for all personal
3296 lines residential policies renewing on or after July 1, 2023.

3297 3. Policyholders are not required to purchase flood
3298 insurance as a condition for maintaining the following policies
3299 issued by the corporation:

3300 a. Policies that do not provide coverage for the peril of

3301 wind.
 3302 b. Policies that provide coverage under a condominium unit
 3303 owners form.

3304
 3305 The flood insurance required under this paragraph must meet, at
 3306 a minimum, the dwelling coverage available from the National
 3307 Flood Insurance Program or the requirements of subparagraphs s.
 3308 627.715(1)(a)1., 2., and 3.

3309 Section 3. Subsections (3) and (5) and paragraphs (d),
 3310 (e), and (f) of subsection (6) of section 627.3511, Florida
 3311 Statutes, are amended to read:

3312 627.3511 Depopulation of Citizens Property Insurance
 3313 Corporation.—

3314 (3) EXEMPTION FROM DEFICIT ASSESSMENTS.—

3315 ~~(a) The calculation of an insurer's assessment liability~~
 3316 ~~under s. 627.351(6)(b)3.a. shall, for an insurer that in any~~
 3317 ~~calendar year removes 50,000 or more risks from the Citizens~~
 3318 ~~Property Insurance Corporation, either by issuance of a policy~~
 3319 ~~upon expiration or cancellation of the corporation policy or by~~
 3320 ~~assumption of the corporation's obligations with respect to in-~~
 3321 ~~force policies, exclude such removed policies for the succeeding~~
 3322 ~~3 years, as follows:~~

3323 ~~1. In the first year following removal of the risks, the~~
 3324 ~~risks are excluded from the calculation to the extent of 100~~
 3325 ~~percent.~~

3326 ~~2. In the second year following removal of the risks, the~~
3327 ~~risks are excluded from the calculation to the extent of 75~~
3328 ~~percent.~~

3329 ~~3. In the third year following removal of the risks, the~~
3330 ~~risks are excluded from the calculation to the extent of 50~~
3331 ~~percent.~~

3332
3333 ~~If the removal of risks is accomplished through assumption of~~
3334 ~~obligations with respect to in-force policies, the corporation~~
3335 ~~shall pay to the assuming insurer all unearned premium with~~
3336 ~~respect to such policies less any policy acquisition costs~~
3337 ~~agreed to by the corporation and assuming insurer. The term~~
3338 ~~"policy acquisition costs" is defined as costs of issuance of~~
3339 ~~the policy by the corporation which includes agent commissions,~~
3340 ~~servicing company fees, and premium tax. This paragraph does not~~
3341 ~~apply to an insurer that, at any time within 5 years before~~
3342 ~~removing the risks, had a market share in excess of 0.1 percent~~
3343 ~~of the statewide aggregate gross direct written premium for any~~
3344 ~~line of property insurance, or to an affiliate of such an~~
3345 ~~insurer. This paragraph does not apply unless either at least 40~~
3346 ~~percent of the risks removed from the corporation are located in~~
3347 ~~Miami-Dade, Broward, and Palm Beach Counties, or at least 30~~
3348 ~~percent of the risks removed from the corporation are located in~~
3349 ~~such counties and an additional 50 percent of the risks removed~~
3350 ~~from the corporation are located in other coastal counties.~~

3351 ~~(b) An insurer that first wrote personal lines residential~~
3352 ~~property coverage in this state on or after July 1, 1994, is~~
3353 ~~exempt from regular deficit assessments imposed pursuant to s.~~
3354 ~~627.351(6) (b)3.a., but not emergency assessments collected from~~
3355 ~~policyholders pursuant to s. 627.351(6) (b)3.e., of the Citizens~~
3356 ~~Property Insurance Corporation until the earlier of the~~
3357 ~~following:~~

3358 ~~1. The end of the calendar year in which it first wrote~~
3359 ~~0.5 percent or more of the statewide aggregate direct written~~
3360 ~~premium for any line of residential property coverage; or~~

3361 ~~2. December 31, 1997, or December 31 of the third year in~~
3362 ~~which it wrote such coverage in this state, whichever is later.~~

3363 ~~(c) Other than an insurer that is exempt under paragraph~~
3364 ~~(b), an insurer that in any calendar year increases its total~~
3365 ~~structure exposure subject to wind coverage by 25 percent or~~
3366 ~~more over its exposure for the preceding calendar year is, with~~
3367 ~~respect to that year, exempt from deficit assessments imposed~~
3368 ~~pursuant to s. 627.351(6) (b)3.a., but not emergency assessments~~
3369 ~~collected from policyholders pursuant to s. 627.351(6) (b)3.e.,~~
3370 ~~of the Citizens Property Insurance Corporation attributable to~~
3371 ~~such increase in exposure.~~

3372 ~~(d) Any exemption or credit from regular assessments~~
3373 ~~authorized by this section shall last no longer than 3 years~~
3374 ~~following the cancellation or expiration of the policy by the~~
3375 ~~corporation. With the approval of the office, the board may~~

3376 extend such credits for an additional year if the insurer
 3377 guarantees an additional year of renewability for all policies
 3378 removed from the corporation, or for 2 additional years if the
 3379 insurer guarantees 2 additional years of renewability for all
 3380 policies so removed.

3381 (5) APPLICABILITY.—

3382 ~~(a)~~ The take-out bonus provided by subsection (2) applies
 3383 ~~and the exemption from assessment provided by paragraph (3)(a)~~
 3384 ~~apply~~ only if the corporation policy is replaced by a standard
 3385 policy including wind coverage or, if consistent with the
 3386 insurer's underwriting rules filed with the office, a basic
 3387 policy including wind coverage; however, for risks located in
 3388 areas where coverage through the coastal account of the
 3389 corporation is available, the replacement policy need not
 3390 provide wind coverage. The insurer must renew the replacement
 3391 policy at approved rates on substantially similar terms for four
 3392 additional 1-year terms, unless canceled or not renewed by the
 3393 policyholder. If an insurer assumes the corporation's
 3394 obligations for a policy, it must issue a replacement policy for
 3395 a 1-year term upon expiration of the corporation policy and must
 3396 renew the replacement policy at approved rates on substantially
 3397 similar terms for four additional 1-year terms, unless canceled
 3398 or not renewed by the policyholder. For each replacement policy
 3399 canceled or nonrenewed by the insurer for any reason during the
 3400 5-year coverage period, the insurer must remove from the

3401 corporation one additional policy covering a risk similar to the
3402 risk covered by the canceled or nonrenewed policy. In addition,
3403 the corporation must place the bonus moneys in escrow for 5
3404 years; such moneys may be released from escrow only to pay
3405 claims. If the policy is canceled or nonrenewed before the end
3406 of the 5-year period, the amount of the take-out bonus must be
3407 prorated for the time period the policy was insured. A take-out
3408 bonus provided by subsection (2) or subsection (6) is not
3409 premium income for purposes of taxes and assessments under the
3410 Florida Insurance Code and remains the property of the
3411 corporation, subject to the prior security interest of the
3412 insurer under the escrow agreement until it is released from
3413 escrow; after it is released from escrow it is considered an
3414 asset of the insurer and credited to the insurer's capital and
3415 surplus.

3416 ~~(b) It is the intent of the Legislature that an insurer~~
3417 ~~eligible for the exemption under paragraph (3)(a) establish a~~
3418 ~~preference in appointment of agents for those agents who lose a~~
3419 ~~substantial amount of business as a result of risks being~~
3420 ~~removed from the corporation.~~

3421 (6) COMMERCIAL RESIDENTIAL TAKE-OUT PLANS.—

3422 ~~(d) The calculation of an insurer's regular assessment~~
3423 ~~liability under s. 627.351(6)(b)3.a., but not emergency~~
3424 ~~assessments collected from policyholders pursuant to s.~~
3425 ~~627.351(6)(b)3.c., shall, with respect to commercial residential~~

3426 ~~policies removed from the corporation under an approved take-out~~
3427 ~~plan, exclude such removed policies for the succeeding 3 years,~~
3428 ~~as follows:~~

3429 ~~1. In the first year following removal of the policies,~~
3430 ~~the policies are excluded from the calculation to the extent of~~
3431 ~~100 percent.~~

3432 ~~2. In the second year following removal of the policies,~~
3433 ~~the policies are excluded from the calculation to the extent of~~
3434 ~~75 percent.~~

3435 ~~3. In the third year following removal of the policies,~~
3436 ~~the policies are excluded from the calculation to the extent of~~
3437 ~~50 percent.~~

3438 ~~(c) An insurer that first wrote commercial residential~~
3439 ~~property coverage in this state on or after June 1, 1996, is~~
3440 ~~exempt from regular assessments under s. 627.351(6)(b)3.a., but~~
3441 ~~not emergency assessments collected from policyholders pursuant~~
3442 ~~to s. 627.351(6)(b)3.c., with respect to commercial residential~~
3443 ~~policies until the earlier of:~~

3444 ~~1. The end of the calendar year in which such insurer~~
3445 ~~first wrote 0.5 percent or more of the statewide aggregate~~
3446 ~~direct written premium for commercial residential property~~
3447 ~~coverage; or~~

3448 ~~2. December 31 of the third year in which such insurer~~
3449 ~~wrote commercial residential property coverage in this state.~~

3450 ~~(f) An insurer that is not otherwise exempt from regular~~

3451 ~~assessments under s. 627.351(6)(b)3.a. with respect to~~
3452 ~~commercial residential policies is, for any calendar year in~~
3453 ~~which such insurer increased its total commercial residential~~
3454 ~~hurricane exposure by 25 percent or more over its exposure for~~
3455 ~~the preceding calendar year, exempt from regular assessments~~
3456 ~~under s. 627.351(6)(b)3.a., but not emergency assessments~~
3457 ~~collected from policyholders pursuant to s. 627.351(6)(b)3.e.,~~
3458 ~~attributable to such increased exposure.~~

3459 Section 4. Subsections (5), (6), and (7) of section
3460 627.3518, Florida Statutes, are amended to read:

3461 627.3518 Citizens Property Insurance Corporation
3462 policyholder eligibility clearinghouse program.—The purpose of
3463 this section is to provide a framework for the corporation to
3464 implement a clearinghouse program by January 1, 2014.

3465 (5) Notwithstanding s. 627.3517, any applicant for new
3466 coverage from the corporation is not eligible for coverage from
3467 the corporation if provided an offer of coverage from an
3468 authorized insurer through the program at a premium that is at
3469 or below the eligibility threshold for applicants for new
3470 coverage established in s. 627.351(6)(c)5.a. An applicant for
3471 new coverage from the corporation on a risk that is not a
3472 primary residence is not eligible for coverage from the
3473 corporation if provided an offer of coverage from an authorized
3474 insurer through the program and if such offer would render the
3475 risk ineligible pursuant to s. 627.351(6)(c)5.d. Whenever an

3476 offer of coverage for a personal lines risk that is a primary
3477 residence is received for a policyholder of the corporation at
3478 renewal from an authorized insurer through the program which is
3479 at or below the eligibility threshold for policyholders of the
3480 corporation established in s. 627.351(6)(c)5.a., the risk is not
3481 eligible for coverage with the corporation. Whenever an offer of
3482 coverage for a personal lines risk that is not a primary
3483 residence is received for a policyholder of the corporation at
3484 renewal from an authorized insurer through the program, the risk
3485 is not eligible for coverage with the corporation if such offer
3486 would render the risk ineligible pursuant to s.
3487 627.351(6)(c)5.d. In the event an offer of coverage on a primary
3488 residence for a new applicant is received from an authorized
3489 insurer through the program, and the premium offered exceeds the
3490 eligibility threshold for applicants for new coverage
3491 established in s. 627.351(6)(c)5.a., the applicant or insured
3492 may elect to accept such coverage, or may elect to accept or
3493 continue coverage with the corporation. In the event an offer of
3494 coverage for a personal lines risk that is a primary residence
3495 is received from an authorized insurer at renewal through the
3496 program, and the premium offered exceeds the eligibility
3497 threshold for policyholders of the corporation established in s.
3498 627.351(6)(c)5.a., the insured may elect to accept such
3499 coverage, or may elect to accept or continue coverage with the
3500 corporation. Section 627.351(6)(c)5.a.(I) does not apply to an

3501 offer of coverage from an authorized insurer obtained through
3502 the program. As used in this subsection, the term "primary
3503 residence" has the same meaning as in s. 627.351(6)(c)2.a.

3504 (6) Independent insurance agents submitting new
3505 applications for coverage or that are the agent of record on a
3506 renewal policy submitted to the program:

3507 (a) Are granted and must maintain ownership and the
3508 exclusive use of expirations, records, or other written or
3509 electronic information directly related to such applications or
3510 renewals written through the corporation or through an insurer
3511 participating in the program, notwithstanding s.

3512 627.351(6)(c)5.a.(I)(B) and (II)(B) or s.

3513 627.351(6)(c)5.d.(I)(B) and (II)(B). Such ownership is granted
3514 for as long as the insured remains with the agency or until sold
3515 or surrendered in writing by the agent. Contracts with the
3516 corporation or required by the corporation must not amend,
3517 modify, interfere with, or limit such rights of ownership. Such
3518 expirations, records, or other written or electronic information
3519 may be used to review an application, issue a policy, or for any
3520 other purpose necessary for placing such business through the
3521 program.

3522 (b) May not be required to be appointed by any insurer
3523 participating in the program for policies written solely through
3524 the program, notwithstanding the provisions of s. 626.112.

3525 (c) May accept an appointment from any insurer

3526 participating in the program.

3527 (d) May enter into either a standard or limited agency
3528 agreement with the insurer, at the insurer's option.

3529
3530 Applicants ineligible for coverage in accordance with subsection
3531 (5) remain ineligible if their independent agent is unwilling or
3532 unable to enter into a standard or limited agency agreement with
3533 an insurer participating in the program.

3534 (7) Exclusive agents submitting new applications for
3535 coverage or that are the agent of record on a renewal policy
3536 submitted to the program:

3537 (a) Must maintain ownership and the exclusive use of
3538 expirations, records, or other written or electronic information
3539 directly related to such applications or renewals written
3540 through the corporation or through an insurer participating in
3541 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and
3542 (II)(B) or s. 627.351(6)(c)5.d.(I)(B) and (II)(B). Contracts
3543 with the corporation or required by the corporation must not
3544 amend, modify, interfere with, or limit such rights of
3545 ownership. Such expirations, records, or other written or
3546 electronic information may be used to review an application,
3547 issue a policy, or for any other purpose necessary for placing
3548 such business through the program.

3549 (b) May not be required to be appointed by any insurer
3550 participating in the program for policies written solely through

3551 the program, notwithstanding the provisions of s. 626.112.

3552 (c) Must only facilitate the placement of an offer of
 3553 coverage from an insurer whose limited servicing agreement is
 3554 approved by that exclusive agent's exclusive insurer.

3555 (d) May enter into a limited servicing agreement with the
 3556 insurer making an offer of coverage, and only after the
 3557 exclusive agent's insurer has approved the limited servicing
 3558 agreement terms. The exclusive agent's insurer must approve a
 3559 limited service agreement for the program for any insurer for
 3560 which it has approved a service agreement for other purposes.

3561
 3562 Applicants ineligible for coverage in accordance with subsection
 3563 (5) remain ineligible if their exclusive agent is unwilling or
 3564 unable to enter into a standard or limited agency agreement with
 3565 an insurer making an offer of coverage to that applicant.

3566 Section 5. Except as otherwise expressly provided in this
 3567 act and except for this section, which shall take effect upon
 3568 this act becoming a law, this act shall take effect July 1,
 3569 2024.