# FLORIDA HOUSE OF REPRESENTATIVES
# FINAL BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

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| **BILL #:** CS/CS/HB 943 | **COMPANION BILL:** CS/CS/SB 1028 (Gruters) |
| **TITLE:** Citizens Property Insurance Corporation | **LINKED BILLS:** None |
| **SPONSOR(S):** Redondo | **RELATED BILLS:** None |

**FINAL HOUSE FLOOR ACTION:** 88 **Y's** 19 **N's** **GOVERNOR'S ACTION:** Approved

## SUMMARY


**Effect of the Bill:**
The bill requires Citizens Property Insurance Corporation ("Citizens") to establish a commercial lines clearinghouse program for new and existing policyholders. The Office of Insurance Regulation ("OIR") must review and approve the clearinghouse program annually through a final order. The bill prohibits Citizens from issuing or renewing commercial residential and commercial nonresidential policies if policyholders receive an offer of comparable coverage from an authorized surplus lines insurer within 15 percent of Citizens' offer. The bill also revises agent rights, commissions, and appointment rules and provides for certain information pertaining to risk exposure to be aggregated and deidentified before it can be shared.

**Fiscal or Economic Impact:**
The bill may have an indeterminate fiscal impact on Citizens regarding the implementation and facilitation of the clearinghouse program. The bill may also have an indeterminate fiscal impact on new and renewal policyholders seeking insurance coverage from Citizens.



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## ANALYSIS

**EFFECT OF THE BILL:**

CS/CS/HB 943 passed as CS/CS/SB 1028.

The bill requires Citizens Property Insurance Corporation ("Citizens") to amend its plan of operation and establish a commercial lines clearinghouse to facilitate offers of coverage from surplus lines insurers for all commercial residential and nonresidential applicants and policyholders by January 1, 2027. Additionally, Citizens must establish a separate commercial clearinghouse to facilitate offers of coverage from authorized insurers for all commercial residential and nonresidential applicants and policyholders by January 1, 2027. (Section 2)

The commercial clearinghouse for authorized insurers and the commercial clearinghouse for approved surplus lines insurers must be independently operated and funded. Citizens may pay for the personal lines clearinghouse and the commercial lines authorized clearinghouse. Citizens cannot pay to support infrastructure or operations for the surplus lines clearinghouse, but must fund and operate its own systems to interface with the surplus lines clearinghouse. However, if there is insufficient support for any clearinghouse, Citizens will be relieved of its obligations for such clearinghouse until there is sufficient support. (Section 2)

Citizens Eligibility
Commercial residential and nonresidential policyholders are ineligible for coverage from Citizens if they receive an offer of comparable coverage from an authorized surplus lines insurer within 15 percent of Citizens' offer. (Section 2)

Comparable coverage is defined as coverage for commercial lines policies that has material terms and conditions that are equivalent to or better than coverage from Citizens as to all aspect of coverage, as determined Citizens through the clearinghouse process and applicable program standards[1]. Such program standards must be explicitly approved by the Office of Insurance Regulation ("OIR"). (Section 2)

Commercial residential policyholders remain eligible for coverage with Citizens if they receive offers of comparable coverage from authorized insurers that exceed 120 percent of Citizens' offer and if they receive offers of comparable coverage from approved surplus lines clearinghouse insurers that exceed 115 percent of Citizens' offer. Commercial nonresidential policyholders also remain eligible for coverage by Citizens if they receive offers of comparable coverage from approved surplus lines clearinghouse insurers that exceed 115 percent of Citizens' offer. (Section 2)

Commercial Lines Clearinghouse Administrator

The bill establishes that Citizens must contract with a commercial lines clearinghouse administrator to implement and facilitate a commercial lines clearinghouse for approved surplus lines insurers within 90 days of the bill becoming law. Additionally, Citizens must also contract with a separate commercial lines clearinghouse administrator to implement and facilitate a commercial lines clearinghouse for authorized insurers within the same timeframe. (Section 2)

A commercial lines clearinghouse administrator is defined as the individual or entity employed or contracted by Citizens to provide administrative or professional services to implement the commercial lines clearinghouse. (Section 2)

The bill requires Citizens to establish criteria to determine the capabilities necessary for both of the commercial lines clearinghouse administrators. Criteria for a surplus lines clearinghouse administrator must include:

- confirmed expertise in the surplus lines market;
- at least 5 years of publicly available audited financial statements;
- the ability to facilitate all approved surplus lines clearinghouse insurers to participate in the commercial lines clearinghouse;
- the ability to collect and remit all surplus line taxes; and
- other criteria that Citizens deems necessary. (Section 2)

Commercial Lines Clearinghouse Process

The bill provides that in establishing a commercial clearinghouse, Citizens must require all new and renewal policy commercial residential and non-residential submissions be submitted to the clearinghouse for authorized insurers and surplus lines insurers. However, submissions must first be submitted to the commercial clearinghouse for authorized insurers. (Section 2)

Every application initially submitted to the commercial clearinghouse for authorized insurers will be subject to a 5 business day period where authorized insurers may make an offer of coverage for an application they wish to underwrite. If an offer of comparable coverage is not made within 120 percent of Citizens' offer by an authorized insurer within this timeframe, the application will then be sent the clearinghouse for surplus lines insurers. (Section 2)

Citizens must submit its coverage terms and conditions, deductible structure, unalterable indicated total cost of insurance coverage for the specific risk, the currently approved rate applicable to the risk, and the premium that would be charged to the surplus lines clearinghouse administrator prior to any approved surplus lines clearinghouse insurer being able to make an offer of coverage. Citizens must share risk exposure and policy information with the surplus lines clearinghouse administrator. The clearinghouse administrator may use such information to operate and administer the clearinghouse and to ensure orderly, timely, and transparent

[1] The bill defines "applicable program standards" to include insurer participation eligibility criteria, contractual requirements, and account clearance requirements that Citizens and the clearinghouse administrator deem necessary to process offers by approved surplus lines clearinghouse insurers.

assessments of risks by participating surplus lines insurers. However, any risk information shared other than a submission of coverage for a specific risk, must be aggregated and deidentified.[2] (Section 2)

Only after the surplus lines clearinghouse administrator receives an offer of comparable coverage from a participating surplus lines insurer will the administrator disclose Citizens' total cost of insurance coverage to such insurer. The clearinghouse administrator will review the total cost of all offers of coverage it receives for an application to determine applicant eligibility. (Section 2)

Approved Surplus Lines Clearinghouse Insurers

In order to participate in the commercial lines clearinghouse, a surplus lines insurer must be an "approved surplus lines clearinghouse insurer." The bill defines an "approved surplus lines clearinghouse insurer" as an eligible surplus lines insurer that:

- has a financial strength rating of "A- "or higher from A.M. Best Company;[3]
- has a financial size category of A-VII or higher from A.M. Best Company;
- is recommended for participation in the program by the clearinghouse administrator; and
- has been verified by OIR to meet the requirements to participate in the clearinghouse within 30 business days after the clearinghouse administrator's recommendation. If OIR does not complete the verification within the time period, the insurer will be considered verified for participation in the commercial clearinghouse. (Section 2)

The bill clarifies that approved surplus lines clearinghouse insurers may participate in the commercial lines clearinghouse, but are not required to do so. The bill prohibits approved surplus lines clearinghouse insurers from participating in the personal lines clearinghouse and the commercial lines clearinghouse for authorized insurers. (Section 2)

The bill provides the following rights and responsibilities for approved surplus lines clearinghouse insurers:

- may appoint a surplus line agent whose direct or indirect customer is initially underwritten and bound through the clearinghouse program;
- must enter into a limited agency agreement[4] with each surplus lines agent that is not appointed and whose direct or indirect customer is underwritten and bound through the clearinghouse program[5];
- must enter into a standard agency agreement[6] with each surplus lines agent whose direct or indirect customer is underwritten and bound through the program;
- must comply with notice of non-renewal and cancellation standards outlined for surplus lines insurers; and

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[2] Information that has been "aggregated" commonly means information from which individual consumer identities have been removed and cannot be linked to any consumer or household. Information that has been "deidentified" commonly means information that cannot reasonably identify, relate to, describe, be associated with, or be linked, either directly or indirectly, to a particular consumer. *See* James Moore, *What qualifies as aggregate or deidentified information under the CCPA?* (Aug. 10, 2020), https://www.jdsupra.com/legalnews/what-qualifies-as-aggregate-or-de-18281/ (last visited Mar. 26, 2026).

[3] AM Best Company assesses an insurance company's ability to pay claims, debts, and other financial obligations in a timely manner. AM Best is registered as a Nationally Recognized Statistical Rating Organization by the Securities & Exchange Commission (SEC) and as a Credit Rating Provider by the National Association of Insurance Commissioners (NAIC). AM Best Company, *About Us,* https://web.ambest.com/about-us (last visited Jan. 30, 2026).

[4] A limited agency agreement is a written contract between an insurer and an agent that authorizes the agent to act on behalf of the insurer for specific, defined purposes and scopes, rather than full general authority. *See* Florida Association of Insurance Agents, *Limited Agency Agreement,* https://www.faia.com/getmedia/1cd9f4bd-4fac-4a6b-998e-1ef541e4edd7/BankersLSA.pdf. (last visited Jan. 30, 2026).

[5] In addition, a surplus lines agent that enters into a limited agency or broker agreement with an approved surplus lines clearinghouse insurer making an offer of coverage through the program must also enter into a limited agency or broker agreement with each producing agent whose customer is underwritten and bound through the program. (Section 2)

[6] A standard agency agreement is a contractual relationship between an insurer and an appointed agent that grants the agent general authority to transact insurance on behalf of the insurer, consistent with agent appointment requirements in Ch. 626, F.S. *See* s. 626.015(1), F.S. S. 626.112(1), F.S.

- must pay total commission or equivalent compensation on premiums, excluding fees, surcharges, and taxes, to the surplus agent, managing general agent, or managing general underwriter placing the risk subject to the following:
  - the producing agent[7] must receive a commission that results in an effective commission percentage[8] at least equal to the commission that Citizens pays agents for coverage placement. However, agents are not prohibited from accepting lower commissions voluntarily. (Section 2)

The bill provides that contracts between an independent agent[9] and Citizens, any insurer, or any surplus lines agent do not amend, modify, interfere with, or limit the independent agent's rights of ownership of specified records and information directly related to applications or renewals written through the program or an insurer participating in the clearinghouse program. (Section 2)

Office of Insurance Regulation ("OIR")

OIR must review and approve the clearinghouse program annually through a final order. OIR must specifically approve the following items:

- applicable clearinghouse standards;
- procedural rules;
- any contractual agreement relating to the clearinghouse program between Citizens, any administrators, or any surplus lines insurers;
- operational processes used by the administrator to determine comparable coverage; and
- data and proprietary business information controls. (Section 2)

Any changes to the above items must be approved in writing by OIR. (Section 2)

Effective Date

The bill was approved by the Governor on June 16, 2026, Ch. 2026-150, L.O.F., and became effective on that date. (Section 4)

**FISCAL OR ECONOMIC IMPACT:**

STATE GOVERNMENT:

The bill may have indeterminate fiscal impact on Citizens from costs associated with the implementation and facilitation of the commercial lines clearinghouses. Facilitating market access through the clearinghouse may encourage policyholders to place coverage in the voluntary market, and therefore potentially lower Citizens' total liability exposure.

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on new and renewal policyholders seeking coverage with Citizens. If new and renewal policyholders receive an offer of coverage from certain insurers, they may be required to pay up to 15-20 percent more in premium for equivalent coverage.

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[7] A producing agent is understood to be a licensed insurance agent who actually solicits, negotiates, and procures an insurance policy on behalf of a policyholder. *See* s. 626.7491(2)(f), F.S.

[8] The bill defines effective commission percentage as the commission expressed as a percentage of premium, exclusive of all fees, assessments, surcharges, and taxes.

[9] An independent agent is a licensed insurance agent who may represent multiple insurers rather than being contractually exclusive to one insurer. *See* s. 627.3518(1)(c), F.S.

# RELEVANT INFORMATION

**SUBJECT OVERVIEW:**

Office of Insurance Regulation ("OIR")

The Office of Insurance Regulation ("OIR") regulates all activities relating to insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision.[10] OIR is also authorized to carry out market conduct examinations to determine compliance with the Florida Insurance Code. [11]

Authorized Insurers

An authorized insurer is an insurer authorized by a certificate of authority issued by the OIR to transact insurance in Florida.[12] The term "authorized insurer" is used interchangeably with "admitted insurer."

Insurers that obtain state authorization are able to participate in Florida's admitted insurance marketplace. Additionally, authorized insurers are required to participate in the Florida Insurance Guaranty Association ("FIGA"). FIGA will pay out claims to policyholders of authorized insurers in the event the insurer becomes insolvent.[13]

The admitted market is a segment of the insurance marketplace that is subject to comprehensive regulatory oversight regarding rates, forms, and solvency. Insurance rates must be filed with OIR and deemed by OIR to not be excessive, inadequate or unfairly discriminatory, and that the pricing supports market stability and insurer solvency.[14]

Policy forms offered in the admitted market must also be filed with OIR for approval or informational review and must comply with statutory requirements and mandated consumer disclosures.[15] In addition, the admitted marketplace is subject to ongoing financial oversight, including annual and quarterly financial statement submissions[16], minimum capital and surplus requirements, risk-based capital standards, which allow OIR to monitor solvency and take corrective action to protect policyholders and the overall stability of the admitted marketplace.[17]

As of late November 2025, OIR received 73 filings for rate decreases and 94 filings for 0 percent rate increases from in the admitted market. Following a quiet hurricane season, continuing decreases in reinsurance costs, and an overall increased underwriting appetite among carriers, the admitted marketplace is showing signs of stabilizing and bringing more favorable insurance conditions to consumers.[18]

Surplus Lines Insurers

Surplus lines insurers are insurers that participate in the excess and surplus ("E&S") marketplace. They are non-admitted insurers, meaning they do not hold a license in the state where the insured risk is located, but they are eligible to transact insurance in Florida by filing certain information with OIR.[19]

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[10] S. 20.121(3)(a), F.S.
[11] S. 624.3161, F.S.
[12] S. 624.09, F.S.
[13] S. 631.55, F.S.
[14] S. 627.974(2), F.S.
[15] S. 627.410, F.S.
[16] S. 624.424, F.S.
[17] S. 624.4085, F.S.
[18] James Moore, *Florida Home Insurance Costs Show Signs of Stabilizing After Years of Increases* (Dec. 17, 2025), https://www.jmco.com/articles/real-estate/florida-home-insurance-costs-show-signs-of-stabilizing-after-years-of-increases/ (last visited Jan. 29, 2026).
[19] Florida Office of Insurance Regulation, *Surplus Lines Company Search,* https://floir.gov/resources-and-reports/surplus-lines-search (last visited Jan. 29, 2026).

Because surplus lines insurers are not licensed in the state, they are not subject to the same rate and policy form regulation that apply to admitted carriers. In the event of insolvency, surplus lines insurers are not protected by FIGA.[20] Policyholders of surplus lines insurers must be notified by a mandated disclosure that their coverage is being placed outside the admitted market, that such coverage lacks Florida guaranty protections and regulatory approval of rates and forms, and that the insured is presumed to understand that coverage may be available in the admitted market.[21]

The E&S marketplace is a segment of the insurance marketplace that provides coverage for risk that the admitted market either cannot or will not cover. It is designed to insure unique, high-risk, or complex risks, such as unusual liability exposures, specialty coverages, or very high coverage limits that don't fit the underwriting criteria of admitted insurers. Examples of typical risks who find coverage in the E&S market are coastal homes and condominiums, high-hazard contractors, and multi-million dollar liability programs.[22]

Florida's E&S market continued growing overall (~2%) in 2025, but with slowing premium growth and signs of stabilization to the market as a whole. In 2025, total premiums in the E&S market reached $17.3 billion, with new business to the E&S market accounting for 42 percent of this activity and renewals representing 58 percent. In terms of cost per policy, commercial property and commercial wind coverage saw a decrease of 33 percent and 47 percent per policy respectively, and personal property & casualty coverage saw a decrease of 15 percent per policy. This mix highlights a stable renewal environment for insureds, even as carriers remain engaged in writing new placements. In other words, as the insurance market continues to stabilize, risks are able to find placements in markets other than those of last resort at a competitive price.[23]

Citizens Property Insurance Corporation (Citizens)

Citizens is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary market.[24] Citizens was created in 2002 by the Florida Legislature by combining the Florida Residential Property and Casualty Joint Underwriting Association and the Florida Windstorm Underwriting Association.[25] Current law requires Citizens to provide coverage for personal lines residential property and casualty coverages[26] and commercial lines residential and commercial lines nonresidential property insurance forms.[27]

In October of 2023, Citizens' policy count peaked at roughly 1.42 million. In December of 2025, Citizens' projected policy count to fall to around 385,000, or a 73 percent decrease from the recent October peak and the lowest reported policy count for Citizens since inception.[28] Year end of 2025, Citizens reported that their policy count comprised of 389,157 personal residential policies (98.5%), 2,837 commercial residential policies (0.7%), and 3,343 commercial nonresidential policies (0.85%). Policy count has continued to fall; as of January 16, 2026,

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[20] S. 631.55, F.S.

[21] S. 626.916(1)(d), F.S.

[22] Florida Surplus Lines Association, *Surplus Lines 101*, https://myfsla.com/surpluslines101/ (last visited Jan, 28, 2026).

[23] Florida Surplus Lines Service Office, *Florida Premium Report* (Jan. 7, 2026), https://createsend.com/t/r-2759AB083BDB82662540EF23F30FEDED (last visited Jan. 29, 2026).

[24] S. 627.351(6)(a)1., F.S.

[25] Florida Office of Insurance Regulation, *Market Conduct Final Examination Report of Citizens Property Insurance Corporation* (January 11, 2021), https://floir.gov/docs-sf/property-casualty-libraries/market-regulation/2021/citizens-property-insurance-corporation-1-11-2021.pdf (last visited Jan. 29, 2026).

[26] Used in many personal and business policies, property and casualty insurance is an umbrella term for insurance policies that provide two distinct types of coverage: property coverage to repair or replace physical assets if they are damaged or destroyed in a covered event and casualty coverage for bodily injury or property damage to a third party. Coz-Steib, J. *What is property and casualty insurance?* Bankrate. https://www.bankrate.com/insurance/car/property-and-casualty/ (last visited Jan. 29, 2026).

[27] S. 627.351(6)(c)1., F.S.

[28] Citizens Property Insurance Corporation, *Press Release* (December 10, 2025), https://www.citizensfla.com/-/20251210-citizens-recommends-rate-cuts-for-most-policyholders (last visited Jan. 30, 2026).

Citizens reports 393,861 active policies. While commercial policies only make up 1.55 percent of Citizens' policy count, the policies represent 19.6 percent (~$25. 2 billion) of Citizens total liability exposure (~$128.4 billion).[29]

Citizens Coverage Eligibility

In effort to remain a market of last resort for insureds, Citizens may provide insurance only for property owners who are "in good faith unable to procure insurance through the voluntary market." To be eligible for a new or renewal residential policy, one of the following must be true: [30]

- no comparable offer is available from a Florida-authorized insurer; or
- premiums from Florida-authorized insurers are more than 120 percent of the Citizens premium for comparable coverage.

*Personal Residential Eligibility*

Generally, a personal dwelling must have a replacement cost below $700,000 to be eligible for coverage. However, Citizens is allowed to insure personal dwellings with a replacement cost of up to $1 million in counties that OIR deems to lack sufficiently competitive insurance options.[31] Additionally, Citizens may deem a property ineligible if it has significant structural deficiencies or has been deemed unsafe for occupancy. [32]

Eligibility for personal residential risks is confirmed through the current Citizens Clearinghouse Program.[33]

*Commercial Residential Eligibility*

As with personal residential policies, underwriting criteria for safety and structural soundness must be satisfied in order to obtain coverage with Citizens. In addition, properties with existing damage are not eligible for coverage with Citizens and properties may be deemed ineligible if they have significant short-term rental or transient occupancy exposure.[34]

Eligibility for commercial residential risks is confirmed through procedures established by Citizens.[35]

*Commercial Non-residential Eligibility*

Commercial non-residential properties are ineligible for Citizens if an authorized insurer makes a coverage offer, no matter the cost. The 120 percent eligibility threshold does not apply for commercial non-residential risks. [36]

Citizens Current Clearinghouse Program

The intention of the clearinghouse program is to facilitate consistent enforcement of Citizens premium comparison eligibility rules and allow carriers to present their offered premiums in an accessible way to insureds.[37]

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[29] Citizens Property Insurance Corporation, *Policies in Force: Current Snapshot*: *January 16, 2026* https://www.citizensfla.com/policies-in-force (last visited January 29, 2026).
[30] S. 627.351(6)(c), F.S.
[31] S. 627.351(6)(b), F.S.
[32] S. 627.351(6)(a), F.S.
[33] S. 627.3518(2), F.S.
[34] Citizens Property Insurance Corporation, *Commercial Lines New Business Submission Guide* *https://citizenstraining.citizensfla.com/courses/core/CIS_Resources/Job_Aids/PolicyCenter/CommercialLines/CLNewBusinessSubmissionGuide.pdf* (last visited Jan. 29, 2026).
[35] S. 627.351(6)(c), F.S.
[36] Citizens Property Insurance Corporation, *Commercial Lines New Business Submission Guide* *https://citizenstraining.citizensfla.com/courses/core/CIS_Resources/Job_Aids/PolicyCenter/CommercialLines/CLNewBusinessSubmissionGuide.pdf* (last visited Jan. 29, 2026).
[37] Citizens Property Insurance Corporation, *Commercial Lines Current State and Clearinghouse*, pg. 6

Under the program, new and renewal personal lines residential policies for Citizens are submitted into the clearinghouse.[38] Participating insurers[39] have 2 business days to review and optionally select any risk for which they would like to make an offer of coverage.[40] If a participating insurer makes an offer of coverage that is within 20 percent of Citizens' coverage offer for the same risk, the risk is no longer eligible to be placed with Citizens.[41] Currently, there is no clearinghouse for commercial risks. Instead, Citizens must develop procedures for diverting ineligible applicants and existing policyholders of commercial residential coverage to the private insurance market.[42] To prove that a commercial residential risk is eligible for coverage with Citizens, the insured's agent must submit at least one quote from an authorized insurer showing that comparable coverage exceeds Citizens' premium by more than 20 percent, or at least one authorized insurer statement indicating that no comparable coverage will be offered.[43]

[38] S. 627.3518(2), F.S.

[39] Any admitted insurer may participate in the clearinghouse program. S. 627.3518(4), F.S. Insurers are not required to pay a fee to offset or partially offset the cost of the program or use the program for renewal S. 627.3518(3)(d), F.S.

[40] S. 627.3518(3)(f), F.S.

[41] S. 627.3518(5), F.S.

[42] S. 627.3518(2), F.S.

[43] Citizens Property Insurance Corporation, *Commercial Lines New Business Submission Guide* *https://citizenstraining.citizensfla.com/courses/core/CIS_Resources/Job_Aids/PolicyCenter/CommercialLines/CLNewBusinessSubmissionGuide.pdf* (last visited Jan. 29, 2026).