

29 | 20.055 Agency inspectors general.—

30 | (1) For the purposes of this section:

31 | (a)~~(b)~~ "Agency head" means the Governor, a Cabinet
 32 | officer, a secretary as defined in s. 20.03(5), or an executive
 33 | director as defined in s. 20.03(6). It also includes the chair
 34 | of the Public Service Commission, the Director of the Office of
 35 | Insurance Regulation of the Financial Services Commission, the
 36 | Director of the Office of Financial Regulation of the Financial
 37 | Services Commission, the board of directors of the Florida
 38 | Housing Finance Corporation, the Financial Services Commission
 39 | for the purposes of Citizens Property Insurance Corporation, and
 40 | the Chief Justice of the State Supreme Court.

41 | (b)~~(d)~~ "Entities contracting with the state" means for-
 42 | profit and not-for-profit organizations or businesses having a
 43 | legal existence, such as corporations or partnerships, as
 44 | opposed to natural persons, which have entered into a
 45 | relationship with a state agency as defined in paragraph (a) to
 46 | provide for consideration certain goods or services to the state
 47 | agency or on behalf of the state agency. The relationship may be
 48 | evidenced by payment by warrant or purchasing card, contract,
 49 | purchase order, provider agreement, or other such mutually
 50 | agreed upon relationship. This definition does not apply to
 51 | entities which are the subject of audits or investigations
 52 | conducted pursuant to ss. 112.3187-112.31895 or s. 409.913 or
 53 | which are otherwise confidential and exempt under s. 119.07.

54 | (c) "Individuals substantially affected" means natural
 55 | persons who have established a real and sufficiently immediate
 56 | injury in fact due to the findings, conclusions, or

57 | recommendations of a final report of a state agency inspector
 58 | general, who are the subject of the audit or investigation, and
 59 | who do not have or are not currently afforded an existing right
 60 | to an independent review process. Employees of the state,
 61 | including career service, probationary, other personal service,
 62 | Selected Exempt Service, and Senior Management Service
 63 | employees, are not covered by this definition. This definition
 64 | also does not cover former employees of the state if the final
 65 | report of the state agency inspector general relates to matters
 66 | arising during a former employee's term of state employment.
 67 | This definition does not apply to persons who are the subject of
 68 | audits or investigations conducted pursuant to ss. 112.3187-
 69 | 112.31895 or s. 409.913 or which are otherwise confidential and
 70 | exempt under s. 119.07.

71 | ~~(d)(a)~~ "State agency" means each department created
 72 | pursuant to this chapter, and also includes the Executive Office
 73 | of the Governor, the Department of Military Affairs, the Fish
 74 | and Wildlife Conservation Commission, the Office of Insurance
 75 | Regulation of the Financial Services Commission, the Office of
 76 | Financial Regulation of the Financial Services Commission, the
 77 | Public Service Commission, the Board of Governors of the State
 78 | University System, the Florida Housing Finance Corporation, the
 79 | Citizens Property Insurance Corporation, and the state courts
 80 | system.

81 | Section 2. Paragraphs (a), (c), and (q) of subsection
 82 | (6) of section 627.351, Florida Statutes, are amended, and a new
 83 | paragraph (gg) is added to said section, to read:

84 | 627.351 Insurance risk apportionment plans.—

85 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

89 1. The Legislature finds that private insurers are
90 unwilling or unable to provide affordable property insurance
91 coverage in this state to the extent sought and needed. The
92 absence of affordable property insurance threatens the public
93 health, safety, and welfare and likewise threatens the economic
94 health of the state. The state therefore has a compelling public
95 interest and a public purpose to assist in assuring that
96 property in the state is insured and that it is insured at
97 affordable rates so as to facilitate the remediation,
98 reconstruction, and replacement of damaged or destroyed property
99 in order to reduce or avoid the negative effects otherwise
100 resulting to the public health, safety, and welfare, to the
101 economy of the state, and to the revenues of the state and local
102 governments which are needed to provide for the public welfare.
103 It is necessary, therefore, to provide affordable property
104 insurance to applicants who are in good faith entitled to
105 procure insurance through the voluntary market but are unable to
106 do so. The Legislature intends, therefore, that affordable
107 property insurance be provided and that it continue to be
108 provided, as long as necessary, through Citizens Property
109 Insurance Corporation, a government entity that is an integral
110 part of the state, and that is not a private insurance company.
111 To that end, the corporation shall strive to increase the
112 availability of affordable property insurance in this state,

113 while achieving efficiencies and economies, and while providing
 114 service to policyholders, applicants, and agents which is no
 115 less than the quality generally provided in the voluntary
 116 market, for the achievement of the foregoing public purposes.
 117 Because it is essential for this government entity to have the
 118 maximum financial resources to pay claims following a
 119 catastrophic hurricane, it is the intent of the Legislature that
 120 the corporation continue to be an integral part of the state and
 121 that the income of the corporation be exempt from federal income
 122 taxation and that interest on the debt obligations issued by the
 123 corporation be exempt from federal income taxation.

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

141 policies; and commercial lines residential coverage, which
 142 consists of the type of coverage provided by condominium
 143 association, apartment building, and similar policies.

144 3. With respect to coverage for personal lines residential
 145 structures:

146 a. Effective January 1, 2014 ~~January 1, 2009~~, a ~~personal~~
 147 ~~lines residential~~ structure that has a dwelling replacement cost
 148 of \$1 ~~2~~ million or more, or a single condominium unit that has a
 149 combined dwelling and contents ~~content~~ replacement cost of \$1 ~~2~~
 150 million or more is not eligible for coverage by the corporation.
 151 Such dwellings insured by the corporation on December 31, 2013
 152 ~~December 31, 2008~~, may continue to be covered by the corporation
 153 until the end of the policy term. ~~However, such dwellings that~~
 154 ~~are insured by the corporation and become ineligible for~~
 155 ~~coverage due to the provisions of this subparagraph may reapply~~
 156 ~~and obtain coverage if the property owner provides the~~
 157 ~~corporation with a sworn affidavit from one or more insurance~~
 158 ~~agents, on a form provided by the corporation, stating that the~~
 159 ~~agents have made their best efforts to obtain coverage and that~~
 160 ~~the property has been rejected for coverage by at least one~~
 161 ~~authorized insurer and at least three surplus lines insurers. If~~
 162 ~~such conditions are met, the dwelling may be insured by the~~
 163 ~~corporation for up to 3 years, after which time the dwelling is~~
 164 ~~ineligible for coverage.~~ The office shall approve the method
 165 used by the corporation for valuing the dwelling replacement
 166 cost for the purposes of this subparagraph. If a policyholder is
 167 insured by the corporation prior to being determined to be
 168 ineligible pursuant to this subparagraph and such policyholder

169 files a lawsuit—challenging the determination, the policyholder
170 may remain insured by the corporation until the conclusion of
171 the litigation.

172 b. Effective January 1, 2015, a structure that has a
173 dwelling replacement cost of \$900,000 or more, or a single
174 condominium unit that has a combined dwelling and contents
175 replacement cost of \$900,000 or more, is not eligible for
176 coverage by the corporation. Such dwellings insured by the
177 corporation on December 31, 2014, may continue to be covered by
178 the corporation only until the end of the policy term.

179 c. Effective January 1, 2016, a structure that has a
180 dwelling replacement cost of \$800,000 or more, or a single
181 condominium unit that has a combined dwelling and contents
182 replacement cost of \$800,000 or more, is not eligible for
183 coverage by the corporation. Such dwellings insured by the
184 corporation on December 31, 2015, may continue to be covered by
185 the corporation until the end of the policy term.

186 d. Effective January 1, 2017, a structure that has a
187 dwelling replacement cost of \$700,000 or more, or a single
188 condominium unit that has a combined dwelling and contents
189 replacement cost of \$700,000 or more, is not eligible for
190 coverage by the corporation. Such dwellings insured by the
191 corporation on December 31, 2016, may continue to be covered by
192 the corporation until the end of the policy term.

193 e. Effective January 1, 2018, a structure that has a
194 dwelling replacement cost of \$600,000 or more, or a single
195 condominium unit that has a combined dwelling and contents
196 replacement cost of \$600,000 or more, is not eligible for

197 | coverage by the corporation. Such dwellings insured by the
 198 | corporation on December 31, 2017, may continue to be covered by
 199 | the corporation until the end of the policy term.

200 | f. Effective January 1, 2019, a structure that has a
 201 | dwelling replacement cost of \$500,000 or more, or a single
 202 | condominium unit that has a combined dwelling and contents
 203 | replacement cost of \$500,000 or more, is not eligible for
 204 | coverage by the corporation. Such dwellings insured by the
 205 | corporation on December 31, 2018, may continue to be covered by
 206 | the corporation until the end of the policy term.

207 | 4. It is the intent of the Legislature that policyholders,
 208 | applicants, and agents of the corporation receive service and
 209 | treatment of the highest possible level but never less than that
 210 | generally provided in the voluntary market. It is also intended
 211 | that the corporation be held to service standards no less than
 212 | those applied to insurers in the voluntary market by the office
 213 | with respect to responsiveness, timeliness, customer courtesy,
 214 | and overall dealings with policyholders, applicants, or agents
 215 | of the corporation.

216 | 5.a. Effective January 1, 2009, a personal lines
 217 | residential structure that is located in the "wind-borne debris
 218 | region," as defined in s. 1609.2, International Building Code
 219 | (2006), and that has an insured value on the structure of
 220 | \$750,000 or more is not eligible for coverage by the corporation
 221 | unless the structure has opening protections as required under
 222 | the Florida Building Code for a newly constructed residential
 223 | structure in that area. A residential structure shall be deemed
 224 | to comply with this subparagraph if it has shutters or opening

225 | protections on all openings and if such opening protections
 226 | complied with the Florida Building Code at the time they were
 227 | installed.

228 | b. Any property for which new construction begins on or
 229 | after July 1, 2014, and which is located seaward of the coastal
 230 | construction control line created pursuant to s. 161.053, is
 231 | ineligible for coverage through the corporation.

232 | 6. For any claim filed under any policy of the
 233 | corporation, a public adjuster may not charge, agree to, or
 234 | accept any compensation, payment, commission, fee, or other
 235 | thing of value greater than 10 percent of the additional amount
 236 | actually paid over the amount that was originally offered by the
 237 | corporation for any one claim.

238 | (c) The corporation's plan of operation:

239 | 1. Must provide for adoption of residential property and
 240 | casualty insurance policy forms and commercial residential and
 241 | nonresidential property insurance forms, which must be approved
 242 | by the office before use. The corporation shall adopt the
 243 | following policy forms:

244 | a. Standard personal lines policy forms that are
 245 | comprehensive multiperil policies providing full coverage of a
 246 | residential property equivalent to the coverage provided in the
 247 | private insurance market under an HO-3, HO-4, or HO-6 policy.

248 | b. Basic personal lines policy forms that are policies
 249 | similar to an HO-8 policy or a dwelling fire policy that provide
 250 | coverage meeting the requirements of the secondary mortgage
 251 | market, but which is more limited than the coverage under a
 252 | standard policy.

253 | c. Commercial lines residential and nonresidential policy
 254 | forms that are generally similar to the basic perils of full
 255 | coverage obtainable for commercial residential structures and
 256 | commercial nonresidential structures in the admitted voluntary
 257 | market.

258 | d. Personal lines and commercial lines residential
 259 | property insurance forms that cover the peril of wind only. The
 260 | forms are applicable only to residential properties located in
 261 | areas eligible for coverage under the coastal account referred
 262 | to in sub-subparagraph (b)2.a.

263 | e. Commercial lines nonresidential property insurance
 264 | forms that cover the peril of wind only. The forms are
 265 | applicable only to nonresidential properties located in areas
 266 | eligible for coverage under the coastal account referred to in
 267 | sub-subparagraph (b)2.a.

268 | f. The corporation may adopt variations of the policy
 269 | forms listed in sub-subparagraphs a.-e. which contain more
 270 | restrictive coverage.

271 | g. Effective January 1, 2013, the corporation shall offer
 272 | a basic personal lines policy similar to an HO-8 policy with
 273 | dwelling repair based on common construction materials and
 274 | methods.

275 | 2. Must provide that the corporation adopt a program in
 276 | which the corporation and authorized insurers enter into quota
 277 | share primary insurance agreements for hurricane coverage, as
 278 | defined in s. 627.4025(2)(a), for eligible risks, and adopt
 279 | property insurance forms for eligible risks which cover the
 280 | peril of wind only.

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

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

303 (II) "Eligible risks" means personal lines residential and
 304 commercial lines residential risks that meet the underwriting
 305 criteria of the corporation and are located in areas that were
 306 eligible for coverage by the Florida Windstorm Underwriting
 307 Association on January 1, 2002.

308 b. The corporation may enter into quota share primary

309 insurance agreements with authorized insurers at corporation
 310 coverage levels of 90 percent and 50 percent.

311 c. If the corporation determines that additional coverage
 312 levels are necessary to maximize participation in quota share
 313 primary insurance agreements by authorized insurers, the
 314 corporation may establish additional coverage levels. However,
 315 the corporation's quota share primary insurance coverage level
 316 may not exceed 90 percent.

317 d. Any quota share primary insurance agreement entered
 318 into between an authorized insurer and the corporation must
 319 provide for a uniform specified percentage of coverage of
 320 hurricane losses, by county or territory as set forth by the
 321 corporation board, for all eligible risks of the authorized
 322 insurer covered under the agreement.

323 e. Any quota share primary insurance agreement entered
 324 into between an authorized insurer and the corporation is
 325 subject to review and approval by the office. However, such
 326 agreement shall be authorized only as to insurance contracts
 327 entered into between an authorized insurer and an insured who is
 328 already insured by the corporation for wind coverage.

329 f. For all eligible risks covered under quota share
 330 primary insurance agreements, the exposure and coverage levels
 331 for both the corporation and authorized insurers shall be
 332 reported by the corporation to the Florida Hurricane Catastrophe
 333 Fund. For all policies of eligible risks covered under such
 334 agreements, the corporation and the authorized insurer must
 335 maintain complete and accurate records for the purpose of
 336 exposure and loss reimbursement audits as required by fund

337 rules. The corporation and the authorized insurer shall each
 338 maintain duplicate copies of policy declaration pages and
 339 supporting claims documents.

340 g. The corporation board shall establish in its plan of
 341 operation standards for quota share agreements which ensure that
 342 there is no discriminatory application among insurers as to the
 343 terms of the agreements, pricing of the agreements, incentive
 344 provisions if any, and consideration paid for servicing policies
 345 or adjusting claims.

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

359 3.a. May provide that the corporation may employ or
 360 otherwise contract with individuals or other entities to provide
 361 administrative or professional services that may be appropriate
 362 to effectuate the plan. The corporation may borrow funds by
 363 issuing bonds or by incurring other indebtedness, and shall have
 364 other powers reasonably necessary to effectuate the requirements

365 of this subsection, including, without limitation, the power to
 366 issue bonds and incur other indebtedness in order to refinance
 367 outstanding bonds or other indebtedness. The corporation may
 368 seek judicial validation of its bonds or other indebtedness
 369 under chapter 75. The corporation may issue bonds or incur other
 370 indebtedness, or have bonds issued on its behalf by a unit of
 371 local government pursuant to subparagraph (q)2. in the absence
 372 of a hurricane or other weather-related event, upon a
 373 determination by the corporation, subject to approval by the
 374 office, that such action would enable it to efficiently meet the
 375 financial obligations of the corporation and that such
 376 financings are reasonably necessary to effectuate the
 377 requirements of this subsection. The corporation may take all
 378 actions needed to facilitate tax-free status for such bonds or
 379 indebtedness, including formation of trusts or other affiliated
 380 entities. The corporation may pledge assessments, projected
 381 recoveries from the Florida Hurricane Catastrophe Fund, other
 382 reinsurance recoverables, policyholder surcharges and other
 383 surcharges, and other funds available to the corporation as
 384 security for bonds or other indebtedness. In recognition of s.
 385 10, Art. I of the State Constitution, prohibiting the impairment
 386 of obligations of contracts, it is the intent of the Legislature
 387 that no action be taken whose purpose is to impair any bond
 388 indenture or financing agreement or any revenue source committed
 389 by contract to such bond or other indebtedness.

390 b. To ensure that the corporation is operating in an
 391 efficient and economic manner while providing quality service to
 392 policyholders, applicants, and agents, the board shall

393 commission an independent third-party consultant having
394 expertise in insurance company management or insurance company
395 management consulting to prepare a report and make
396 recommendations on the relative costs and benefits of
397 outsourcing various policy issuance and service functions to
398 private servicing carriers or entities performing similar
399 functions in the private market for a fee, rather than
400 performing such functions in-house. In making such
401 recommendations, the consultant shall consider how other
402 residual markets, both in this state and around the country,
403 outsource appropriate functions or use servicing carriers to
404 better match expenses with revenues that fluctuate based on a
405 widely varying policy count. The report must be completed by
406 July 1, 2012. Upon receiving the report, the board shall develop
407 a plan to implement the report and submit the plan for review,
408 modification, and approval to the Financial Services Commission.
409 Upon the commission's approval of the plan, the board shall
410 begin implementing the plan by January 1, 2013.

411 4. Must require that the corporation operate subject to
412 the supervision and approval of a board of governors consisting
413 of eight individuals who are residents of this state, from
414 different geographical areas of this state.

415 a. The Governor, the Chief Financial Officer, the
416 President of the Senate, and the Speaker of the House of
417 Representatives shall each appoint two members of the board. At
418 least one of the two members appointed by each appointing
419 officer must have demonstrated expertise in insurance and is
420 deemed to be within the scope of the exemption provided in s.

421 112.313(7)(b). The Chief Financial Officer shall designate one
 422 of the appointees as chair. All board members serve at the
 423 pleasure of the appointing officer. All members of the board are
 424 subject to removal at will by the officers who appointed them.
 425 All board members, including the chair, must be appointed to
 426 serve for 3-year terms beginning annually on a date designated
 427 by the plan. However, for the first term beginning on or after
 428 July 1, 2009, each appointing officer shall appoint one member
 429 of the board for a 2-year term and one member for a 3-year term.
 430 A board vacancy shall be filled for the unexpired term by the
 431 appointing officer. The Chief Financial Officer shall appoint a
 432 technical advisory group to provide information and advice to
 433 the board in connection with the board's duties under this
 434 subsection. The executive director and senior managers of the
 435 corporation shall be engaged by the board and serve at the
 436 pleasure of the board. Any executive director appointed on or
 437 after July 1, 2006, is subject to confirmation by the Senate.
 438 The executive director is responsible for employing other staff
 439 as the corporation may require, subject to review and
 440 concurrence by the board.

441 b. The board shall create a Market Accountability Advisory
 442 Committee to assist the corporation in developing awareness of
 443 its rates and its customer and agent service levels in
 444 relationship to the voluntary market insurers writing similar
 445 coverage.

446 (I) The members of the advisory committee consist of the
 447 following 11 persons, one of whom must be elected chair by the
 448 members of the committee: four representatives, one appointed by

449 the Florida Association of Insurance Agents, one by the Florida
 450 Association of Insurance and Financial Advisors, one by the
 451 Professional Insurance Agents of Florida, and one by the Latin
 452 American Association of Insurance Agencies; three
 453 representatives appointed by the insurers with the three highest
 454 voluntary market share of residential property insurance
 455 business in the state; one representative from the Office of
 456 Insurance Regulation; one consumer appointed by the board who is
 457 insured by the corporation at the time of appointment to the
 458 committee; one representative appointed by the Florida
 459 Association of Realtors; and one representative appointed by the
 460 Florida Bankers Association. All members shall be appointed to
 461 3-year terms and may serve for consecutive terms.

462 (II) The committee shall report to the corporation at each
 463 board meeting on insurance market issues which may include rates
 464 and rate competition with the voluntary market; service,
 465 including policy issuance, claims processing, and general
 466 responsiveness to policyholders, applicants, and agents; and
 467 matters relating to depopulation.

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

470 a. Subject to s. 627.3517, with respect to personal lines
 471 residential risks, if the risk is offered coverage from an
 472 authorized insurer at the insurer's approved rate under a
 473 standard policy including wind coverage or, if consistent with
 474 the insurer's underwriting rules as filed with the office, a
 475 basic policy including wind coverage, for a new application to
 476 the corporation for coverage, the risk is not eligible for any

477 policy issued by the corporation unless the premium for coverage
478 from the authorized insurer is more than 15 percent greater than
479 the premium for comparable coverage from the corporation. For
480 renewal policies, the risk is not eligible for any policy issued
481 by the corporation unless the premium for the coverage from the
482 authorized insurer is more than five percent greater than the
483 premium for comparable coverage from the corporation. If the
484 risk is not able to obtain such offer, the risk is eligible for
485 a standard policy including wind coverage or a basic policy
486 including wind coverage issued by the corporation; however, if
487 the risk could not be insured under a standard policy including
488 wind coverage regardless of market conditions, the risk is
489 eligible for a basic policy including wind coverage unless
490 rejected under subparagraph 8. However, a policyholder of the
491 corporation or a policyholder removed from the corporation
492 through an assumption agreement until the end of the assumption
493 period remains eligible for coverage from the corporation
494 regardless of any offer of coverage from an authorized insurer
495 or surplus lines insurer. The corporation shall determine the
496 type of policy to be provided on the basis of objective
497 standards specified in the underwriting manual and based on
498 generally accepted underwriting practices.

499 (I) If the risk accepts an offer of coverage through the
500 market assistance plan or through a mechanism established by the
501 corporation other than a plan established by s. 627.3518, before
502 a policy is issued to the risk by the corporation or during the
503 first 30 days of coverage by the corporation, and the producing
504 agent who submitted the application to the plan or to the

505 corporation is not currently appointed by the insurer, the
 506 insurer shall:

507 (A) Pay to the producing agent of record of the policy for
 508 the first year, an amount that is the greater of the insurer's
 509 usual and customary commission for the type of policy written or
 510 a fee equal to the usual and customary commission of the
 511 corporation; or

512 (B) Offer to allow the producing agent of record of the
 513 policy to continue servicing the policy for at least 1 year and
 514 offer to pay the agent the greater of the insurer's or the
 515 corporation's usual and customary commission for the type of
 516 policy written.

517
 518 If the producing agent is unwilling or unable to accept
 519 appointment, the new insurer shall pay the agent in accordance
 520 with sub-sub-sub-subparagraph (A).

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

525 (A) Pay to the producing agent of record, for the first
 526 year, an amount that is the greater of the insurer's usual and
 527 customary commission for the type of policy written or a fee
 528 equal to the usual and customary commission of the corporation;
 529 or

530 (B) Offer to allow the producing agent of record to
 531 continue servicing the policy for at least 1 year and offer to
 532 pay the agent the greater of the insurer's or the corporation's

533 usual and customary commission for the type of policy written.

534

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

538 b. With respect to commercial lines residential risks, for
 539 a new application to the corporation for coverage, if the risk
 540 is offered coverage under a policy including wind coverage from
 541 an authorized insurer at its approved rate, the risk is not
 542 eligible for a policy issued by the corporation unless the
 543 premium for coverage from the authorized insurer is more than 15
 544 percent greater than the premium for comparable coverage from
 545 the corporation. For renewal policies, the risk is not eligible
 546 for any policy issued by the corporation unless the premium for
 547 the coverage from the authorized insurer is more than five
 548 percent greater than the premium for comparable coverage from
 549 the corporation. If the risk is not able to obtain any such
 550 offer, the risk is eligible for a policy including wind coverage
 551 issued by the corporation. However, a policyholder of the
 552 corporation or a policyholder removed from the corporation
 553 through an assumption agreement until the end of the assumption
 554 period remains eligible for coverage from the corporation
 555 regardless of an offer of coverage from an authorized insurer or
 556 surplus lines insurer.

557 (I) If the risk accepts an offer of coverage through the
 558 market assistance plan or through a mechanism established by the
 559 corporation other than a plan established by s. 627.3518, before
 560 a policy is issued to the risk by the corporation or during the

561 first 30 days of coverage by the corporation, and the producing
 562 agent who submitted the application to the plan or the
 563 corporation is not currently appointed by the insurer, the
 564 insurer shall:

565 (A) Pay to the producing agent of record of the policy,
 566 for the first year, an amount that is the greater of the
 567 insurer's usual and customary commission for the type of policy
 568 written or a fee equal to the usual and customary commission of
 569 the corporation; or

570 (B) Offer to allow the producing agent of record of the
 571 policy to continue servicing the policy for at least 1 year and
 572 offer to pay the agent the greater of the insurer's or the
 573 corporation's usual and customary commission for the type of
 574 policy written.

575
 576 If the producing agent is unwilling or unable to accept
 577 appointment, the new insurer shall pay the agent in accordance
 578 with sub-sub-sub-subparagraph (A).

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

583 (A) Pay to the producing agent of record, for the first
 584 year, an amount that is the greater of the insurer's usual and
 585 customary commission for the type of policy written or a fee
 586 equal to the usual and customary commission of the corporation;
 587 or

588 (B) Offer to allow the producing agent of record to

589 | continue servicing the policy for at least 1 year and offer to
 590 | pay the agent the greater of the insurer's or the corporation's
 591 | usual and customary commission for the type of policy written.

592 |
 593 | If the producing agent is unwilling or unable to accept
 594 | appointment, the new insurer shall pay the agent in accordance
 595 | with sub-sub-sub-subparagraph (A).

596 | c. For purposes of determining comparable coverage under
 597 | sub-subparagraphs a. and b., the comparison must be based on
 598 | those forms and coverages that are reasonably comparable. The
 599 | corporation may rely on a determination of comparable coverage
 600 | and premium made by the producing agent who submits the
 601 | application to the corporation, made in the agent's capacity as
 602 | the corporation's agent. A comparison may be made solely of the
 603 | premium with respect to the main building or structure only on
 604 | the following basis: the same coverage A or other building
 605 | limits; the same percentage hurricane deductible that applies on
 606 | an annual basis or that applies to each hurricane for commercial
 607 | residential property; the same percentage of ordinance and law
 608 | coverage, if the same limit is offered by both the corporation
 609 | and the authorized insurer; the same mitigation credits, to the
 610 | extent the same types of credits are offered both by the
 611 | corporation and the authorized insurer; the same method for loss
 612 | payment, such as replacement cost or actual cash value, if the
 613 | same method is offered both by the corporation and the
 614 | authorized insurer in accordance with underwriting rules; and
 615 | any other form or coverage that is reasonably comparable as
 616 | determined by the board. If an application is submitted to the

617 corporation for wind-only coverage in the coastal account, the
 618 premium for the corporation's wind-only policy plus the premium
 619 for the ex-wind policy that is offered by an authorized insurer
 620 to the applicant must be compared to the premium for multiperil
 621 coverage offered by an authorized insurer, subject to the
 622 standards for comparison specified in this subparagraph. If the
 623 corporation or the applicant requests from the authorized
 624 insurer a breakdown of the premium of the offer by types of
 625 coverage so that a comparison may be made by the corporation or
 626 its agent and the authorized insurer refuses or is unable to
 627 provide such information, the corporation may treat the offer as
 628 not being an offer of coverage from an authorized insurer at the
 629 insurer's approved rate.

630 6. Must include rules for classifications of risks and
 631 rates.

632 7. Must provide that if premium and investment income for
 633 an account attributable to a particular calendar year are in
 634 excess of projected losses and expenses for the account
 635 attributable to that year, such excess shall be held in surplus
 636 in the account. Such surplus must be available to defray
 637 deficits in that account as to future years and used for that
 638 purpose before assessing assessable insurers and assessable
 639 insureds as to any calendar year.

640 8. Must provide objective criteria and procedures to be
 641 uniformly applied to all applicants in determining whether an
 642 individual risk is so hazardous as to be uninsurable. In making
 643 this determination and in establishing the criteria and
 644 procedures, the following must be considered:

645 a. Whether the likelihood of a loss for the individual
 646 risk is substantially higher than for other risks of the same
 647 class; and

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

650
 651 The acceptance or rejection of a risk by the corporation shall
 652 be construed as the private placement of insurance, and the
 653 provisions of chapter 120 do not apply.

654 9. Must provide that the corporation make its best efforts
 655 to procure catastrophe reinsurance at reasonable rates, to cover
 656 its projected 100-year probable maximum loss as determined by
 657 the board of governors.

658 10. The policies issued by the corporation must provide
 659 that if the corporation or the market assistance plan obtains an
 660 offer from an authorized insurer to cover the risk at its
 661 approved rates, the risk is no longer eligible for renewal
 662 through the corporation, except as otherwise provided in this
 663 subsection.

664 11. Corporation policies and applications must include a
 665 notice that the corporation policy could, under this section, be
 666 replaced with a policy issued by an authorized insurer which
 667 does not provide coverage identical to the coverage provided by
 668 the corporation. The notice must also specify that acceptance of
 669 corporation coverage creates a conclusive presumption that the
 670 applicant or policyholder is aware of this potential.

671 12. May establish, subject to approval by the office,
 672 different eligibility requirements and operational procedures

673 for any line or type of coverage for any specified county or
 674 area if the board determines that such changes are justified due
 675 to the voluntary market being sufficiently stable and
 676 competitive in such area or for such line or type of coverage
 677 and that consumers who, in good faith, are unable to obtain
 678 insurance through the voluntary market through ordinary methods
 679 continue to have access to coverage from the corporation. If
 680 coverage is sought in connection with a real property transfer,
 681 the requirements and procedures may not provide an effective
 682 date of coverage later than the date of the closing of the
 683 transfer as established by the transferor, the transferee, and,
 684 if applicable, the lender.

685 13. Must provide that, with respect to the coastal
 686 account, any assessable insurer with a surplus as to
 687 policyholders of \$25 million or less writing 25 percent or more
 688 of its total countrywide property insurance premiums in this
 689 state may petition the office, within the first 90 days of each
 690 calendar year, to qualify as a limited apportionment company. A
 691 regular assessment levied by the corporation on a limited
 692 apportionment company for a deficit incurred by the corporation
 693 for the coastal account may be paid to the corporation on a
 694 monthly basis as the assessments are collected by the limited
 695 apportionment company from its insureds, but a limited
 696 apportionment company must begin collecting the regular
 697 assessments not later than 90 days after the regular assessments
 698 are levied by the corporation, and the regular assessments must
 699 be paid in full within 15 months after being levied by the
 700 corporation. A limited apportionment company shall collect from

701 its policyholders any emergency assessment imposed under sub-
 702 subparagraph (b)3.d. The plan must provide that, if the office
 703 determines that any regular assessment will result in an
 704 impairment of the surplus of a limited apportionment company,
 705 the office may direct that all or part of such assessment be
 706 deferred as provided in subparagraph (q)4. However, an emergency
 707 assessment to be collected from policyholders under sub-
 708 subparagraph (b)3.d. may not be limited or deferred.

709 14. Must provide that the corporation appoint as its
 710 licensed agents only those agents who also hold an appointment
 711 as defined in s. 626.015(3) with an insurer who at the time of
 712 the agent's initial appointment by the corporation is authorized
 713 to write and is actually writing personal lines residential
 714 property coverage, commercial residential property coverage, or
 715 commercial nonresidential property coverage within the state.

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

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

723 17. May provide such limits of coverage as the board
 724 determines, consistent with the requirements of this subsection.

725 18. May require commercial property to meet specified
 726 hurricane mitigation construction features as a condition of
 727 eligibility for coverage.

728 19. Must provide that new or renewal policies issued by

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

737 20. As of January 1, 2012, must require that the agent
 738 obtain from an applicant for coverage from the corporation an
 739 acknowledgment signed by the applicant, which includes, at a
 740 minimum, the following statement:

741 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
 742 AND ASSESSMENT LIABILITY:

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

751 2. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
 752 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
 753 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
 754 FLORIDA LEGISLATURE.

755 3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE

756 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
 757 STATE OF FLORIDA.

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

762 b. The signed acknowledgment form creates a conclusive
 763 presumption that the policyholder understood and accepted his or
 764 her potential surcharge and assessment liability as a
 765 policyholder of the corporation.

766 (q)1. The corporation shall certify to the office its
 767 needs for annual assessments as to a particular calendar year,
 768 and for any interim assessments that it deems to be necessary to
 769 sustain operations as to a particular year pending the receipt
 770 of annual assessments. Upon verification, the office shall
 771 approve such certification, and the corporation shall levy such
 772 annual or interim assessments. Such assessments shall be
 773 prorated as provided in paragraph (b). The corporation shall
 774 take all reasonable and prudent steps necessary to collect the
 775 amount of assessments due from each assessable insurer,
 776 including, if prudent, filing suit to collect the assessments,
 777 and the office may provide such assistance to the corporation it
 778 deems appropriate. If the corporation is unable to collect an
 779 assessment from any assessable insurer, the uncollected
 780 assessments shall be levied as an additional assessment against
 781 the assessable insurers and any assessable insurer required to
 782 pay an additional assessment as a result of such failure to pay
 783 shall have a cause of action against such nonpaying assessable

784 insurer. Assessments shall be included as an appropriate factor
 785 in the making of rates. The failure of a surplus lines agent to
 786 collect and remit any regular or emergency assessment levied by
 787 the corporation is considered to be a violation of s. 626.936
 788 and subjects the surplus lines agent to the penalties provided
 789 in that section.

790 2. The governing body of any unit of local government, any
 791 residents of which are insured by the corporation, may issue
 792 bonds as defined in s. 125.013 or s. 166.101 from time to time
 793 to fund an assistance program, in conjunction with the
 794 corporation, for the purpose of defraying deficits of the
 795 corporation. In order to avoid needless and indiscriminate
 796 proliferation, duplication, and fragmentation of such assistance
 797 programs, any unit of local government, any residents of which
 798 are insured by the corporation, may provide for the payment of
 799 losses, regardless of whether or not the losses occurred within
 800 or outside of the territorial jurisdiction of the local
 801 government. Revenue bonds under this subparagraph may not be
 802 issued until validated pursuant to chapter 75, unless a state of
 803 emergency is declared by executive order or proclamation of the
 804 Governor pursuant to s. 252.36 making such findings as are
 805 necessary to determine that it is in the best interests of, and
 806 necessary for, the protection of the public health, safety, and
 807 general welfare of residents of this state and declaring it an
 808 essential public purpose to permit certain municipalities or
 809 counties to issue such bonds as will permit relief to claimants
 810 and policyholders of the corporation. Any such unit of local
 811 government may enter into such contracts with the corporation

812 and with any other entity created pursuant to this subsection as
 813 are necessary to carry out this paragraph. Any bonds issued
 814 under this subparagraph shall be payable from and secured by
 815 moneys received by the corporation from emergency assessments
 816 under sub-subparagraph (b)3.d., and assigned and pledged to or
 817 on behalf of the unit of local government for the benefit of the
 818 holders of such bonds. The funds, credit, property, and taxing
 819 power of the state or of the unit of local government shall not
 820 be pledged for the payment of such bonds.

821 3.a. The corporation shall adopt one or more programs
 822 subject to approval by the office for the reduction of both new
 823 and renewal writings in the corporation. Beginning January 1,
 824 2008, any program the corporation adopts for the payment of
 825 bonuses to an insurer for each risk the insurer removes from the
 826 corporation shall comply with s. 627.3511(2) and may not exceed
 827 the amount referenced in s. 627.3511(2) for each risk removed.
 828 The corporation may consider any prudent and not unfairly
 829 discriminatory approach to reducing corporation writings, and
 830 may adopt a credit against assessment liability or other
 831 liability that provides an incentive for insurers to take risks
 832 out of the corporation and to keep risks out of the corporation
 833 by maintaining or increasing voluntary writings in counties or
 834 areas in which corporation risks are highly concentrated and a
 835 program to provide a formula under which an insurer voluntarily
 836 taking risks out of the corporation by maintaining or increasing
 837 voluntary writings will be relieved wholly or partially from
 838 assessments under sub-subparagraph (b)3.a. However, any "take-
 839 out bonus" or payment to an insurer must be conditioned on the

840 | property being insured for at least 5 years by the insurer,
 841 | unless canceled or nonrenewed by the policyholder. If the policy
 842 | is canceled or nonrenewed by the policyholder before the end of
 843 | the 5-year period, the amount of the take-out bonus must be
 844 | prorated for the time period the policy was insured. When the
 845 | corporation enters into a contractual agreement for a take-out
 846 | plan, the producing agent of record of the corporation policy is
 847 | entitled to retain any unearned commission on such policy, and
 848 | the insurer shall either:

849 | (I) Pay to the producing agent of record of the policy,
 850 | for the first year, an amount which is the greater of the
 851 | insurer's usual and customary commission for the type of policy
 852 | written or a policy fee equal to the usual and customary
 853 | commission of the corporation; or

854 | (II) Offer to allow the producing agent of record of the
 855 | policy to continue servicing the policy for a period of not less
 856 | than 1 year and offer to pay the agent the insurer's usual and
 857 | customary commission for the type of policy written. If the
 858 | producing agent is unwilling or unable to accept appointment by
 859 | the new insurer, the new insurer shall pay the agent in
 860 | accordance with sub-sub-subparagraph (I).

861 | b. Any credit or exemption from regular assessments
 862 | adopted under this subparagraph shall last no longer than the 3
 863 | years following the cancellation or expiration of the policy by
 864 | the corporation. With the approval of the office, the board may
 865 | extend such credits for an additional year if the insurer
 866 | guarantees an additional year of renewability for all policies
 867 | removed from the corporation, or for 2 additional years if the

868 insurer guarantees 2 additional years of renewability for all
 869 policies so removed.

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

873 4. The plan shall provide for the deferment, in whole or
 874 in part, of the assessment of an assessable insurer, other than
 875 an emergency assessment collected from policyholders pursuant to
 876 sub-subparagraph (b)3.d., if the office finds that payment of
 877 the assessment would endanger or impair the solvency of the
 878 insurer. In the event an assessment against an assessable
 879 insurer is deferred in whole or in part, the amount by which
 880 such assessment is deferred may be assessed against the other
 881 assessable insurers in a manner consistent with the basis for
 882 assessments set forth in paragraph (b).

883 5. Effective July 1, 2007, in order to evaluate the costs
 884 and benefits of approved take-out plans, if the corporation pays
 885 a bonus or other payment to an insurer for an approved take-out
 886 plan, it shall maintain a record of the address or such other
 887 identifying information on the property or risk removed in order
 888 to track if and when the property or risk is later insured by
 889 the corporation.

890 6. Any policy taken out, assumed, or removed from the
 891 corporation is, as of the effective date of the take-out,
 892 assumption, or removal, direct insurance issued by the insurer
 893 and not by the corporation, even if the corporation continues to
 894 service the policies. This subparagraph applies to policies of
 895 the corporation and not policies taken out, assumed, or removed

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896 | from any other entity.

897 | 7. For a policy taken out, assumed, or removed from the
898 | corporation, the insurer may, for a period of no more than three
899 | years, continue to use any of the corporation's policy forms or
900 | endorsements that apply to the policy taken out, removed, or
901 | assumed without obtaining approval from the office for use of
902 | such policy form or endorsement.

903 | (gg) The corporation may adopt policy forms which allow the
904 | corporation the option, at its discretion, to repair or replace
905 | covered damage with like kind and quality property rather than
906 | paying the value of the loss to the policyholder.

907 | Section 3. This act shall take effect July 1, 2013.