

Committee on Banking and Insurance

CS/SB 1770 — Property Insurance

by Appropriations Committee and Banking and Insurance Committee

The bill makes the following changes to the Florida Hurricane Catastrophe Fund, Citizens Property Insurance Corporation, and Public Adjusters:

Florida Hurricane Catastrophe Fund (CAT Fund):

- Renames the “Florida Hurricane Catastrophe Fund Finance Corporation” to the “State Board of Administration Finance Corporation.”
- Extends the CAT Fund assessment exemption for medical malpractice until May 31, 2016.
- Repeals outdated language for the \$10M additional coverage for specified insurers and the Temporary Emergency Options for Additional Coverage.
- Requires the CAT Fund submit to the Legislature and Financial Services Commission an annual Probable Maximum Loss (PML) report for the upcoming storm season.

Citizens Property Insurance Corporation (Citizens)

- Exempts Citizens from “exchange of business” restrictions to facilitate the operations of the clearinghouse.
- Adds a professional structural engineer to the Florida Commission on Hurricane Loss Projection Methodology.
- Reduces the maximum Citizens’ policy limit from \$2 million to \$1 million and further reduces this amount by \$100,000 a year for 3 years to \$700,000. Allows for an exemption in certain counties in which the Office of Insurance Regulation (OIR) determines do not have a reasonable degree of competition.
- Prohibits Citizens from covering structures commencing construction after July 1, 2014, seaward of the coastal construction control line.
- Allows the Governor of Florida to appoint a consumer representative to the Citizens Board of Governors in addition to the current two appointments.
- Clarifies a private company’s offer within 15 percent of Citizens’ rate for a new policy and no greater than the current rate for a renewal makes the policy ineligible for coverage with Citizens.
- Requires that Citizens disclose potential surcharge and assessment liabilities with each renewal notice.
- Allows insurers who take policies out of Citizens to use Citizens’ policy forms for 3 years without approval from the OIR to use the forms.
- Establishes an office of Inspector General at Citizens to be appointed by the Financial Services Commission.
- Requires Citizens to prepare an annual report on Citizens’ loss ratio for non-catastrophic losses on a statewide and county basis.
- Subjects Citizens to the purchasing of commodities restrictions under s. 287.057, F.S.

- Establishes the Citizens clearinghouse by January 1, 2014.
- Requires the establishment of a process to divert commercial residential policies.
- Requires that companies participating in the clearinghouse must either appoint the agent of record or offer a limited servicing agreement.
- Requires that agents are to be paid Citizens commission or the company's standard commission, whichever is greater.
- Clarifies that the 45-day notice of nonrenewal applies to policies submitted to the clearinghouse.
- Provides that independent and captive agents are granted and must maintain ownership of records including policies placed in Citizens.
- Allows captive companies to approve their agents limiting servicing agreements with each participating company.
- Requires Citizens to submit to the Legislature and Financial Services Commission an annual PML report for the upcoming storm season.

Public Adjusters

- Prohibits a public adjuster from receiving compensation from any source over the statutory fee cap. Applies disciplinary provisions in current law to public adjusters who violate the statutory fee caps through any maneuver, shift, or device.
- Repeals the current provision that for any claim filed with Citizens, a public adjuster cannot charge more than 10 percent of the difference between Citizens' initial offer and the amount actually paid.
- Requires a public adjuster to meet or communicate with the insurer to try to settle. Prohibits a public adjuster from acquiring any interest in salvaged property, without the written consent of the policyholder.

If approved by the Governor, these provisions take effect July 1, 2013, except as otherwise provided in this act.

Vote: Senate 32-1; House 111-6