By the Committees on Appropriations; and Banking and Insurance; and Senator Brandes

A bill to be entitled
An act relating to insurance; amending s. 215.555, F.S.; postponing the date that repeals the Florida Hurricane Catastrophe Fund emergency assessment exemption for medical malpractice insurance premiums; amending s. 316.646, F.S.; authorizing a uniform motor vehicle proof-of-insurance card to be in an electronic format; providing construction with respect to the parameters of a person’s consent to access information on an electronic device presented to provide proof of insurance; providing immunity from liability to a law enforcement officer for damage to an electronic device presented to provide proof of insurance; authorizing the Department of Highway Safety and Motor Vehicles to adopt rules; amending s. 320.02, F.S.; authorizing insurers to furnish uniform proof-of-purchase cards in an electronic format for use by insureds to prove the purchase of required insurance coverage when registering a motor vehicle; amending s. 554.1021, F.S.; defining the term “authorized inspection agency”; amending s. 554.107, F.S.; requiring the chief inspector of the state boiler inspection program to issue a certificate of competency as a special inspector to certain individuals; specifying how long such certificate remains in effect; amending s. 554.109, F.S.; authorizing specified insurers to contract with an authorized inspection agency for boiler inspections; requiring such insurers to annually report the identity of contracted authorized

CODING: Words struck are deletions; words underlined are additions.
inspection agencies to the Department of Financial Services; amending s. 624.413, F.S.; revising a specified time period applicable to a certified examination that must be filed by a foreign or alien insurer applying for a certificate of authority; amending s. 626.0428, F.S.; requiring each insurance agency to be under the control of an agent licensed to transact certain lines of insurance; authorizing an agent to be in charge of more than one branch office under certain circumstances; providing requirements relating to the designation of an agent in charge; prohibiting an insurance agency from conducting insurance business at a location without a designated agent in charge; providing a definition for the term “agent in charge”; providing that the designated agent in charge is liable for certain acts of misconduct; providing grounds for the Department of Financial Services to order operations to cease at certain insurance agency locations until an agent in charge is properly designated; amending s. 626.112, F.S.; providing licensure exemptions that allow specified individuals or entities to conduct insurance business at specified locations under certain circumstances; revising licensure requirements and penalties with respect to registered insurance agencies; providing that the registration of an approved registered insurance agency automatically converts to an insurance agency license on a specified date; amending s. 626.172, F.S.; revising requirements relating to
applications for insurance agency licenses; conforming
provisions to changes made by the act; amending s.
626.321, F.S.; providing that a limited license to
offer motor vehicle rental insurance issued to a
business that rents or leases motor vehicles
encompasses the employees of such business; amending
s. 626.382, F.S.; providing that an insurance agency
license continues in force until canceled, suspended,
revoked, or terminated; amending s. 626.601, F.S.;
revising terminology relating to investigations
conducted by the Department of Financial Services and
the Office of Insurance Regulation with respect to
individuals and entities involved in the insurance
industry; repealing s. 626.747, F.S., relating to
branch agencies, agents in charge, and the payment of
additional county tax under certain circumstances;
amending s. 626.8411, F.S.; conforming a cross-
reference; amending s. 626.8805, F.S.; revising
insurance administrator application requirements;
amending s. 626.8817, F.S.; authorizing an insurer’s
designee to provide certain coverage information to an
insurance administrator; authorizing an insurer to
subcontract the audit of an insurance administrator;
amending s. 626.882, F.S.; prohibiting a person from
acting as an insurance administrator without a
specific written agreement; amending s. 626.883, F.S.;
requiring insurance administrators to furnish
fiduciary account records to an insurer’s designee;
providing that administrator withdrawals from a
fiduciary account be made according to specific
written agreements; providing that an insurer’s
designee may authorize payment of claims; amending s.
626.884, F.S.; revising an insurer’s right of access
to certain administrator records; amending s. 626.89,
F.S.; revising the deadline for filing certain
financial statements; amending s. 626.931, F.S.;
deleting provisions requiring a surplus lines agent to
file a quarterly affidavit with the Florida Surplus
Lines Service Office; amending s. 626.932, F.S.;
revising the due date of surplus lines tax; amending
s. 626.935, F.S.; conforming provisions to changes
made by the act; amending s. 626.936, F.S.; conforming
provisions to changes made by the act; amending s.
627.062, F.S.; requiring the Office of Insurance
Regulation to use certain models or straight averages
of certain models to estimate hurricane losses when
determining whether the rates in a rate filing are
excessive, inadequate, or unfairly discriminatory;
amending s. 627.0628, F.S.; increasing the length of
time during which an insurer must adhere to certain
findings made by the Commission on Hurricane Loss
Projection Methodology with respect to certain
methods, principles, standards, models, or output
ranges used in a rate finding; providing that the
requirement to adhere to such findings does not limit
an insurer from using a straight average of results of
certain models or output ranges under specified
circumstances; amending s. 627.072, F.S.; authorizing
retrospective rating plans relating to workers’
compensation and employer’s liability insurance to
allow negotiations between certain employers and
insurers with respect to rating factors used to
calculate premiums; amending s. 627.281, F.S.;
conforming a cross-reference; amending s. 627.351,
F.S.; requiring Citizens Property Insurance
Corporation to submit a biannual report on the number
of residential sinkhole policies issued and declined;
providing legislative intent; establishing a Citizens
Sinkhole Stabilization Repair Program for sinkhole
claims; providing definitions; providing program
components; specifying the corporation’s liability
with respect to sinkhole claims; requiring the
corporation to offer specified deductible amounts for
sinkhole loss coverage; amending s. 627.3519, F.S.;
requiring the Florida Hurricane Catastrophe Fund and
Citizens Property Insurance Corporation to provide an
annual report to the Legislature and the Financial
Services Commission of their respective aggregate net
probable maximum losses, financing options, and
potential assessments; amending s. 627.4133, F.S.;
increasing the amount of prior notice required with
respect to the nonrenewal, cancellation, or
termination of certain insurance policies; deleting
certain provisions that require extended periods of
prior notice with respect to the nonrenewal,
cancellation, or termination of certain insurance
policies; prohibiting the cancellation of certain
policies that have been in effect for a specified
amount of time except under certain circumstances;
amending s. 627.4137, F.S.; adding licensed company
adjusters to the list of persons who may respond to a
claimant’s written request for information relating to
liability insurance coverage; amending s. 627.421,
F.S.; authorizing the electronic delivery of certain
insurance documents; amending s. 627.43141, F.S.;
authorizing a notice of change in policy terms to be
sent in a separate mailing to an insured under certain
circumstances; requiring an insurer to provide such
notice to the insured’s insurance agent; amending s.
627.6484, F.S.; providing that coverage for each
policyholder of the Florida Comprehensive Health
Association terminates on a specified date; requiring
the association to provide assistance to
policyholders; requiring the association to notify
policyholders of termination of coverage and provide
information concerning how to obtain other coverage;
requiring the association to impose a final assessment
or provide a refund to member insurers, sell or
dispose of physical assets, perform a final
accounting, legally dissolve the association, submit a
required report, and transfer all records to the
Department of Financial Services; repealing s.
627.64872, F.S., relating to the Florida Health
Insurance Plan; providing for the future repeal of ss.
627.648, 627.6482, 627.6484, 627.6486, 627.6488,
627.6489, 627.649, 627.6492, 627.6494, 627.6496,
627.6498, and 627.6499, F.S., relating to the Florida Comprehensive Health Association Act, definitions, termination of enrollment and availability of other coverage, eligibility, the Florida Comprehensive Health Association, the Disease Management Program, the administrator of the health insurance plan, participation of insurers, insurer assessments, deferment, and assessment limitations, issuing of policies, minimum benefits coverage and exclusions, premiums, and deductibles, and reporting by insurers and third-party administrators, respectively; amending s. 627.7015, F.S.; revising the rulemaking authority of the department with respect to qualifications and specified types of penalties covered under the property insurance mediation program; creating s. 627.70151, F.S.; providing criteria for an insurer or policyholder to challenge the impartiality of a loss appraisal umpire for purposes of disqualifying such umpire; amending s. 627.706, F.S.; revising the definition of the term “neutral evaluator”; amending s. 627.7074, F.S.; requiring the department to adopt rules relating to the certification of neutral evaluators; amending s. 627.736, F.S.; revising the time period for applicability of certain Medicare fee schedules or payment limitations; amending s. 627.745, F.S.; revising qualifications for approval as a mediator by the department; providing grounds for the department to deny an application, or suspend or revoke approval of a mediator or certification of a
neutral evaluator; authorizing the department to adopt
rules; amending s. 627.841, F.S.; providing that an
insurance premium finance company may impose a fee for
payments returned due to insufficient funds; amending
s. 627.952, F.S.; providing that certain persons who
are not residents of this state must be licensed and
appointed as nonresident surplus lines agents in this
state in order to engage in specified activities with
respect to servicing insurance contracts,
certificates, or agreements for purchasing or risk
retention groups; deleting a fidelity bond requirement
applicable to certain nonresident agents who are
licensed as surplus lines agents in another state;
amending ss. 627.971 and 627.972, F.S.; including
licensed mutual insurers in financial guaranty
insurance corporations; amending s. 628.901, F.S.;
revising the definition of the term “qualifying
reinsurer parent company”; amending s. 628.909, F.S.;
providing for applicability of certain provisions of
the Insurance Code to specified captive insurers;
amending s. 634.406, F.S.; revising criteria
authorizing premiums of certain service warranty
associations to exceed their specified net assets
limitations; revising requirements relating to
contractual liability policies that insure warranty
associations; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Page 8 of 74

CODING: Words stricken are deletions; words underlined are additions.
Section 1. Paragraph (b) of subsection (6) of section 215.555, Florida Statutes, is amended to read:

1. If the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an emergency assessment on direct premiums for all property and casualty lines of business in this state, including property and casualty business of surplus lines insurers regulated under part VIII of chapter 626, but not including any workers’ compensation premiums or medical malpractice premiums. As used in this subsection, the term “property and casualty business” includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by s. 624.424 and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance Program. The assessment shall be specified as a percentage of direct written premium and is subject to annual adjustments by the board in order to meet debt obligations. The same percentage shall apply to all policies in lines of business subject to the assessment issued or renewed during the 12-month period beginning on the effective date of the assessment.
2. A premium is not subject to an annual assessment under this paragraph in excess of 6 percent of premium with respect to obligations arising out of losses attributable to any one contract year, and a premium is not subject to an aggregate annual assessment under this paragraph in excess of 10 percent of premium. An annual assessment under this paragraph continues as long as the revenue bonds issued with respect to which the assessment was imposed are outstanding, including any bonds the proceeds of which were used to refund the revenue bonds, unless adequate provision has been made for the payment of the bonds under the documents authorizing issuance of the bonds.

3. Emergency assessments shall be collected from policyholders. Emergency assessments shall be remitted by insurers as a percentage of direct written premium for the preceding calendar quarter as specified in the order from the Office of Insurance Regulation. The office shall verify the accurate and timely collection and remittance of emergency assessments and shall report the information to the board in a form and at a time specified by the board. Each insurer collecting assessments shall provide the information with respect to premiums and collections as may be required by the office to enable the office to monitor and verify compliance with this paragraph.

4. With respect to assessments of surplus lines premiums, each surplus lines agent shall collect the assessment at the same time as the agent collects the surplus lines tax required by s. 626.932, and the surplus lines agent shall remit the assessment to the Florida Surplus Lines Service Office created...
by s. 626.921 at the same time as the agent remits the surplus
lines tax to the Florida Surplus Lines Service Office. The
emergency assessment on each insured procuring coverage and
filing under s. 626.938 shall be remitted by the insured to the
Florida Surplus Lines Service Office at the time the insured
pays the surplus lines tax to the Florida Surplus Lines Service
Office. The Florida Surplus Lines Service Office shall remit the
collected assessments to the fund or corporation as provided in
the order levied by the Office of Insurance Regulation. The
Florida Surplus Lines Service Office shall verify the proper
application of such emergency assessments and shall assist the
board in ensuring the accurate and timely collection and
remittance of assessments as required by the board. The Florida
Surplus Lines Service Office shall annually calculate the
aggregate written premium on property and casualty business,
other than workers’ compensation and medical malpractice,
procured through surplus lines agents and insureds procuring
coverage and filing under s. 626.938 and shall report the
information to the board in a form and at a time specified by
the board.

5. Any assessment authority not used for a particular
contract year may be used for a subsequent contract year. If,
for a subsequent contract year, the board determines that the
amount of revenue produced under subsection (5) is insufficient
to fund the obligations, costs, and expenses of the fund and the
corporation, including repayment of revenue bonds and that
portion of the debt service coverage not met by reimbursement
premiums, the board shall direct the Office of Insurance
Regulation to levy an emergency assessment up to an amount not
exceeding the amount of unused assessment authority from a previous contract year or years, plus an additional 4 percent provided that the assessments in the aggregate do not exceed the limits specified in subparagraph 2.

6. The assessments otherwise payable to the corporation under this paragraph shall be paid to the fund unless and until the Office of Insurance Regulation and the Florida Surplus Lines Service Office have received a notice from the corporation and the fund a notice, which shall be conclusive and upon which they may rely without further inquiry, that the corporation has issued bonds and the fund has no agreements in effect with local governments under paragraph (c). On or after the date of the notice and until the date the corporation has no bonds outstanding, the fund shall have no right, title, or interest in or to the assessments, except as provided in the fund’s agreement with the corporation.

7. Emergency assessments are not premium and are not subject to the premium tax, to the surplus lines tax, to any fees, or to any commissions. An insurer is liable for all assessments that it collects and must treat the failure of an insured to pay an assessment as a failure to pay the premium. An insurer is not liable for uncollectible assessments.

8. If an insurer is required to return an unearned premium, it shall also return any collected assessment attributable to the unearned premium. A credit adjustment to the collected assessment may be made by the insurer with regard to future remittances that are payable to the fund or corporation, but the insurer is not entitled to a refund.

9. If a surplus lines insured or an insured who has
procured coverage and filed under s. 626.938 is entitled to the
return of an unearned premium, the Florida Surplus Lines Service
Office shall provide a credit or refund to the agent or such
insured for the collected assessment attributable to the
unearned premium before prior to remitting the emergency
assessment collected to the fund or corporation.

10. The exemption of medical malpractice insurance premiums
from emergency assessments under this paragraph is repealed May
31, 2016 2013, and medical malpractice insurance premiums shall
be subject to emergency assessments attributable to loss events
occurring in the contract years commencing on June 1, 2016 2013.

Section 2. Subsection (1) of section 316.646, Florida
Statutes, is amended, and subsection (5) is added to that
section, to read:

316.646 Security required; proof of security and display
thereof; dismissal of cases.—

(1) Any person required by s. 324.022 to maintain
property damage liability security, required by s. 324.023 to
maintain liability security for bodily injury or death, or
required by s. 627.733 to maintain personal injury protection
security on a motor vehicle shall have in his or her immediate
possession at all times while operating such motor vehicle
proper proof of maintenance of the required security. Such proof
shall be a uniform proof-of-insurance card, in paper or
electronic format, in a form prescribed by the department, a
valid insurance policy, an insurance policy binder, a
certificate of insurance, or such other proof as may be
prescribed by the department. If a person presents an electronic
device to a law enforcement officer for the purpose of
(a) The person presenting the device is not deemed to consent to access to any information on the electronic device other than the displayed proof-of-insurance card.

(b) The law enforcement officer is not liable for damage to the electronic device.

(5) The department may adopt rules to implement this section.

Section 3. Paragraph (a) of subsection (5) of section 320.02, Florida Statutes, is amended to read:

320.02 Registration required; application for registration; forms.—

(5)(a) Proof that personal injury protection benefits have been purchased when required under s. 627.733, that property damage liability coverage has been purchased as required under s. 324.022, that bodily injury or death coverage has been purchased if required under s. 324.023, and that combined bodily liability insurance and property damage liability insurance have been purchased when required under s. 627.7415 shall be provided in the manner prescribed by law by the applicant at the time of application for registration of any motor vehicle that is subject to such requirements. The issuing agent shall refuse to issue registration if such proof of purchase is not provided.

Insurers shall furnish uniform proof-of-purchase cards, in paper or electronic format, in a form prescribed by the department and shall include the name of the insured’s insurance company, the coverage identification number, and the make, year, and vehicle identification number of the vehicle insured. The card must contain a statement notifying the applicant of the penalty...
specified in s. 316.646(4). The card or insurance policy, insurance policy binder, or certificate of insurance or a photocopy of any of these; an affidavit containing the name of the insured’s insurance company, the insured’s policy number, and the make and year of the vehicle insured; or such other proof as may be prescribed by the department constitutes sufficient proof of purchase. If an affidavit is provided as proof, it must be in substantially the following form:

Under penalty of perjury, I ...(Name of insured)… do hereby certify that I have ...(Personal Injury Protection, Property Damage Liability, and, when required, Bodily Injury Liability)… Insurance currently in effect with ...(Name of insurance company)… under ...(policy number)… covering ...(make, year, and vehicle identification number of vehicle)…. …(Signature of Insured)…

Such affidavit shall include the following warning:

WARNING: GIVING FALSE INFORMATION IN ORDER TO OBTAIN A VEHICLE REGISTRATION CERTIFICATE IS A CRIMINAL OFFENSE UNDER FLORIDA LAW. ANYONE GIVING FALSE INFORMATION ON THIS AFFIDAVIT IS SUBJECT TO PROSECUTION.

When an application is made through a licensed motor vehicle dealer as required in s. 319.23, the original or a photostatic copy of such card, insurance policy, insurance policy binder, or certificate of insurance or the original affidavit from the
insured shall be forwarded by the dealer to the tax collector of the county or the Department of Highway Safety and Motor Vehicles for processing. By executing the aforesaid affidavit, no licensed motor vehicle dealer will be liable in damages for any inadequacy, insufficiency, or falsification of any statement contained therein. A card shall also indicate the existence of any bodily injury liability insurance voluntarily purchased.

Section 4. Subsection (8) is added to section 554.1021, Florida Statutes, to read:

554.1021 Definitions.—As used in ss. 554.1011-554.115:
(8) “Authorized inspection agency” means:
   (a) A county, city, town, or other governmental subdivision that has adopted and administers, at a minimum, Section I of the A.S.M.E. Boiler and Pressure Vessel Code as a legal requirement and whose inspectors hold valid certificates of competency in accordance with s. 554.113; or
   (b) An insurance company that is licensed or registered by an appropriate authority of any state of the United States or province of Canada and whose inspectors hold valid certificates of competency in accordance with s. 554.113.

Section 5. Section 554.107, Florida Statutes, is amended to read:

554.107 Special inspectors.—
(1) Upon application by any an authorized inspection agency company licensed to insure boilers in this state, the chief inspector shall issue a certificate of competency as a special inspector to any an inspector employed by the agency if he or she company, provided that such inspector satisfies the competency requirements for inspectors as provided in s.
554.113.

(2) The certificate of competency of a special inspector remains shall remain in effect only so long as the special inspector is employed by an authorized inspection agency a company licensed to insure boilers in this state. Upon termination of employment with such agency company, a special inspector shall, in writing, notify the chief inspector of such termination. Such notice shall be given within 15 days following the date of termination.

Section 6. Subsection (1) of section 554.109, Florida Statutes, is amended to read:

554.109 Exemptions.—

(1) An any insurance company that insures insuring a boiler located in a public assembly location in this state shall inspect or contract with an authorized inspection agency to inspect such boiler so insured, and shall annually report to the department the identity of the authorized inspection agency that performs a required boiler inspection on behalf of the company. Any any county, city, town, or other governmental subdivision that has adopted into law the Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers and the National Board Inspection Code for the construction, installation, inspection, maintenance, and repair of boilers, regulating such boilers in public assembly locations, shall inspect such boilers so regulated; provided that such inspection shall be conducted by a special inspector licensed pursuant to ss. 554.1011–554.115. Upon filing of a report of satisfactory inspection with the department, such boiler is exempt from inspection by the department.
Section 7. Paragraph (f) of subsection (1) of section 494.413, Florida Statutes, is amended to read:

495
496 494.413 Application for certificate of authority.—
497 (1) To apply for a certificate of authority, an insurer
shall file its application therefor with the office, upon a form
adopted by the commission and furnished by the office, showing
its name; location of its home office and, if an alien insurer,
its principal office in the United States; kinds of insurance to
be transacted; state or country of domicile; and such additional
information as the commission reasonably requires, together with
the following documents:

(f) If a foreign or alien insurer, a copy of the report of
the most recent examination of the insurer certified by the
public official having supervision of insurance in its state of
domicile or of entry into the United States. The end of the most
recent year covered by the examination must be within the 5-year
period preceding the date of application. In lieu of the
certified examination report, the office may accept an audited
certified public accountant’s report prepared on a basis
consistent with the insurance laws of the insurer’s state of
domicile, certified by the public official having supervision of
insurance in its state of domicile or of entry into the United
States.

Section 8. Subsection (4) is added to section 626.0428, Florida Statutes, to read:

626.0428 Agency personnel powers, duties, and limitations.—
(4)(a) Each place of business established by an agent or
agency, firm, corporation, or association must be in the active
full-time charge of a licensed and appointed agent holding the
required agent licenses to transact the lines of insurance being handled at the location.

(b) Notwithstanding paragraph (a), the licensed agent in charge of an insurance agency may also be the agent in charge of additional branch office locations of the agency if insurance activities requiring licensure as an insurance agent do not occur at any location when the agent is not physically present and unlicensed employees at the location do not engage in insurance activities requiring licensure as an insurance agent or customer representative.

(c) An insurance agency and each branch place of business of an insurance agency shall designate an agent in charge and file the name and license number of the agent in charge and the physical address of the insurance agency location with the department at the department’s designated website. The designation of the agent in charge may be changed at the option of the agency. A change of the designated agent in charge is effective upon notification to the department, which shall be provided within 30 days after such change.

(d) For the purposes of this subsection, an “agent in charge” is the licensed and appointed agent who is responsible for the supervision of all individuals within an insurance agency location, regardless of whether such individuals deal with the general public in the solicitation or negotiation of insurance contracts or the collection or accounting of moneys.

(e) An agent in charge of an insurance agency is accountable for wrongful acts, misconduct, or violations of provisions of this code committed by the agent or by any person under his or her supervision while acting on behalf of the
agency. This section may not be construed to render the agent in charge criminally liable for an act unless he or she personally committed or knew or should have known of the act and of the facts constituting a violation of this chapter.

(f) An insurance agency location may not conduct the business of insurance unless the agency designates an agent in charge at all times. If the agency fails to update the designation of the agent in charge within 90 days after the date of a change in designation, the department shall automatically revoke the agency’s license.

Section 9. Subsection (7) of section 626.112, Florida Statutes, is amended to read:

626.112 License and appointment required; agents, customer representatives, adjusters, insurance agencies, service representatives, managing general agents.—

(7)(a) Effective October 1, 2006, No individual, firm, partnership, corporation, association, or any other entity shall act in its own name or under a trade name, directly or indirectly, as an insurance agency, unless it complies with s. 626.172 with respect to possessing an insurance agency license for each place of business at which it engages in any activity that may be performed only by a licensed insurance agent. However, an insurance agency that is owned and operated by a single licensed agent conducting business in his or her individual name and not employing or otherwise using the services of or appointing other licensees is exempt from the agency licensing requirements of this subsection. A branch place of business that is established by a licensed agency is considered a branch agency and is not required to be licensed so
long as it transacts business under the same name and federal
tax identification number as the licensed agency and has
designated a licensed agent in charge of the location as
required by s. 626.0428 and the address and telephone number of
the location have been submitted to the department for inclusion
in the licensing record of the licensed agency within 30 days
after insurance transactions begin at the location. Each agency
engaged in business in this state before January 1, 2003, which
is wholly owned by insurance agents currently licensed and
appointed under this chapter, each incorporated agency whose
voting shares are traded on a securities exchange, each agency
designated and subject to supervision and inspection as a branch
office under the rules of the National Association of Securities
Dealers, and each agency whose primary function is offering
insurance as a service or member benefit to members of a
nonprofit corporation may file an application for registration
in lieu of licensure in accordance with s. 626.172(3). Each
agency engaged in business before October 1, 2006, shall file an
application for licensure or registration on or before October
1, 2006.

(b) If an agency is required to be licensed but fails to
file an application for licensure in accordance with this
section, the department shall impose on the agency an
administrative penalty in an amount of up to $10,000.

2. If an agency is eligible for registration but fails to
file an application for registration or an application for
licensure in accordance with this section, the department shall
impose on the agency an administrative penalty in an amount of
up to $5,000.
(c) (b) Effective October 1, 2013, the department must automatically convert the registration of an approved registered insurance agency to shall, as a condition precedent to continuing business, obtain an insurance agency license if the department finds that, with respect to any majority owner, partner, manager, director, officer, or other person who manages or controls the agency, any person has:

1. Been found guilty of, or has pleaded guilty or nolo contendere to, a felony in this state or any other state relating to the business of insurance or to an insurance agency, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of the cases.

2. Employed any individual in a managerial capacity or in a capacity dealing with the public who is under an order of revocation or suspension issued by the department. An insurance agency may request, on forms prescribed by the department, verification of any person’s license status. If a request is mailed within 5 working days after an employee is hired, and the employee’s license is currently suspended or revoked, the agency shall not be required to obtain a license, if the unlicensed person’s employment is immediately terminated.

3. Operated the agency or permitted the agency to be operated in violation of s. 626.747.

4. With such frequency as to have made the operation of the agency hazardous to the insurance-buying public or other persons:

   a. Solicited or handled controlled business. This subparagraph shall not prohibit the licensing of any lending or financing institution or creditor, with respect to insurance
only, under credit life or disability insurance policies of borrowers from the institutions, which policies are subject to part IX of chapter 627.

b. Misappropriated, converted, or unlawfully withheld moneys belonging to insurers, insureds, beneficiaries, or others and received in the conduct of business under the license.

e. Unlawfully rebated, attempted to unlawfully rebate, or unlawfully divided or offered to divide commissions with another.

d. Misrepresented any insurance policy or annuity contract, or used deception with regard to any policy or contract, done either in person or by any form of dissemination of information or advertising.

e. Violated any provision of this code or any other law applicable to the business of insurance in the course of dealing under the license.

f. Violated any lawful order or rule of the department.

g. Failed or refused, upon demand, to pay over to any insurer he or she represents or has represented any money coming into his or her hands belonging to the insurer.

h. Violated the provision against twisting as defined in s. 626.9541(1)(1).

i. In the conduct of business, engaged in unfair methods of competition or in unfair or deceptive acts or practices, as prohibited under part IX of this chapter.

j. Willfully overinsured any property insurance risk.

k. Engaged in fraudulent or dishonest practices in the conduct of business arising out of activities related to insurance or the insurance agency.
1. Demonstrated lack of fitness or trustworthiness to engage in the business of insurance arising out of activities related to insurance or the insurance agency.

m. Authorized or knowingly allowed individuals to transact insurance who were not then licensed as required by this code.

5. Knowingly employed any person who within the preceding 3 years has had his or her relationship with an agency terminated in accordance with paragraph (d).

6. Willfully circumvented the requirements or prohibitions of this code.

Section 10. Subsections (2), (3), and (4) of section 626.172, Florida Statues, are amended to read:

626.172 Application for insurance agency license.—

(2) An application for an insurance agency license must be signed by the owner or owners of the agency. If the agency is incorporated, the application must be signed by the president and secretary of the corporation. The application for an insurance agency license must include:

(a) The name of each majority owner, partner, officer, and director of the insurance agency.

(b) The residence address of each person required to be listed in the application under paragraph (a).

(c) The name of the insurance agency and its principal business street address and a valid e-mail address of the insurance agency.

(d) The physical address location of each branch agency, including its name, e-mail address, and telephone number and the date that the branch location began transacting insurance office and the name under which each agency office conducts or will
conduct business.

(e) The name of each agent to be in full-time charge of an agency office and specification of which office, including branch locations.

(f) The fingerprints of each of the following:

1. A sole proprietor;
2. Each partner;
3. Each owner of an unincorporated agency;
4. Each owner who directs or participates in the management or control of an incorporated agency whose shares are not traded on a securities exchange;
5. The president, senior vice presidents, treasurer, secretary, and directors of the agency; and
6. Any other person who directs or participates in the management or control of the agency, whether through the ownership of voting securities, by contract, by ownership of agency bank accounts, or otherwise.

Fingerprints must be taken by a law enforcement agency or other entity approved by the department and must be accompanied by the fingerprint processing fee specified in s. 624.501. Fingerprints must be processed in accordance with s. 624.34. However, fingerprints need not be filed for any individual who is currently licensed and appointed under this chapter. This paragraph does not apply to corporations whose voting shares are traded on a securities exchange.

(g) Such additional information as the department requires by rule to ascertain the trustworthiness and competence of persons required to be listed on the application and to
ascertain that such persons meet the requirements of this code. However, the department may not require that credit or character reports be submitted for persons required to be listed on the application.

(h) Beginning October 1, 2005, the department must shall accept the uniform application for nonresident agency licensure. The department may adopt by rule revised versions of the uniform application.

(3) The department shall issue a registration as an insurance agency to any agency that files a written application with the department and qualifies for registration. The application for registration shall require the agency to provide the same information required for an agency licensed under subsection (2), the agent identification number for each owner who is a licensed agent, proof that the agency qualifies for registration as provided in s. 626.112(7), and any other additional information that the department determines is necessary in order to demonstrate that the agency qualifies for registration. The application must be signed by the owner or owners of the agency. If the agency is incorporated, the application must be signed by the president and the secretary of the corporation. An agent who owns the agency need not file fingerprints with the department if the agent obtained a license under this chapter and the license is currently valid.

(a) If an application for registration is denied, the agency must file an application for licensure no later than 30 days after the date of the denial of registration.

(b) A registered insurance agency must file an application for licensure no later than 30 days after the date that any
CODING: Words stricken are deletions; words underlined are additions.

person who is not a licensed and appointed agent in this state acquires any ownership interest in the agency. If an agency fails to file an application for licensure in compliance with this paragraph, the department shall impose an administrative penalty in an amount of up to $5,000 on the agency.

(c) Sections 626.6115 and 626.6215 do not apply to agencies registered under this subsection.

(3)(4) The department must shall issue a license or registration to each agency upon approval of the application, and each agency location must shall display the license or registration prominently in a manner that makes it clearly visible to any customer or potential customer who enters the agency.

Section 11. Paragraph (d) of subsection (1) of section 626.321, Florida Statutes, is amended to read:

626.321 Limited licenses.—

(1) The department shall issue to a qualified applicant a license as agent authorized to transact a limited class of business in any of the following categories of limited lines insurance:

(d) Motor vehicle rental insurance.—

1. License covering only insurance of the risks set forth in this paragraph when offered, sold, or solicited with and incidental to the rental or lease of a motor vehicle and which applies only to the motor vehicle that is the subject of the lease or rental agreement and the occupants of the motor vehicle:

a. Excess motor vehicle liability insurance providing coverage in excess of the standard liability limits provided by
the lessor in the lessor’s lease to a person renting or leasing
a motor vehicle from the licensee’s employer for liability
arising in connection with the negligent operation of the leased
or rented motor vehicle.

b. Insurance covering the liability of the lessee to the
lessee for damage to the leased or rented motor vehicle.

c. Insurance covering the loss of or damage to baggage,
personal effects, or travel documents of a person renting or
leasing a motor vehicle.

d. Insurance covering accidental personal injury or death
of the lessee and any passenger who is riding or driving with
the covered lessee in the leased or rented motor vehicle.

2. Insurance under a motor vehicle rental insurance license
may be issued only if the lease or rental agreement is for no
more than 60 days, the lessee is not provided coverage for more
than 60 consecutive days per lease period, and the lessee is
given written notice that his or her personal insurance policy
providing coverage on an owned motor vehicle may provide
coverage of such risks and that the purchase of the insurance is
not required in connection with the lease or rental of a motor
vehicle. If the lease is extended beyond 60 days, the coverage
may be extended only one time only for a period not to exceed an
additional 60 days. Insurance may be provided to the lessee as
an additional insured on a policy issued to the licensee’s
employer.

3. The license may be issued only to the full-time salaried
employee of a licensed general lines agent or to a business
entity that offers motor vehicles for rent or lease if insurance
sales activities authorized by the license are in connection
with and incidental to the rental or lease of a motor vehicle.

   a. A license issued to a business entity that offers motor
   vehicles for rent or lease encompasses each office, branch
   office, employee, or place of business making use of the
   entity’s business name in order to offer, solicit, and sell
   insurance pursuant to this paragraph.

   b. The application for licensure must list the name,
   address, and phone number for each office, branch office, or
   place of business that is to be covered by the license. The
   licensee shall notify the department of the name, address, and
   phone number of any new location that is to be covered by the
   license before the new office, branch office, or place of
   business engages in the sale of insurance pursuant to this
   paragraph. The licensee must notify the department within 30
   days after closing or terminating an office, branch office, or
   place of business. Upon receipt of the notice, the department
   shall delete the office, branch office, or place of business
   from the license.

   c. A licensed and appointed entity is directly responsible
   and accountable for all acts of the licensee’s employees.

Section 12. Section 626.382, Florida Statutes, is amended

626.382 Continuation, expiration of license; insurance
agencies.—An insurance agency license continues The license of
any insurance agency shall be issued for a period of 3 years and
shall continue in force until it is canceled, suspended,
revoked, or otherwise terminated. A license may be renewed by
submitting a renewal request to the department on a form adopted
by department rule.
Section 13. Section 626.601, Florida Statutes, is amended to read:

626.601 Improper conduct; inquiry; fingerprinting.—
(1) The department or office may, upon its own motion or upon a written complaint signed by an any interested person and filed with the department or office, inquire into any alleged improper conduct of a any licensed, approved, or certified insurance agency, agent, adjuster, service representative, managing general agent, customer representative, title insurance agent, title insurance agency, mediator, neutral evaluator, continuing education course provider, instructor, school official, or monitor group under this code. The department or office may thereafter initiate an investigation of any such individual or entity licensee if it has reasonable cause to believe that the individual or entity licensee has violated any provision of the insurance code. During the course of its investigation, the department or office shall contact the individual or entity licensee being investigated unless it determines that contacting such individual or entity person could jeopardize the successful completion of the investigation or cause injury to the public.

(2) In the investigation by the department or office of the alleged misconduct, the individual or entity licensee shall, whenever so required by the department or office, cause the individual’s or entity’s his or her books and records to be open for inspection for the purpose of such inquiries.

(3) The complaints against an individual or entity any licensee may be informally alleged and are not required to include language need not be in any such language as is
necessary to charge a crime on an indictment or information.

(4) The expense for any hearings or investigations conducted under this law, as well as the fees and mileage of witnesses, may be paid out of the appropriate fund.

(5) If the department or office, after investigation, has reason to believe that an individual licensee may have been found guilty of or pleaded guilty or nolo contendere to a felony or a crime related to the business of insurance in this or any other state or jurisdiction, the department or office may require the individual licensee to file with the department or office a complete set of his or her fingerprints, which must be accompanied by the fingerprint processing fee set forth in s. 624.501. The fingerprints shall be taken by an authorized law enforcement agency or other department-approved entity.

(6) The complaint and any information obtained pursuant to the investigation by the department or office are confidential and are exempt from the provisions of s. 119.07, unless the department or office files a formal administrative complaint, emergency order, or consent order against the individual or entity licensee. Nothing in this subsection does not shall be construed to prevent the department or office from disclosing the complaint or such information as it deems necessary to conduct the investigation, to update the complainant as to the status and outcome of the complaint, or to share such information with a any law enforcement agency.

Section 14. Section 626.747, Florida Statutes, is repealed. Section 15. Paragraph (b) of subsection (1) of section 626.8411, Florida Statutes, is amended to read:

626.8411 Application of Florida Insurance Code provisions
to title insurance agents or agencies.—

(1) The following provisions of part II applicable to
general lines agents or agencies also apply to title insurance
agents or agencies:

(b) Section 626.0428(4)(a) and (b) 626.747, relating to
branch agencies.

Section 16. Paragraph (c) of subsection (2) and subsection
(3) of section 626.8805, Florida Statutes, is amended to read:
626.8805 Certificate of authority to act as administrator.—

(2) The administrator shall file with the office an
application for a certificate of authority upon a form to be
adopted by the commission and furnished by the office, which
application shall include or have attached the following
information and documents:

(c) The names, addresses, official positions, and
professional qualifications of the individuals who are employed
or retained by the administrator and who are responsible for the
conduct of the affairs of the administrator, including all
members of the board of directors, board of trustees, executive
committee, or other governing board or committee, and the
principal officers in the case of a corporation or the partners
or members in the case of a partnership or association of the
administrator, and any other person who exercises control or
influence over the affairs of the administrator.

(3) The applicant shall make available for inspection by
the office copies of all contracts relating to services provided
by the administrator to insurers or other persons utilizing
the services of the administrator.

Section 17. Subsections (1) and (3) of section 626.8817,
Florida Statutes, are amended to read:

626.8817 Responsibilities of insurance company with respect to administration of coverage insured.—

(1) If an insurer uses the services of an administrator, the insurer is responsible for determining the benefits, premium rates, underwriting criteria, and claims payment procedures applicable to the coverage and for securing reinsurance, if any. The rules pertaining to these matters shall be provided in writing by the insurer, or its designee, to the administrator. The responsibilities of the administrator as to any of these matters shall be set forth in a written agreement binding upon between the administrator and the insurer.

(3) In cases in which an administrator administers benefits for more than 100 certificateholders on behalf of an insurer, the insurer shall, at least semiannually, conduct a review of the operations of the administrator. At least one such review must be an onsite audit of the operations of the administrator. The insurer may contract with a qualified third party to conduct such examination.

Section 18. Subsections (1) and (4) of section 626.882, Florida Statutes, are amended to read:

626.882 Agreement between administrator and insurer; required provisions; maintenance of records.—

(1) A person may not act as an administrator without a written agreement, as required under s. 626.8817, which specifies the rights, duties and obligations of the person as administrator and of the insurer.

(4) If a policy is issued to a trustee or trustees, a copy of the trust agreement and any amendments to that agreement
shall be furnished to the insurer or its designee by the administrator and shall be retained as part of the official records of both the administrator and the insurer for the duration of the policy and for 5 years thereafter.

Section 19. Subsections (3), (4), and (5) of section 626.883, Florida Statutes, are amended to read:

626.883 Administrator as intermediary; collections held in fiduciary capacity; establishment of account; disbursement; payments on behalf of insurer.—

(3) If charges or premiums deposited in a fiduciary account have been collected on behalf of or for more than one insurer, the administrator shall keep records clearly recording the deposits in and withdrawals from such account on behalf of or for each insurer. The administrator shall, upon request of an insurer or its designee, furnish such insurer with copies of records pertaining to deposits and withdrawals on behalf of or for such insurer.

(4) The administrator may not pay any claim by withdrawals from a fiduciary account. Withdrawals from such account shall be made as provided in the written agreement required under ss. 626.8817 and 626.882 between the administrator and the insurer for any of the following:

(a) Remittance to an insurer entitled to such remittance.
(b) Deposit in an account maintained in the name of such insurer.
(c) Transfer to and deposit in a claims-paying account, with claims to be paid as provided by such insurer.
(d) Payment to a group policyholder for remittance to the insurer entitled to such remittance.
(e) Payment to the administrator of the commission, fees, or charges of the administrator.

(f) Remittance of return premium to the person or persons entitled to such return premium.

(5) All claims paid by the administrator from funds collected on behalf of the insurer shall be paid only on drafts of, and as authorized by, such insurer or its designee.

Section 20. Subsection (3) of section 626.884, Florida Statutes, is amended to read:

626.884 Maintenance of records by administrator; access; confidentiality.—

(3) The insurer shall retain the right of continuing access to books and records maintained by the administrator sufficient to permit the insurer to fulfill all of its contractual obligations to insured persons, subject to any restrictions in the written agreement pertaining to between the insurer and the administrator on the proprietary rights of the parties in such books and records.

Section 21. Subsections (1) and (2) of section 626.89, Florida Statutes, are amended to read:

626.89 Annual financial statement and filing fee; notice of change of ownership.—

(1) Each authorized administrator shall file with the office a full and true statement of its financial condition, transactions, and affairs. The statement shall be filed annually on or before April 1 or within such extension of time therefor as the office for good cause may have granted and shall be for the preceding calendar year or fiscal year, if the administrator’s accounting is on a fiscal year basis. The
statement shall be in such form and contain such matters as the 
commission prescribes and shall be verified by at least two 
officers of such administrator. An administrator whose sole 
stockholder is an association representing health care providers 
which is not an affiliate of an insurer, an administrator of a 
pooled governmental self-insurance program, or an administrator 
that is a university may submit the preceding fiscal year’s 
statement within 2 months after its fiscal year end.

(2) Each authorized administrator shall also file an 
audited financial statement performed by an independent 
certified public accountant. The audited financial statement 
shall be filed with the office on or before July June 1 for the 
preceding calendar or fiscal year ending December 31. An 
administrator whose sole stockholder is an association 
representing health care providers which is not an affiliate of 
an insurer, an administrator of a pooled governmental self-
insurance program, or an administrator that is a university may 
submit the preceding fiscal year’s audited financial statement 
within 5 months after the end of its fiscal year. An audited 
financial statement prepared on a consolidated basis must 
include a columnar consolidating or combining worksheet that 
must be filed with the statement and must comply with the 
following:

(a) Amounts shown on the consolidated audited financial 
statement must be shown on the worksheet;

(b) Amounts for each entity must be stated separately; and

(c) Explanations of consolidating and eliminating entries 
must be included.

Section 22. Section 626.931, Florida Statutes, is amended
to read:

626.931 Agent affidavit and Insurer reporting requirements.—

(1) Each surplus lines agent shall on or before the 45th day following each calendar quarter file with the Florida Surplus Lines Service Office an affidavit, on forms as prescribed and furnished by the Florida Surplus Lines Service Office, stating that all surplus lines insurance transacted by him or her during such calendar quarter has been submitted to the Florida Surplus Lines Service Office as required.

(2) The affidavit of the surplus lines agent shall include efforts made to place coverages with authorized insurers and the results thereof.

(1)(3) Each foreign insurer accepting premiums shall, on or before the end of the month following each calendar quarter, file with the Florida Surplus Lines Service Office a verified report of all surplus lines insurance transacted by such insurer for insurance risks located in this state during such calendar quarter.

(2)(4) Each alien insurer accepting premiums shall, on or before June 30 of each year, file with the Florida Surplus Lines Service Office a verified report of all surplus lines insurance transacted by such insurer for insurance risks located in this state during the preceding calendar year.

(3)(5) The department may waive the filing requirements described in subsections (1) (3) and (2) (4).

(4)(6) Each insurer’s report and supporting information shall be in a computer-readable format as determined by the Florida Surplus Lines Service Office or shall be submitted on
forms prescribed by the Florida Surplus Lines Service Office and shall show for each applicable agent:
   (a) A listing of all policies, certificates, cover notes, or other forms of confirmation of insurance coverage or any substitutions thereof or endorsements thereto and the identifying number; and
   (b) Any additional information required by the department or Florida Surplus Lines Service Office.

Section 23. Paragraph (a) of subsection (2) of section 626.932, Florida Statutes, is amended to read:

626.932 Surplus lines tax.—

(2)(a) The surplus lines agent shall make payable to the department the tax related to each calendar quarter’s business as reported to the Florida Surplus Lines Service Office, and remit the tax to the Florida Surplus Lines Service Office on or before the 45th day following each calendar quarter at the same time as provided for the filing of the quarterly affidavit, under s. 626.931. The Florida Surplus Lines Service Office shall forward to the department the taxes and any interest collected pursuant to paragraph (b), within 10 days after of receipt.

Section 24. Subsection (1) of section 626.935, Florida Statutes, is amended to read:

626.935 Suspension, revocation, or refusal of surplus lines agent’s license.—

(1) The department shall deny an application for, suspend, revoke, or refuse to renew the appointment of a surplus lines agent and all other licenses and appointments held by the licensee under this code, on any of the following grounds:
   (a) Removal of the licensee’s office from the licensee’s
(b) Removal of the accounts and records of his or her surplus lines business from this state or the licensee’s state of residence during the period when such accounts and records are required to be maintained under s. 626.930.

(c) Closure of the licensee’s office for more than 30 consecutive days.

(d) Failure to make and file his or her affidavit or reports when due as required by s. 626.931.

(e) Failure to pay the tax or service fee on surplus lines premiums, as provided in the Surplus Lines Law.

(f) Suspension, revocation, or refusal to renew or continue the license or appointment as a general lines agent, service representative, or managing general agent.

(g) Lack of qualifications as for an original surplus lines agent’s license.

(h) Violation of this Surplus Lines Law.

(i) For any other applicable cause for which the license of a general lines agent could be suspended, revoked, or refused under s. 626.611 or s. 626.621.

Section 25. Subsection (1) of section 626.936, Florida Statutes, is amended to read:

626.936 Failure to file reports or pay tax or service fee; administrative penalty.—

(1) Any licensed surplus lines agent who neglects to file a report or an affidavit in the form and within the time required or provided for in the Surplus Lines Law may be fined up to $50 per day for each day the neglect continues, beginning the day after the report or affidavit was due until the date the
report or affidavit is received. All sums collected under this section shall be deposited into the Insurance Regulatory Trust Fund.

Section 26. Paragraph (b) of subsection (2) of section 627.062, Florida Statutes, is amended to read:

627.062 Rate standards.—
(2) As to all such classes of insurance:
   (b) Upon receiving a rate filing, the office shall review the filing to determine if a rate is excessive, inadequate, or unfairly discriminatory. In making that determination, the office shall, in accordance with generally accepted and reasonable actuarial techniques, consider the following factors:
      1. Past and prospective loss experience within and without this state.
      2. Past and prospective expenses.
      3. The degree of competition among insurers for the risk insured.
      4. Investment income reasonably expected by the insurer, consistent with the insurer’s investment practices, from investable premiums anticipated in the filing, plus any other expected income from currently invested assets representing the amount expected on unearned premium reserves and loss reserves. The commission may adopt rules using reasonable techniques of actuarial science and economics to specify the manner in which insurers calculate investment income attributable to classes of insurance written in this state and the manner in which investment income is used to calculate insurance rates. Such manner must contemplate allowances for an underwriting profit factor and full consideration of investment income which produce
a reasonable rate of return; however, investment income from
invested surplus may not be considered.

5. The reasonableness of the judgment reflected in the filing.

6. Dividends, savings, or unabsorbed premium deposits allowed or returned to Florida policyholders, members, or subscribers.

7. The adequacy of loss reserves.

8. The cost of reinsurance. The office may not disapprove a rate as excessive solely due to the insurer having obtained catastrophic reinsurance to cover the insurer’s estimated 250-year probable maximum loss or any lower level of loss.

9. Trend factors, including trends in actual losses per insured unit for the insurer making the filing.

10. Conflagration and catastrophe hazards, if applicable.

11. Projected hurricane losses, if applicable, which must be estimated using a model or method, or a straight average of model results or output ranges, independently found to be acceptable or reliable by the Florida Commission on Hurricane Loss Projection Methodology, and as further provided in s. 627.0628.

12. A reasonable margin for underwriting profit and contingencies.

13. The cost of medical services, if applicable.

14. Other relevant factors that affect the frequency or severity of claims or expenses.

Section 27. Paragraph (d) of subsection (3) of section 627.0628, Florida Statutes, is amended to read:

627.0628 Florida Commission on Hurricane Loss Projection
Methodology; public records exemption; public meetings exemption.—

(3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

(d) With respect to a rate filing under s. 627.062, an insurer shall employ and may not modify or adjust actuarial methods, principles, standards, models, or output ranges found by the commission to be accurate or reliable in determining hurricane loss factors for use in a rate filing under s. 627.062. An insurer shall employ and may not modify or adjust models found by the commission to be accurate or reliable in determining probable maximum loss levels pursuant to paragraph (b) with respect to a rate filing under s. 627.062 made more than 180 days after the commission has made such findings. This paragraph does not prohibit an insurer from using a straight average of model results or output ranges or using straight averages for the purposes of a rate filing under s. 627.062.

Section 28. Present subsections (2) through (4) of section 627.072, Florida Statutes, are renumbered as subsections (3) through (5), respectively, and a new subsection (2) is added to that section, to read:

627.072 Making and use of rates.—

(2) A retrospective rating plan may contain a provision that allows negotiation between the employer and the insurer to determine the retrospective rating factors used to calculate the premium for employers that have exposure in more than one state, an estimated annual standard premium in this state of $175,000, and an estimated annual countrywide standard premium of $1 million or more for workers’ compensation.
Section 29. Subsection (2) of section 627.281, Florida Statutes, is amended to read:

627.281 Appeal from rating organization; workers’ compensation and employer’s liability insurance filings.—

(2) If such appeal is based upon the failure of the rating organization to make a filing on behalf of such member or subscriber which is based on a system of expense provisions which differs, in accordance with the right granted in s. 627.072(3), from the system of expense provisions included in a filing made by the rating organization, the office shall, if it grants the appeal, order the rating organization to make the requested filing for use by the appellant. In deciding such appeal, the office shall apply the applicable standards set forth in ss. 627.062 and 627.072.

Section 30. Paragraphs (gg), (hh), and (ii) are added to subsection (6) of section 627.351, Florida Statutes, to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(gg) At least once every 6 months, the corporation shall submit a report to the office and the Insurance Consumer Advocate disclosing:

1. The total number of requests received for residential sinkhole loss coverage;

2. The total number of policies issued for residential sinkhole loss coverage;

3. The total number of requests declined for residential sinkhole loss coverage; and

4. The reasons for declining the requests for residential sinkhole loss coverage.
The Legislature finds that it is in the public interest that sinkhole loss claims are resolved by stabilizing the land and structure and making repairs to the foundation of the damaged structure. Therefore, a Citizens Sinkhole Stabilization Repair Program is established by the corporation. By March 31, 2014, any claim against a corporation policy that covers residential sinkhole loss for which it is determined that such loss has occurred must be included in and governed by the repair program for the purpose of stabilizing the land and structure and making repairs to the foundation.

1. As used in this paragraph, the terms:
   a. “Engineering report” means the report issued pursuant to s. 627.7073(1).
   b. “Recommendation of the engineer” means the recommendation of the engineer engaged by the corporation pursuant to s. 627.7073(1)(a)5.
   c. “Stabilization repairs” means stabilizing the land and structure and making repairs to the foundation.
   d. “Stabilization repair contractor” means a contractor who stabilizes the land and structure and makes repairs to the foundation of the damaged structure.

2. The repair program may be managed by the corporation or a third-party administrator and, at a minimum, must include the following components:
   a. The corporation may not require the policyholder to advance payment for repairs.
   b. Stabilization repairs shall be conducted by stabilization repair contractors selected from an approved stabilization repair contractor pool procured by the corporation.
pursuant to an open and transparent process. Each stabilization
repair contractor within the pool must be qualified and approved
by the corporation based upon criteria including the following
minimum requirements:

(I) The stabilization repair contractor must be certified
as a contractor pursuant s. 489.113(1).

(II) The stabilization repair contractor corporate entity
must demonstrate experience in stabilization of sinkhole
activity pursuant to requirements to be established by the
corporation.

(III) The stabilization repair contractor must demonstrate
capacity to be bonded and provide performance, surety, or other
bonds as described in this section which may be supplemented by
additional requirements as determined by the corporation.

(IV) The stabilization repair contractor must demonstrate
insurance coverage requirements, including, but not limited to,
commercial general liability coverage and workers’ compensation,
to be established by the corporation.

(V) The stabilization repair contractor must maintain a
valid drug-free workplace program.

(VI) Such other requirements as established by the
corporation.

c. Pursuant to the stabilization repair program, qualified
stabilization repair contractors shall be selected from the
approved stabilization repair contractor pool to stabilize the
land and structure and repair the foundation of the damaged
structure pursuant to a fixed-price contract between the
contractor and the corporation. Such contracts are not subject
to paragraph (6)(e) or s. 287.057. Pursuant to the terms of the
contract, the selected stabilization repair contractor is solely responsible for the performance of all necessary stabilization repairs specified in the engineering report and recommendations of the engineer.

d. The corporation shall develop a standard stabilization repair contract for the purpose of stabilizing the land and structure and repairing the foundation of all properties within the program. The contract must include the following minimum requirements:

(I) The assigned stabilization repair contractor must agree to make all stabilization repairs identified in the engineering report based upon a fixed price.

(II) Each stabilization repair contractor must post a payment bond in favor of the corporation as obligee for each project assigned and must post a performance bond, secured by a third-party surety, in favor of the corporation as obligee, in a principal amount equal to the total cost of all fixed-price contracts annually awarded to that contractor.

(III) In addition to the required performance bond, each stabilization repair contractor must also provide a warranty, secured by a third-party surety, to the policyholder which covers all repairs provided by the stabilization repair contractor for at least 5 years after completion of the stabilization repairs.

(IV) Throughout the course of the stabilization repairs performed by the contractor, the engineer shall monitor the property and confirm that stabilization has been satisfactorily completed and that no further stabilization is necessary to remedy the damage identified in the engineering report and
recommendation of the engineer.

(V) If the engineer concludes that additional stabilization repair is necessary to complete the repairs specified in the engineering report and recommendations of the engineer, the stabilization repair contractor must perform the additional stabilization repairs at no cost to the corporation or the policyholder. The contract between the corporation and the contractor must contain provisions specifying the remedy and sanctions for failing to perform such additional repairs.

e. The corporation shall enter into contracts to perform repairs pursuant to a process that includes, but is not limited to, the following requirements:

(I) Within 30 days after the completion of the engineering report, the report shall be identified on a list which shall be made available to all stabilization contractors.

(II) The corporation shall establish a selection process for assigning stabilization repair contractors to perform repairs for each property within the program. The selection process must include:

(A) All stabilization repair contractors within the stabilization repair contractor pool shall be provided with an opportunity to submit an offer, that includes an itemized statement of work, to perform the stabilization repairs recommended in the engineering report.

(B) The corporation shall review the offers and provide the policyholder with a list of stabilization repair contractors from which the policyholder shall be provided a reasonable time, not to exceed 30 days, to participate in the selection by choosing the stabilization repair contractor from among those
qualified contractors on the list provided by the corporation.

(C) If the policyholder has not made such a selection within the 30-day period described herein, the corporation may make the selection.

(D) The corporation may reserve the right to include any or all contractors on the list provided to the policyholder based upon quality, cost-effectiveness, and such other criteria as the corporation shall determine.

(III) If no stabilization repair contractor submits an offer to perform the stabilization repairs for a property within the program or all offers are above the policyholder’s policy limit, the corporation may enter the property into the selection process again or the corporation may pay the policyholder an amount up to the policy limits on the structure.

f. The corporation is not responsible for serving as a stabilization repair contractor. The corporation’s obligations pursuant to the repair program are not an election to repair by the corporation and therefore do not imply or result in a new contractual relationship with the policyholder.

g. The corporation’s liability related to repair activity, including stabilization repairs pursuant to the sinkhole stabilization program and all other repairs to the structure in accordance with the terms of the policy, is no greater than the policy limits on the structure.

h. This section does not prohibit the corporation from establishing a managed repair program for other repairs to the structure in accordance with the terms of the policy.

i. If a dispute arises between the corporation and the policyholder as to the nature or extent of stabilization repairs
to be conducted under the program, the sole remedy for resolving such disputes shall be specific performance.

j. This section supersedes s. 627.707(5), except for paragraph (5)(e).

3. The corporation shall pay for other repairs to the structure and contents in accordance with the terms of the policy.

(ii) A policy for residential property insurance issued by the corporation must include a deductible amount applicable to sinkhole losses, offered in amounts equal to 2 percent, 5 percent, and 10 percent of the policy dwelling limits, with appropriate premium discounts offered with each deductible amount.

Section 31. Section 627.3519, Florida Statutes, is amended to read:

627.3519 Annual report of aggregate net probable maximum losses, financing options, and potential assessments.—No later than February 1 of each year, the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation Financial Services Commission shall provide to the Legislature and the Financial Services Commission a report of their respective the aggregate net probable maximum losses, financing options, and potential assessments of the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation. The report of the fund and the corporation must include their the respective 50-year, 100-year, and 250-year probable maximum losses of the fund and the corporation; analysis of all reasonable financing strategies for each such probable maximum loss, including the amount and term of debt instruments; specification of the
percentage assessments that would be needed to support each of the financing strategies; and calculations of the aggregate assessment burden on Florida property and casualty policyholders for each of the probable maximum losses. The commission shall require the fund and the corporation to provide the commission with such data and analysis as the commission considers necessary to prepare the report.

Section 32. Paragraph (b) of subsection (2) of section 627.4133, Florida Statutes, is amended to read:

627.4133 Notice of cancellation, nonrenewal, or renewal premium.—

(2) With respect to any personal lines or commercial residential property insurance policy, including, but not limited to, any homeowner’s, mobile home owner’s, farmowner’s, condominium association, condominium unit owner’s, apartment building, or other policy covering a residential structure or its contents:

(b) The insurer shall give the first-named insured written notice of nonrenewal, cancellation, or termination at least 120 days before the effective date of the nonrenewal, cancellation, or termination. However, the insurer shall give at least 100 days’ written notice, or written notice by June 1, whichever is earlier, for any nonrenewal, cancellation, or termination that would be effective between June 1 and November 30. The notice must include the reason or reasons for the nonrenewal, cancellation, or termination, except that:

1. The insurer shall give the first-named insured written notice of nonrenewal, cancellation, or termination at least 120 days prior to the effective date of the nonrenewal,
cancellation, or termination for a first-named insured whose
residential structure has been insured by that insurer or an
affiliated insurer for at least a 5-year period immediately
prior to the date of the written notice.

1.2. If cancellation is for nonpayment of premium, at least
10 days’ written notice of cancellation accompanied by the
reason therefor must be given. As used in this subparagraph, the
term “nonpayment of premium” means failure of the named insured
to discharge when due her or his obligations for in connection
with the payment of premiums on a policy or an any installment
of such premium, whether the premium is payable directly to the
insurer or its agent or indirectly under a any premium finance
plan or extension of credit, or failure to maintain membership
in an organization if such membership is a condition precedent
to insurance coverage. The term also means the failure of a
financial institution to honor an insurance applicant’s check
after delivery to a licensed agent for payment of a premium,
even if the agent has previously delivered or transferred the
premium to the insurer. If a dishonored check represents the
initial premium payment, the contract and all contractual
obligations are void ab initio unless the nonpayment is cured
within the earlier of 5 days after actual notice by certified
mail is received by the applicant or 15 days after notice is
sent to the applicant by certified mail or registered mail. If the contract is void, any premium received by the insurer
from a third party must be refunded to that party in full.

2.3. If such cancellation or termination occurs during the
first 90 days the insurance is in force and the insurance is
canceled or terminated for reasons other than nonpayment of
premium, at least 20 days’ written notice of cancellation or termination accompanied by the reason therefor must be given unless there has been a material misstatement or misrepresentation or failure to comply with the underwriting requirements established by the insurer.

3. After the policy has been in effect for 90 days, the policy may not be canceled by the insurer unless there has been a material misstatement, a nonpayment of premium, a failure to comply with underwriting requirements established by the insurer within 90 days after the date of effectuation of coverage, a substantial change in the risk covered by the policy, or the cancellation is for all insureds under such policies for a given class of insureds. This subparagraph does not apply to individually rated risks having a policy term of less than 90 days.

4. The requirement for providing written notice by June 1 of any nonrenewal that would be effective between June 1 and November 30 does not apply to the following situations, but the insurer remains subject to the requirement to provide such notice at least 100 days before the effective date of nonrenewal:

a. A policy that is nonrenewed due to a revision in the coverage for sinkhole losses and catastrophic ground collapse pursuant to s. 627.706.

4.b. A policy that is nonrenewed by Citizens Property Insurance Corporation, pursuant to s. 627.351(6), for a policy that has been assumed by an authorized insurer offering replacement coverage to the policyholder is exempt from the notice requirements of paragraph (a) and this paragraph. In such
cases, the corporation must give the named insured written
otice of nonrenewal at least 45 days before the effective date
of the nonrenewal.

After the policy has been in effect for 90 days, the policy may
not be canceled by the insurer unless there has been a material
misstatement, a nonpayment of premium, a failure to comply with
underwriting requirements established by the insurer within 90
days after the date of effectuation of coverage, or a
substantial change in the risk covered by the policy or if the
cancellation is for all insureds under such policies for a given
class of insureds. This paragraph does not apply to individually
rated risks having a policy term of less than 90 days.

5. Notwithstanding any other provision of law, an insurer
may cancel or nonrenew a property insurance policy after at
least 45 days’ notice if the office finds that the early
cancellation of some or all of the insurer’s policies is
necessary to protect the best interests of the public or
policyholders and the office approves the insurer’s plan for
early cancellation or nonrenewal of some or all of its policies.
The office may base such finding upon the financial condition of
the insurer, lack of adequate reinsurance coverage for hurricane
risk, or other relevant factors. The office may condition its
finding on the consent of the insurer to be placed under
administrative supervision pursuant to s. 624.81 or to the
appointment of a receiver under chapter 631.

6. A policy covering both a home and motor vehicle may be
nonrenewed for any reason applicable to either the property or
motor vehicle insurance after providing 90 days’ notice.
Section 33. Subsection (1) of section 627.4137, Florida Statutes, is amended to read:

627.4137 Disclosure of certain information required.—
(1) Each insurer that provides or may provide liability insurance coverage to pay all or a portion of any claim that might be made shall provide, within 30 days after the written request of the claimant, a statement, under oath, of a corporate officer or the insurer’s claims manager, or superintendent, or licensed company adjuster setting forth the following information with regard to each known policy of insurance, including excess or umbrella insurance:
   (a) The name of the insurer.
   (b) The name of each insured.
   (c) The limits of the liability coverage.
   (d) A statement of any policy or coverage defense that the insurer reasonably believes is available to the insurer at the time of filing such statement.
   (e) A copy of the policy.

In addition, the insured, or her or his insurance agent, upon written request of the claimant or the claimant’s attorney, shall disclose the name and coverage of each known insurer to the claimant and shall forward such request for information as required by this subsection to all affected insurers. The insurer shall then supply the information required in this subsection to the claimant within 30 days after receipt of such request.

Section 34. Subsection (1) of section 627.421, Florida Statutes, is amended to read:
627.421 Delivery of policy.—

(1) Subject to the insurer’s requirement as to payment of premium, every policy shall be mailed or delivered to the insured or to the person entitled thereto not later than 60 days after the effectuation of coverage. Notwithstanding any other provision of law, an insurer may allow a policyholder of personal lines insurance to affirmatively elect delivery of the policy documents, including, but not limited to, policies, endorsements, notices, or documents, by electronic means in lieu of delivery by mail.

Section 35. Subsection (2) of section 627.43141, Florida Statutes, is amended to read:

627.43141 Notice of change in policy terms.—

(2) A renewal policy may contain a change in policy terms. If a renewal policy contains such change, the insurer must give the named insured written notice of the change, which may either be enclosed along with the written notice of renewal premium required by ss. 627.4133 and 627.728 or sent in a separate notice that complies with the nonrenewal mailing time requirement for that particular line of business. The insurer must also provide a sample copy of the notice to the insured’s insurance agent before or at the same time that notice is given to the insured. Such notice shall be entitled “Notice of Change in Policy Terms.”

Section 36. Section 627.6484, Florida Statutes, is amended to read:

627.6484 Dissolution of association; termination of enrollment; availability of other coverage.—

(1) The association shall accept applications for insurance
only until June 30, 1991, after which date no further applications may be accepted. Upon receipt of an application for insurance, the association shall issue coverage for an eligible applicant. When appropriate, the administrator shall forward a copy of the application to a market assistance plan created by the office, which shall conduct a diligent search of the private marketplace for a carrier willing to accept the application.

(2) Coverage for each policyholder of the association terminates at midnight, June 30, 2014, or on the date that health insurance coverage is effective with another insurer, whichever occurs first, and such coverage may not be renewed.

(3) The association shall provide assistance to each policyholder concerning how to obtain health insurance coverage. Such assistance must include:

(a) The identification of insurers and health maintenance organizations offering coverage in the individual market, including coverage inside and outside of the Health Insurance Exchange;

(b) A basic explanation of the levels of coverage available; and

(c) Specific information relating to local and online sources from which a policyholder may obtain detailed policy and premium comparisons and directly obtain coverage.

(4) The association shall provide written notice to all policyholders by September 1, 2013, which informs each policyholder with respect to:

(a) The date that coverage with the association is terminated and that such coverage may not be renewed.

(b) The opportunity for the policyholder to obtain
individual health insurance coverage on a guaranteed-issue basis, regardless of policyholder’s health status, from a health insurer or health maintenance organization that offers coverage in the individual market, including the dates of open enrollment periods for obtaining such coverage.

(c) How to access coverage through the Health Insurance Exchange established for this state pursuant to the Patient Protection and Affordable Care Act and the potential for obtaining reduced premiums and cost-sharing provisions depending on the policyholder’s family income level.

(d) Contact information for a representative of the association who is able to provide additional information about obtaining individual health insurance coverage both inside and outside of the Health Insurance Exchange.

(5) After termination of coverage, the association must continue to receive and process timely submitted claims in accordance with the laws of this state.

(6) By March 15, 2015, the association shall determine the final assessment to be collected from insurers for funding claims and administrative expenses of the association or, if surplus funds remain, shall determine the refund amount to be provided to each insurer based on the same pro rata formula used for determining each insurer’s assessment.

(7) By September 1, 2015, the board must:

(a) Complete performance of all program responsibilities.

(b) Sell or otherwise dispose of all physical assets of the association.

(c) Make a final accounting of the finances of the association.
(d) Transfer all records to the Department of Financial Services, which shall serve as custodian of such records.

(e) Execute a legal dissolution of the association and report such action to the Chief Financial Officer, the Insurance Commissioner, the President of the Senate, and the Speaker of the House of Representatives.

(2) The office shall, after consultation with the health insurers licensed in this state, adopt a market assistance plan to assist in the placement of risks of Florida Comprehensive Health Association applicants. All health insurers and health maintenance organizations licensed in this state shall participate in the plan.

(3) Guidelines for the use of such program shall be a part of the association’s plan of operation. The guidelines shall describe which types of applications are to be exempt from submission to the market assistance plan. An exemption shall be based upon a determination that due to a specific health condition an applicant is ineligible for coverage in the standard market. The guidelines shall also describe how the market assistance plan is to be conducted, and how the periodic reviews to depopulate the association are to be conducted.

(4) If a carrier is found through the market assistance plan, the individual shall apply to that company. If the individual’s application is accepted, association coverage shall terminate upon the effective date of the coverage with the private carrier. For the purpose of applying a preexisting condition limitation or exclusion, any carrier accepting a risk pursuant to this section shall provide coverage as if it began on the date coverage was effectuated on behalf of the
association, and shall be indemnified by the association for claims costs incurred as a result of utilizing such effective date.

(5) The association shall establish a policyholder assistance program by July 1, 1991, to assist in placing eligible policyholders in other coverage programs, including Medicare and Medicaid.

Section 37. Section 627.64872, Florida Statutes, is repealed.

Section 38. Effective October 1, 2015, sections 627.648, 627.6482, 627.6484, 627.6486, 627.6488, 627.6489, 627.649, 627.6492, 627.6494, 627.6496, 627.6498, and 627.6499, Florida Statutes, are repealed.

Section 39. Paragraph (b) of subsection (4) of section 627.7015, Florida Statutes, is amended to read:

(4) The department shall adopt by rule a property insurance mediation program to be administered by the department or its designee. The department may also adopt special rules which are applicable in cases of an emergency within the state. The rules shall be modeled after practices and procedures set forth in mediation rules of procedure adopted by the Supreme Court. The rules shall provide for:

(b) Qualifications, denial of application, suspension, revocation, and other penalties for of mediators as provided in s. 627.745 and in the Florida Rules of Certified and Court Appointed Mediators, and for such other individuals as are qualified by education, training, or experience as the
Section 40. Section 627.70151, Florida Statutes, is created to read:

627.70151 Appraisal; conflicts of interest.—An insurer that offers residential coverage, as defined in s. 627.4025, or a policyholder that uses an appraisal clause in the property insurance contract to establish a process of estimating or evaluating the amount of the loss through the use of an impartial umpire may challenge the umpire’s impartiality and disqualify the proposed umpire only if:

1. A familial relationship within the third degree exists between the umpire and any party or a representative of any party;
2. The umpire has previously represented any party or a representative of any party in a professional capacity in the same or a substantially related matter;
3. The umpire has represented another person in a professional capacity on the same or a substantially related matter, which includes the claim, same property, or an adjacent property and that other person’s interests are materially adverse to the interests of any party; or
4. The umpire has worked as an employer or employee of any party within the preceding 5 years.

Section 41. Paragraph (c) of subsection (2) of section 627.706, Florida Statutes, is amended to read:

627.706 Sinkhole insurance; catastrophic ground cover collapse; definitions.—

2. As used in ss. 627.706-627.7074, and as used in connection with any policy providing coverage for a catastrophic
ground cover collapse or for sinkhole losses, the term:

(c) “Neutral evaluator” means a professional engineer or a professional geologist who has completed a course of study in alternative dispute resolution designed or approved by the department for use in the neutral evaluation process, and who is determined by the department to be fair and impartial, and who is not otherwise ineligible for certification as provided in s. 627.7074.

Section 42. Subsection (1) of section 627.7074, Florida Statutes, is amended to read:

627.7074 Alternative procedure for resolution of disputed sinkhole insurance claims.—

(1) The department shall:

(a) Certify and maintain a list of persons who are neutral evaluators.

(b) Adopt rules for certifying, denying certification, suspending certification, and revoking certification as a neutral evaluator, in keeping with qualifications specified in this section and ss. 627.706 and 627.745(4).

Prepared a consumer information pamphlet for distribution by insurers to policyholders which clearly describes the neutral evaluation process and includes information necessary for the policyholder to request a neutral evaluation.

Section 43. Paragraph (a) of subsection (5) of section 627.736, Florida Statutes, is amended to read:

627.736 Required personal injury protection benefits; exclusions; priority; claims.—

(5) CHARGES FOR TREATMENT OF INJURED PERSONS.—
(a) A physician, hospital, clinic, or other person or institution lawfully rendering treatment to an injured person for a bodily injury covered by personal injury protection insurance may charge the insurer and injured party only a reasonable amount pursuant to this section for the services and supplies rendered, and the insurer providing such coverage may pay for such charges directly to such person or institution lawfully rendering such treatment if the insured receiving such treatment or his or her guardian has countersigned the properly completed invoice, bill, or claim form approved by the office upon which such charges are to be paid for as having actually been rendered, to the best knowledge of the insured or his or her guardian. However, such a charge may not exceed the amount the person or institution customarily charges for like services or supplies. In determining whether a charge for a particular service, treatment, or otherwise is reasonable, consideration may be given to evidence of usual and customary charges and payments accepted by the provider involved in the dispute, reimbursement levels in the community and various federal and state medical fee schedules applicable to motor vehicle and other insurance coverages, and other information relevant to the reasonableness of the reimbursement for the service, treatment, or supply.

1. The insurer may limit reimbursement to 80 percent of the following schedule of maximum charges:
   a. For emergency transport and treatment by providers licensed under chapter 401, 200 percent of Medicare.
   b. For emergency services and care provided by a hospital licensed under chapter 395, 75 percent of the hospital’s usual
and customary charges.

c. For emergency services and care as defined by s. 395.002
povided in a facility licensed under chapter 395 rendered by a
physician or dentist, and related hospital inpatient services
rendered by a physician or dentist, the usual and customary
charges in the community.
d. For hospital inpatient services, other than emergency
services and care, 200 percent of the Medicare Part A
prospective payment applicable to the specific hospital
providing the inpatient services.
e. For hospital outpatient services, other than emergency
services and care, 200 percent of the Medicare Part A Ambulatory
Payment Classification for the specific hospital providing the
outpatient services.
f. For all other medical services, supplies, and care, 200
percent of the allowable amount under:
   (I) The participating physicians fee schedule of Medicare
Part B, except as provided in sub-sub-subparagraphs (II) and
(III).
   (II) Medicare Part B, in the case of services, supplies,
and care provided by ambulatory surgical centers and clinical
laboratories.
   (III) The Durable Medical Equipment Prosthetics/Orthotics
and Supplies fee schedule of Medicare Part B, in the case of
durable medical equipment.

However, if such services, supplies, or care is not reimbursable
under Medicare Part B, as provided in this sub-subparagraph, the
insurer may limit reimbursement to 80 percent of the maximum
reimbursable allowance under workers’ compensation, as determined under s. 440.13 and rules adopted thereunder which are in effect at the time such services, supplies, or care is provided. Services, supplies, or care that is not reimbursable under Medicare or workers’ compensation is not required to be reimbursed by the insurer.

2. For purposes of subparagraph 1., the applicable fee schedule or payment limitation under Medicare is the fee schedule or payment limitation in effect on March 1 of the year in which the services, supplies, or care is rendered and for the area in which such services, supplies, or care is rendered, and the applicable fee schedule or payment limitation applies from March 1 until the last day of the following February throughout the remainder of that year, notwithstanding any subsequent change made to the fee schedule or payment limitation, except that it may not be less than the allowable amount under the applicable schedule of Medicare Part B for 2007 for medical services, supplies, and care subject to Medicare Part B.

3. Subparagraph 1. does not allow the insurer to apply any limitation on the number of treatments or other utilization limits that apply under Medicare or workers’ compensation. An insurer that applies the allowable payment limitations of subparagraph 1. must reimburse a provider who lawfully provided care or treatment under the scope of his or her license, regardless of whether such provider is entitled to reimbursement under Medicare due to restrictions or limitations on the types or discipline of health care providers who may be reimbursed for particular procedures or procedure codes. However, subparagraph 1. does not prohibit an insurer from using the Medicare coding
policies and payment methodologies of the federal Centers for Medicare and Medicaid Services, including applicable modifiers, to determine the appropriate amount of reimbursement for medical services, supplies, or care if the coding policy or payment methodology does not constitute a utilization limit.

4. If an insurer limits payment as authorized by subparagraph 1., the person providing such services, supplies, or care may not bill or attempt to collect from the insured any amount in excess of such limits, except for amounts that are not covered by the insured’s personal injury protection coverage due to the coinsurance amount or maximum policy limits.

5. Effective July 1, 2012, an insurer may limit payment as authorized by this paragraph only if the insurance policy includes a notice at the time of issuance or renewal that the insurer may limit payment pursuant to the schedule of charges specified in this paragraph. A policy form approved by the office satisfies this requirement. If a provider submits a charge for an amount less than the amount allowed under subparagraph 1., the insurer may pay the amount of the charge submitted.

Section 44. Subsection (3) of section 627.745, Florida Statutes, is amended, present subsections (4) and (5) of that section are renumbered as subsections (5) and (6), respectively, and a new subsection (4) is added to that section, to read:

627.745 Mediation of claims.—

(3)(a) The department shall approve mediators to conduct mediations pursuant to this section. All mediators must file an application under oath for approval as a mediator.

(b) To qualify for approval as a mediator, an individual a
person must meet one of the following qualifications:

1. Possess an active certification as a Florida Circuit Court Mediator. A Florida Circuit Court Mediator in a lapsed, suspended, or decertified status is not eligible to participate in the mediation program. A master’s or doctorate degree in psychology, counseling, business, accounting, or economics, be a member of The Florida Bar, be licensed as a certified public accountant, or demonstrate that the applicant for approval has been actively engaged as a qualified mediator for at least 4 years prior to July 1, 1990.

2. Be an approved department mediator as of July 1, 2013, and have conducted at least one mediation on behalf of the department within 4 years immediately preceding the date the application for approval is filed with the department, have completed a minimum of a 40-hour training program approved by the department and successfully passed a final examination included in the training program and approved by the department. The training program shall include and address all of the following:

   a. Mediation theory.
   b. Mediation process and techniques.
   c. Standards of conduct for mediators.
   d. Conflict management and intervention skills.
   e. Insurance nomenclature.

(4) The department shall deny an application, or suspend or revoke its approval of a mediator or its certification of a neutral evaluator to serve in such capacity, if it finds that any of the following grounds exist:

   (a) Lack of one or more of the qualifications specified in
this section for approval or certification.

(b) Material misstatement, misrepresentation, or fraud in obtaining or attempting to obtain the approval or certification.

(c) Demonstrated lack of fitness or trustworthiness to act as a mediator or neutral evaluator.

(d) Fraudulent or dishonest practices in the conduct of mediation or neutral evaluation or in the conduct of business in the financial services industry.

(e) Violation of any provision of this code, a lawful order or rule of the department, the Florida Rules for Certified and Court-Appointed Mediators, or aiding, instructing, or encouraging another party in committing such a violation.

The department may adopt rules to administer this subsection.

Section 45. Subsection (4) of section 627.841, Florida Statutes, is amended to read:

627.841 Delinquency, collection, cancellation, and payment check return charge charges; attorney attorney’s fees.—

(4) In the event that a payment is made to a premium finance company by debit, credit, electronic funds transfer, check, or draft and such payment the instrument is returned, declined, or cannot be processed due to because of insufficient funds to pay it, the premium finance company may, if the premium finance agreement so provides, impose a return payment charge of $15.

Section 46. Paragraph (b) of subsection (1) of section 627.952, Florida Statutes, is amended to read:

627.952 Risk retention and purchasing group agents.—

(1) Any person offering, soliciting, selling, purchasing,
administering, or otherwise servicing insurance contracts, certificates, or agreements for any purchasing group or risk retention group to any resident of this state, either directly or indirectly, by the use of mail, advertising, or other means of communication, shall obtain a license and appointment to act as a resident general lines agent, if a resident of this state, or a nonresident general lines agent if not a resident. Any such person shall be subject to all requirements of the Florida Insurance Code.

(b) Any person required to be licensed and appointed under this subsection, in order to place business through Florida eligible surplus lines carriers, must, if a resident of this state, be licensed and appointed as a surplus lines agent. If not a resident of this state, such person must be licensed and appointed as a nonresident surplus lines agent in her or his state of residence and file and maintain a fidelity bond in favor of the people of the State of Florida executed by a surety company admitted in this state and payable to the State of Florida; however, such nonresident is limited to the provision of insurance for purchasing groups. The bond must be continuous in form and in the amount of not less than $50,000, aggregate liability. The bond must remain in force and effect until the surety is released from liability by the department or until the bond is canceled by the surety. The surety may cancel the bond and be released from further liability upon 30 days’ prior written notice to the department. The cancellation does not affect any liability incurred or accrued before the termination of the 30-day period. Upon receipt of a notice of cancellation, the department shall immediately notify the agent.
Section 47. Subsection (6) of section 627.971, Florida Statutes, is amended to read:

627.971 Definitions.—As used in this part:

(6) “Financial guaranty insurance corporation” means a stock or mutual insurer licensed to transact financial guaranty insurance business in this state.

Section 48. Subsection (1) of section 627.972, Florida Statutes, is amended to read:

627.972 Organization; financial requirements.—

(1) A financial guaranty insurance corporation must be organized and licensed in the manner prescribed in this code for stock or mutual property and casualty insurers except that:

(a) A corporation organized to transact financial guaranty insurance may, subject to the provisions of this code, be licensed to transact:

1. Residual value insurance, as defined by s. 624.6081;
2. Surety insurance, as defined by s. 624.606;
3. Credit insurance, as defined by s. 624.605(1)(i); and
4. Mortgage guaranty insurance as defined in s. 635.011, provided that the provisions of chapter 635 are met.

(b)1. Before the issuance of a license, a corporation must submit to the office for approval a plan of operation detailing:

a. The types and projected diversification of guaranties to be issued;

b. The underwriting procedures to be followed;

c. The managerial oversight methods;

d. The investment policies; and

e. Any other matters prescribed by the office;
2. An insurer which is writing only the types of insurance allowed under this part on July 1, 1988, and otherwise meets the requirements of this part, is exempt from the requirements of this paragraph.

(c) An insurer transacting financial guaranty insurance is subject to all provisions of this code that are applicable to property and casualty insurers to the extent that those provisions are not inconsistent with this part.

(d) The investments of an insurer transacting financial guaranty insurance in any entity insured by the corporation may not exceed 2 percent of its admitted assets as of the end of the prior calendar year.

(e) An insurer transacting financial guaranty insurance may only assume those lines of insurance for which it is licensed to write direct business.

Section 49. Subsection (13) of section 628.901, Florida Statutes, is amended to read:

628.901 Definitions.—As used in this part, the term:

(13) “Qualifying reinsurer parent company” means a reinsurer that currently holds a certificate of authority or qualifies for credit reinsurance under s. 624.610(3) and possesses, letter of eligibility or is an accredited or a satisfactory non-approved reinsurer in this state possessing a consolidated GAAP net worth of at least $500 million and a consolidated debt to total capital ratio of not greater than 0.50.

Section 50. Paragraph (a) of subsection (2) and paragraph (a) of subsection (3) of section 628.909, Florida Statutes, are amended to read:
628.909 Applicability of other laws.—

(2) The following provisions of the Florida Insurance Code apply to captive insurers who are not industrial insured captive insurers to the extent that such provisions are not inconsistent with this part:


(3) The following provisions of the Florida Insurance Code apply to industrial insured captive insurers to the extent that such provisions are not inconsistent with this part:

(a) Chapter 624, except for ss. 624.407, 624.408, 624.4085, 624.40851, 624.4095, 624.411, 624.425, 624.426, and 624.609(1).

Section 51. Subsection (8) of section 634.406, Florida Statutes, is renumbered as subsection (7), and present subsections (6) and (7) of that section are amended, to read:

634.406 Financial requirements.—

(6) An association that holds a license under this part and which does not hold any other license under this chapter may allow its premiums for service warranties written under this part to exceed the ratio to net assets limitations of this section if the association meets all of the following:

(a) Maintains net assets of at least $750,000.

(b) Utilizes a contractual liability insurance policy approved by the office which:

1. Reimburses the service warranty association for 100 percent of its claims liability and is issued by an insurer that maintains a policyholder surplus of at least $100 million; or

2. Complies with the requirements of subsection (3) and is issued by an insurer that maintains a policyholder surplus of at
least $200 million.

(c) The insurer issuing the contractual liability insurance policy:

1. Maintains a policyholder surplus of at least $100 million.

2. Is rated “A” or higher by A.M. Best Company or an equivalent rating by another national rating service acceptable to the office.

3. Is in no way affiliated with the warranty association.

4. In conjunction with the warranty association’s filing of the quarterly and annual reports, provides, on a form prescribed by the commission, a statement certifying the gross written premiums in force reported by the warranty association and a statement that all of the warranty association’s gross written premium in force is covered under the contractual liability policy, whether or not it has been reported.

(7) A contractual liability policy must insure 100 percent of an association’s claims exposure under all of the association’s service warranty contracts, wherever written, unless all of the following are satisfied:

(a) The contractual liability policy contains a clause that specifically names the service warranty contract holders as sole beneficiaries of the contractual liability policy and claims are paid directly to the person making a claim under the contract;

(b) The contractual liability policy meets all other requirements of this part, including subsection (3) of this section, which are not inconsistent with this subsection;

(c) The association has been in existence for at least 5 years or the association is a wholly owned subsidiary of a
corporation that has been in existence and has been licensed as a service warranty association in the state for at least 5 years, and:

1. Is listed and traded on a recognized stock exchange; is listed in NASDAQ (National Association of Security Dealers Automated Quotation system) and publicly traded in the over-the-counter securities market; is required to file either of Form 10-K, Form 100, or Form 20-G with the United States Securities and Exchange Commission; or has American Depository Receipts listed on a recognized stock exchange and publicly traded or is the wholly owned subsidiary of a corporation that is listed and traded on a recognized stock exchange; is listed in NASDAQ (National Association of Security Dealers Automated Quotation system) and publicly traded in the over-the-counter securities market; is required to file Form 10-K, Form 100, or Form 20-G with the United States Securities and Exchange Commission; or has American Depository Receipts listed on a recognized stock exchange and is publicly traded;

2. Maintains outstanding debt obligations, if any, rated in the top four rating categories by a recognized rating service;

3. Has and maintains at all times a minimum net worth of not less than $10 million as evidenced by audited financial statements prepared by an independent certified public accountant in accordance with generally accepted accounting principles and submitted to the office annually; and

4. Is authorized to do business in this state; and

(d) The insurer issuing the contractual liability policy:

1. Maintains and has maintained for the preceding 5 years, policyholder surplus of at least $100 million and is rated “A”
or higher by A.M. Best Company or has an equivalent rating by another rating company acceptable to the office;

2. Holds a certificate of authority to do business in this state and is approved to write this type of coverage; and

3. Acknowledges to the office quarterly that it insures all of the association’s claims exposure under contracts delivered in this state.

If all the preceding conditions are satisfied, then the scope of coverage under a contractual liability policy shall not be required to exceed an association’s claims exposure under service warranty contracts delivered in this state.

Section 52. Except as otherwise expressly provided in this act, this act shall take effect upon becoming a law.