

The Florida Senate  
**HOUSE MESSAGE SUMMARY**

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: CS/HB 375 (CS/CS/SB 870)

INTRODUCER: Regulatory Affairs Committee and Rep. Santiago (Rules Committee, Judiciary Committee, and Senator Smith)

SUBJECT: Insurance

DATE: May 1, 2014

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**I. Amendments Contained in Message:**

**House Amendment 1 – 309029 to Senate Amendment 481462** (body with title)  
**House Amendment 2 – 974455 to Senate Amendment 481462** (body with title)  
**House Amendment 3 – 590123 to Senate Amendment 481462** (body with title)  
**House Amendment 8 – 276887 to Senate Amendment 481462** (body with title)  
**House Amendment 4 – 260943 to Senate Amendment 481462** (body with title)  
**House Amendment 5 – 035385 to Senate Amendment 481462** (body with title)  
**House Amendment 7 – 647109 to Senate Amendment 481462** (body with title)

**II. Summary of Amendments Contained in Message:**

**House Amendment 1** requires the State Board of Administration to annually transfer a portion of the investment income of the Florida Hurricane Catastrophe Fund to the Florida Catastrophic Storm Risk Management Center. The amount of the transfer for a particular fiscal year shall be the lesser of \$1 million or 35% of the fund's investment income minus \$10 million.

**House Amendment 2** clarifies how Special Disability Trust Fund assessments are calculated. It allows a carrier or self-insurance fund to offset from its total written premium during a quarter all amounts actually paid or credited to policyholders for dividends and returned premium regardless of the year the policies inception.

The amendment clarifies how expenses to administer chapter 440, F.S., are calculated. It allows a carrier or self-insurance fund to offset from its total written premium during a quarter all amounts actually paid or credited to policyholders for dividends and returned premium regardless of the year the policies inception.

**House Amendment 3** allows an auto insurer to use a zip code as a rating territory if the rating territory is filed as a "file and use" filing and the rating territory incorporates sufficient actual or expected loss and loss adjustment experience to be actuarially measurable and credible. Current law does not allow the use of a zip code as a rating territory.

**House Amendment 8** allows the Florida Workers' Compensation Joint Underwriting Association to retain dividends that cannot be paid to a former insured because the former

insured cannot be reasonably located. Currently, such dividends must be remitted to the Department of Financial Services Bureau of Unclaimed Property.

**House Amendment 4** requires the Financial Services Commission to contract for an independent actuarial peer review and analysis of the ratemaking process of any licensed rating organization that makes rate filings for workers' compensation insurance as often as the commission deems necessary. Current law requires such reviews every other year.

**House Amendment 5** changes requirements for foreign or alien insurers applying for a certificate of authority in Florida. Current law requires a foreign or alien insurer applying for a Florida certificate of authority to submit a copy of the most recent examination of the insurer certified by the regulator in its home state. This examination must be within the last 3 years. The amendment extends the period to 5 years.

**House Amendment 7** requires the board of governors of Citizens Property Insurance Corporation (Citizens) to develop a plan to establish a mandatory sinkhole stabilization program to ensure the repair and remediation of sinkhole damage to homes. The board of governors must submit that plan to the Financial Services Commission by December 1, 2014, for review, modification, and approval. Upon approval, the board of governors must implement the plan by March 31, 2015, unless fewer than 12 vendors or repair contractors are eligible to participate.

The amendment provides that sinkhole claims filed after the implementation date are subject to the repair program. Sinkhole claims filed prior to implementation date are not subject to the program unless the insured voluntarily enters the program. If the number of repair contractors falls below 12, the mandatory program shall be suspended until reviewed during the next legislative session.

The amendment provides that any plan proposed by Citizens must provide that either Citizens or the insured may invoke neutral evaluation.