

By Senator Flores

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1                   A bill to be entitled  
2           An act relating to operations of the Citizens Property  
3           Insurance Corporation; amending s. 627.0655, F.S.;  
4           revising certain policyholder loss or expense-related  
5           premium discounts; amending s. 627.351, F.S.;  
6           specifying that a consumer representative appointed by  
7           the Governor to the Citizens Property Insurance  
8           Corporation's board of governors is not prohibited  
9           from practicing in a certain profession if required or  
10          permitted by law or ordinance; revising the  
11          requirements for licensed agents of the corporation;  
12          revising a provision to permit specified information  
13          from certain underwriting and claims files to be made  
14          available to authorized insurers, rather than licensed  
15          general lines insurance agents; providing requirements  
16          and limitations for the use of such information by  
17          certain entities; requiring the take-out program to be  
18          revised for specified purposes by a specified date;  
19          prohibiting an insurer from taking out policies after  
20          such date except under certain conditions; requiring  
21          the corporation to schedule up to a certain number of  
22          cycles annually during which insurers may identify and  
23          submit policy take-out requests; specifying  
24          information required to be included in such requests;  
25          providing conditions that must be agreed to by  
26          insurers submitting a request; requiring the  
27          corporation to maintain and make available specified  
28          lists of insurers to its agents of record; requiring  
29          the corporation, through its agents of record, to  
30          provide policyholders with a notice regarding their  
31          policy renewal options; specifying information  
32          required to be included in the notice; providing that

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33 a policyholder who accepts a take-out offer during a  
34 specified time is considered a renewal policyholder  
35 under certain circumstances; providing an effective  
36 date.

37  
38 Be It Enacted by the Legislature of the State of Florida:

39  
40 Section 1. Section 627.0655, Florida Statutes, is amended  
41 to read:

42 627.0655 Policyholder loss or expense-related premium  
43 discounts.—An insurer or person authorized to engage in the  
44 business of insurance in this state may include, in the premium  
45 charged an insured for any policy, contract, or certificate of  
46 insurance, a discount based on the fact that another policy,  
47 contract, or certificate of any type has been purchased by the  
48 insured from the same insurer or insurer group, ~~the Citizens~~  
49 ~~Property Insurance Corporation created under s. 627.351(6) if~~  
50 ~~the same insurance agent is servicing both policies, or an~~  
51 ~~insurer that has removed the policy from the Citizens Property~~  
52 ~~Insurance Corporation if the same insurance agent is servicing~~  
53 ~~both policies.~~

54 Section 2. Paragraphs (c) and (x) of subsection (6) of  
55 section 627.351, Florida Statutes, are amended, and paragraph  
56 (ii) is added to that subsection, to read:

57 627.351 Insurance risk apportionment plans.—

58 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

59 (c) The corporation's plan of operation:

60 1. Must provide for adoption of residential property and  
61 casualty insurance policy forms and commercial residential and

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62 nonresidential property insurance forms, which must be approved  
63 by the office before use. The corporation shall adopt the  
64 following policy forms:

65 a. Standard personal lines policy forms that are  
66 comprehensive multiperil policies providing full coverage of a  
67 residential property equivalent to the coverage provided in the  
68 private insurance market under an HO-3, HO-4, or HO-6 policy.

69 b. Basic personal lines policy forms that are policies  
70 similar to an HO-8 policy or a dwelling fire policy that provide  
71 coverage meeting the requirements of the secondary mortgage  
72 market, but which is more limited than the coverage under a  
73 standard policy.

74 c. Commercial lines residential and nonresidential policy  
75 forms that are generally similar to the basic perils of full  
76 coverage obtainable for commercial residential structures and  
77 commercial nonresidential structures in the admitted voluntary  
78 market.

79 d. Personal lines and commercial lines residential property  
80 insurance forms that cover the peril of wind only. The forms are  
81 applicable only to residential properties located in areas  
82 eligible for coverage under the coastal account referred to in  
83 sub-subparagraph (b)2.a.

84 e. Commercial lines nonresidential property insurance forms  
85 that cover the peril of wind only. The forms are applicable only  
86 to nonresidential properties located in areas eligible for  
87 coverage under the coastal account referred to in sub-  
88 subparagraph (b)2.a.

89 f. The corporation may adopt variations of the policy forms  
90 listed in sub-subparagraphs a.-e. which contain more restrictive

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91 coverage.

92 g. Effective January 1, 2013, the corporation shall offer a  
93 basic personal lines policy similar to an HO-8 policy with  
94 dwelling repair based on common construction materials and  
95 methods.

96 2. Must provide that the corporation adopt a program in  
97 which the corporation and authorized insurers enter into quota  
98 share primary insurance agreements for hurricane coverage, as  
99 defined in s. 627.4025(2)(a), for eligible risks, and adopt  
100 property insurance forms for eligible risks which cover the  
101 peril of wind only.

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

103 (I) "Quota share primary insurance" means an arrangement in  
104 which the primary hurricane coverage of an eligible risk is  
105 provided in specified percentages by the corporation and an  
106 authorized insurer. The corporation and authorized insurer are  
107 each solely responsible for a specified percentage of hurricane  
108 coverage of an eligible risk as set forth in a quota share  
109 primary insurance agreement between the corporation and an  
110 authorized insurer and the insurance contract. The  
111 responsibility of the corporation or authorized insurer to pay  
112 its specified percentage of hurricane losses of an eligible  
113 risk, as set forth in the agreement, may not be altered by the  
114 inability of the other party to pay its specified percentage of  
115 losses. Eligible risks that are provided hurricane coverage  
116 through a quota share primary insurance arrangement must be  
117 provided policy forms that set forth the obligations of the  
118 corporation and authorized insurer under the arrangement,  
119 clearly specify the percentages of quota share primary insurance

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120 provided by the corporation and authorized insurer, and  
121 conspicuously and clearly state that the authorized insurer and  
122 the corporation may not be held responsible beyond their  
123 specified percentage of coverage of hurricane losses.

124 (II) "Eligible risks" means personal lines residential and  
125 commercial lines residential risks that meet the underwriting  
126 criteria of the corporation and are located in areas that were  
127 eligible for coverage by the Florida Windstorm Underwriting  
128 Association on January 1, 2002.

129 b. The corporation may enter into quota share primary  
130 insurance agreements with authorized insurers at corporation  
131 coverage levels of 90 percent and 50 percent.

132 c. If the corporation determines that additional coverage  
133 levels are necessary to maximize participation in quota share  
134 primary insurance agreements by authorized insurers, the  
135 corporation may establish additional coverage levels. However,  
136 the corporation's quota share primary insurance coverage level  
137 may not exceed 90 percent.

138 d. Any quota share primary insurance agreement entered into  
139 between an authorized insurer and the corporation must provide  
140 for a uniform specified percentage of coverage of hurricane  
141 losses, by county or territory as set forth by the corporation  
142 board, for all eligible risks of the authorized insurer covered  
143 under the agreement.

144 e. Any quota share primary insurance agreement entered into  
145 between an authorized insurer and the corporation is subject to  
146 review and approval by the office. However, such agreement shall  
147 be authorized only as to insurance contracts entered into  
148 between an authorized insurer and an insured who is already

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149 insured by the corporation for wind coverage.

150 f. For all eligible risks covered under quota share primary  
151 insurance agreements, the exposure and coverage levels for both  
152 the corporation and authorized insurers shall be reported by the  
153 corporation to the Florida Hurricane Catastrophe Fund. For all  
154 policies of eligible risks covered under such agreements, the  
155 corporation and the authorized insurer must maintain complete  
156 and accurate records for the purpose of exposure and loss  
157 reimbursement audits as required by fund rules. The corporation  
158 and the authorized insurer shall each maintain duplicate copies  
159 of policy declaration pages and supporting claims documents.

160 g. The corporation board shall establish in its plan of  
161 operation standards for quota share agreements which ensure that  
162 there is no discriminatory application among insurers as to the  
163 terms of the agreements, pricing of the agreements, incentive  
164 provisions if any, and consideration paid for servicing policies  
165 or adjusting claims.

166 h. The quota share primary insurance agreement between the  
167 corporation and an authorized insurer must set forth the  
168 specific terms under which coverage is provided, including, but  
169 not limited to, the sale and servicing of policies issued under  
170 the agreement by the insurance agent of the authorized insurer  
171 producing the business, the reporting of information concerning  
172 eligible risks, the payment of premium to the corporation, and  
173 arrangements for the adjustment and payment of hurricane claims  
174 incurred on eligible risks by the claims adjuster and personnel  
175 of the authorized insurer. Entering into a quota sharing  
176 insurance agreement between the corporation and an authorized  
177 insurer is voluntary and at the discretion of the authorized

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178 insurer.

179       3. May provide that the corporation may employ or otherwise  
180 contract with individuals or other entities to provide  
181 administrative or professional services that may be appropriate  
182 to effectuate the plan. The corporation may borrow funds by  
183 issuing bonds or by incurring other indebtedness, and shall have  
184 other powers reasonably necessary to effectuate the requirements  
185 of this subsection, including, without limitation, the power to  
186 issue bonds and incur other indebtedness in order to refinance  
187 outstanding bonds or other indebtedness. The corporation may  
188 seek judicial validation of its bonds or other indebtedness  
189 under chapter 75. The corporation may issue bonds or incur other  
190 indebtedness, or have bonds issued on its behalf by a unit of  
191 local government pursuant to subparagraph (q)2. in the absence  
192 of a hurricane or other weather-related event, upon a  
193 determination by the corporation, subject to approval by the  
194 office, that such action would enable it to efficiently meet the  
195 financial obligations of the corporation and that such  
196 financings are reasonably necessary to effectuate the  
197 requirements of this subsection. The corporation may take all  
198 actions needed to facilitate tax-free status for such bonds or  
199 indebtedness, including formation of trusts or other affiliated  
200 entities. The corporation may pledge assessments, projected  
201 recoveries from the Florida Hurricane Catastrophe Fund, other  
202 reinsurance recoverables, policyholder surcharges and other  
203 surcharges, and other funds available to the corporation as  
204 security for bonds or other indebtedness. In recognition of s.  
205 10, Art. I of the State Constitution, prohibiting the impairment  
206 of obligations of contracts, it is the intent of the Legislature

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207 that no action be taken whose purpose is to impair any bond  
208 indenture or financing agreement or any revenue source committed  
209 by contract to such bond or other indebtedness.

210 4. Must require that the corporation operate subject to the  
211 supervision and approval of a board of governors consisting of  
212 nine individuals who are residents of this state and who are  
213 from different geographical areas of the state, one of whom is  
214 appointed by the Governor and serves solely to advocate on  
215 behalf of the consumer. The appointment of a consumer  
216 representative by the Governor is deemed to be within the scope  
217 of the exemption provided in s. 112.313(7) (b) and is in addition  
218 to the appointments authorized under sub-subparagraph a.

219 a. The Governor, the Chief Financial Officer, the President  
220 of the Senate, and the Speaker of the House of Representatives  
221 shall each appoint two members of the board. At least one of the  
222 two members appointed by each appointing officer must have  
223 demonstrated expertise in insurance and be deemed to be within  
224 the scope of the exemption provided in s. 112.313(7) (b). The  
225 Chief Financial Officer shall designate one of the appointees as  
226 chair. All board members serve at the pleasure of the appointing  
227 officer. All members of the board are subject to removal at will  
228 by the officers who appointed them. All board members, including  
229 the chair, must be appointed to serve for 3-year terms beginning  
230 annually on a date designated by the plan. However, for the  
231 first term beginning on or after July 1, 2009, each appointing  
232 officer shall appoint one member of the board for a 2-year term  
233 and one member for a 3-year term. A board vacancy shall be  
234 filled for the unexpired term by the appointing officer. The  
235 Chief Financial Officer shall appoint a technical advisory group



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236 to provide information and advice to the board in connection  
237 with the board's duties under this subsection. The executive  
238 director and senior managers of the corporation shall be engaged  
239 by the board and serve at the pleasure of the board. Any  
240 executive director appointed on or after July 1, 2006, is  
241 subject to confirmation by the Senate. The executive director is  
242 responsible for employing other staff as the corporation may  
243 require, subject to review and concurrence by the board.

244 b. The board shall create a Market Accountability Advisory  
245 Committee to assist the corporation in developing awareness of  
246 its rates and its customer and agent service levels in  
247 relationship to the voluntary market insurers writing similar  
248 coverage.

249 (I) The members of the advisory committee consist of the  
250 following 11 persons, one of whom must be elected chair by the  
251 members of the committee: four representatives, one appointed by  
252 the Florida Association of Insurance Agents, one by the Florida  
253 Association of Insurance and Financial Advisors, one by the  
254 Professional Insurance Agents of Florida, and one by the Latin  
255 American Association of Insurance Agencies; three  
256 representatives appointed by the insurers with the three highest  
257 voluntary market share of residential property insurance  
258 business in the state; one representative from the Office of  
259 Insurance Regulation; one consumer appointed by the board who is  
260 insured by the corporation at the time of appointment to the  
261 committee; one representative appointed by the Florida  
262 Association of Realtors; and one representative appointed by the  
263 Florida Bankers Association. All members shall be appointed to  
264 3-year terms and may serve for consecutive terms.

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265 (II) The committee shall report to the corporation at each  
266 board meeting on insurance market issues which may include rates  
267 and rate competition with the voluntary market; service,  
268 including policy issuance, claims processing, and general  
269 responsiveness to policyholders, applicants, and agents; and  
270 matters relating to depopulation.

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

273 a. Subject to s. 627.3517, with respect to personal lines  
274 residential risks, if the risk is offered coverage from an  
275 authorized insurer at the insurer's approved rate under a  
276 standard policy including wind coverage or, if consistent with  
277 the insurer's underwriting rules as filed with the office, a  
278 basic policy including wind coverage, for a new application to  
279 the corporation for coverage, the risk is not eligible for any  
280 policy issued by the corporation unless the premium for coverage  
281 from the authorized insurer is more than 15 percent greater than  
282 the premium for comparable coverage from the corporation.  
283 Whenever an offer of coverage for a personal lines residential  
284 risk is received for a policyholder of the corporation at  
285 renewal from an authorized insurer, if the offer is equal to or  
286 less than the corporation's renewal premium for comparable  
287 coverage, the risk is not eligible for coverage with the  
288 corporation. If the risk is not able to obtain such offer, the  
289 risk is eligible for a standard policy including wind coverage  
290 or a basic policy including wind coverage issued by the  
291 corporation; however, if the risk could not be insured under a  
292 standard policy including wind coverage regardless of market  
293 conditions, the risk is eligible for a basic policy including

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294 wind coverage unless rejected under subparagraph 8. However, a  
295 policyholder removed from the corporation through an assumption  
296 agreement remains eligible for coverage from the corporation  
297 until the end of the assumption period. The corporation shall  
298 determine the type of policy to be provided on the basis of  
299 objective standards specified in the underwriting manual and  
300 based on generally accepted underwriting practices.

301 (I) If the risk accepts an offer of coverage through the  
302 market assistance plan or through a mechanism established by the  
303 corporation other than a plan established by s. 627.3518, before  
304 a policy is issued to the risk by the corporation or during the  
305 first 30 days of coverage by the corporation, and the producing  
306 agent who submitted the application to the plan or to the  
307 corporation is not currently appointed by the insurer, the  
308 insurer shall:

309 (A) Pay to the producing agent of record of the policy for  
310 the first year, an amount that is the greater of the insurer's  
311 usual and customary commission for the type of policy written or  
312 a fee equal to the usual and customary commission of the  
313 corporation; or

314 (B) Offer to allow the producing agent of record of the  
315 policy to continue servicing the policy for at least 1 year and  
316 offer to pay the agent the greater of the insurer's or the  
317 corporation's usual and customary commission for the type of  
318 policy written.

319  
320 If the producing agent is unwilling or unable to accept  
321 appointment, the new insurer shall pay the agent in accordance  
322 with sub-sub-sub-subparagraph (A).

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

327 (A) Pay to the producing agent of record, for the first  
328 year, an amount that is the greater of the insurer's usual and  
329 customary commission for the type of policy written or a fee  
330 equal to the usual and customary commission of the corporation;  
331 or

332 (B) Offer to allow the producing agent of record to  
333 continue servicing the policy for at least 1 year and offer to  
334 pay the agent the greater of the insurer's or the corporation's  
335 usual and customary commission for the type of policy written.  
336

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

340 b. With respect to commercial lines residential risks, for  
341 a new application to the corporation for coverage, if the risk  
342 is offered coverage under a policy including wind coverage from  
343 an authorized insurer at its approved rate, the risk is not  
344 eligible for a policy issued by the corporation unless the  
345 premium for coverage from the authorized insurer is more than 15  
346 percent greater than the premium for comparable coverage from  
347 the corporation. Whenever an offer of coverage for a commercial  
348 lines residential risk is received for a policyholder of the  
349 corporation at renewal from an authorized insurer, if the offer  
350 is equal to or less than the corporation's renewal premium for  
351 comparable coverage, the risk is not eligible for coverage with

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352 the corporation. If the risk is not able to obtain any such  
353 offer, the risk is eligible for a policy including wind coverage  
354 issued by the corporation. However, a policyholder removed from  
355 the corporation through an assumption agreement remains eligible  
356 for coverage from the corporation until the end of the  
357 assumption period.

358 (I) If the risk accepts an offer of coverage through the  
359 market assistance plan or through a mechanism established by the  
360 corporation other than a plan established by s. 627.3518, before  
361 a policy is issued to the risk by the corporation or during the  
362 first 30 days of coverage by the corporation, and the producing  
363 agent who submitted the application to the plan or the  
364 corporation is not currently appointed by the insurer, the  
365 insurer shall:

366 (A) Pay to the producing agent of record of the policy, for  
367 the first year, an amount that is the greater of the insurer's  
368 usual and customary commission for the type of policy written or  
369 a fee equal to the usual and customary commission of the  
370 corporation; or

371 (B) Offer to allow the producing agent of record of the  
372 policy to continue servicing the policy for at least 1 year and  
373 offer to pay the agent the greater of the insurer's or the  
374 corporation's usual and customary commission for the type of  
375 policy written.

376  
377 If the producing agent is unwilling or unable to accept  
378 appointment, the new insurer shall pay the agent in accordance  
379 with sub-sub-sub-subparagraph (A).

380 (II) If the corporation enters into a contractual agreement

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381 for a take-out plan, the producing agent of record of the  
382 corporation policy is entitled to retain any unearned commission  
383 on the policy, and the insurer shall:

384 (A) Pay to the producing agent of record, for the first  
385 year, an amount that is the greater of the insurer's usual and  
386 customary commission for the type of policy written or a fee  
387 equal to the usual and customary commission of the corporation;  
388 or

389 (B) Offer to allow the producing agent of record to  
390 continue servicing the policy for at least 1 year and offer to  
391 pay the agent the greater of the insurer's or the corporation's  
392 usual and customary commission for the type of policy written.  
393

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

397 c. For purposes of determining comparable coverage under  
398 sub-subparagraphs a. and b., the comparison must be based on  
399 those forms and coverages that are reasonably comparable. The  
400 corporation may rely on a determination of comparable coverage  
401 and premium made by the producing agent who submits the  
402 application to the corporation, made in the agent's capacity as  
403 the corporation's agent. A comparison may be made solely of the  
404 premium with respect to the main building or structure only on  
405 the following basis: the same coverage A or other building  
406 limits; the same percentage hurricane deductible that applies on  
407 an annual basis or that applies to each hurricane for commercial  
408 residential property; the same percentage of ordinance and law  
409 coverage, if the same limit is offered by both the corporation

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410 and the authorized insurer; the same mitigation credits, to the  
411 extent the same types of credits are offered both by the  
412 corporation and the authorized insurer; the same method for loss  
413 payment, such as replacement cost or actual cash value, if the  
414 same method is offered both by the corporation and the  
415 authorized insurer in accordance with underwriting rules; and  
416 any other form or coverage that is reasonably comparable as  
417 determined by the board. If an application is submitted to the  
418 corporation for wind-only coverage in the coastal account, the  
419 premium for the corporation's wind-only policy plus the premium  
420 for the ex-wind policy that is offered by an authorized insurer  
421 to the applicant must be compared to the premium for multiperil  
422 coverage offered by an authorized insurer, subject to the  
423 standards for comparison specified in this subparagraph. If the  
424 corporation or the applicant requests from the authorized  
425 insurer a breakdown of the premium of the offer by types of  
426 coverage so that a comparison may be made by the corporation or  
427 its agent and the authorized insurer refuses or is unable to  
428 provide such information, the corporation may treat the offer as  
429 not being an offer of coverage from an authorized insurer at the  
430 insurer's approved rate.

431       6. Must include rules for classifications of risks and  
432 rates.

433       7. Must provide that if premium and investment income for  
434 an account attributable to a particular calendar year are in  
435 excess of projected losses and expenses for the account  
436 attributable to that year, such excess shall be held in surplus  
437 in the account. Such surplus must be available to defray  
438 deficits in that account as to future years and used for that

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439 purpose before assessing assessable insurers and assessable  
440 insureds as to any calendar year.

441 8. Must provide objective criteria and procedures to be  
442 uniformly applied to all applicants in determining whether an  
443 individual risk is so hazardous as to be uninsurable. In making  
444 this determination and in establishing the criteria and  
445 procedures, the following must be considered:

446 a. Whether the likelihood of a loss for the individual risk  
447 is substantially higher than for other risks of the same class;  
448 and

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

451  
452 The acceptance or rejection of a risk by the corporation shall  
453 be construed as the private placement of insurance, and the  
454 provisions of chapter 120 do not apply.

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

459 10. The policies issued by the corporation must provide  
460 that if the corporation or the market assistance plan obtains an  
461 offer from an authorized insurer to cover the risk at its  
462 approved rates, the risk is no longer eligible for renewal  
463 through the corporation, except as otherwise provided in this  
464 subsection.

465 11. Corporation policies and applications must include a  
466 notice that the corporation policy could, under this section, be  
467 replaced with a policy issued by an authorized insurer which



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468 does not provide coverage identical to the coverage provided by  
469 the corporation. The notice must also specify that acceptance of  
470 corporation coverage creates a conclusive presumption that the  
471 applicant or policyholder is aware of this potential.

472 12. May establish, subject to approval by the office,  
473 different eligibility requirements and operational procedures  
474 for any line or type of coverage for any specified county or  
475 area if the board determines that such changes are justified due  
476 to the voluntary market being sufficiently stable and  
477 competitive in such area or for such line or type of coverage  
478 and that consumers who, in good faith, are unable to obtain  
479 insurance through the voluntary market through ordinary methods  
480 continue to have access to coverage from the corporation. If  
481 coverage is sought in connection with a real property transfer,  
482 the requirements and procedures may not provide an effective  
483 date of coverage later than the date of the closing of the  
484 transfer as established by the transferor, the transferee, and,  
485 if applicable, the lender.

486 13. Must provide that, with respect to the coastal account,  
487 any assessable insurer with a surplus as to policyholders of \$25  
488 million or less writing 25 percent or more of its total  
489 countrywide property insurance premiums in this state may  
490 petition the office, within the first 90 days of each calendar  
491 year, to qualify as a limited apportionment company. A regular  
492 assessment levied by the corporation on a limited apportionment  
493 company for a deficit incurred by the corporation for the  
494 coastal account may be paid to the corporation on a monthly  
495 basis as the assessments are collected by the limited  
496 apportionment company from its insureds, but a limited

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497 apportionment company must begin collecting the regular  
498 assessments not later than 90 days after the regular assessments  
499 are levied by the corporation, and the regular assessments must  
500 be paid in full within 15 months after being levied by the  
501 corporation. A limited apportionment company shall collect from  
502 its policyholders any emergency assessment imposed under sub-  
503 subparagraph (b)3.d. The plan must provide that, if the office  
504 determines that any regular assessment will result in an  
505 impairment of the surplus of a limited apportionment company,  
506 the office may direct that all or part of such assessment be  
507 deferred as provided in subparagraph (q)4. However, an emergency  
508 assessment to be collected from policyholders under sub-  
509 subparagraph (b)3.d. may not be limited or deferred.

510 14. Must provide that the corporation appoint as its  
511 licensed agents only those agents who throughout such  
512 appointments also hold an appointment as defined in s.  
513 626.015(3) by ~~with~~ an insurer who ~~at the time of the agent's~~  
514 ~~initial appointment by the corporation~~ is authorized to write  
515 and is actually writing or renewing personal lines residential  
516 property coverage, commercial residential property coverage, or  
517 commercial nonresidential property coverage within the state.

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

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

525 17. Must provide coverage for manufactured or mobile home

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526 dwellings. Such coverage must also include the following  
527 attached structures:

528 a. Screened enclosures that are aluminum framed or screened  
529 enclosures that are not covered by the same or substantially the  
530 same materials as those of the primary dwelling;

531 b. Carports that are aluminum or carports that are not  
532 covered by the same or substantially the same materials as those  
533 of the primary dwelling; and

534 c. Patios that have a roof covering that is constructed of  
535 materials that are not the same or substantially the same  
536 materials as those of the primary dwelling.

537

538 The corporation shall make available a policy for mobile homes  
539 or manufactured homes for a minimum insured value of at least  
540 \$3,000.

541 18. May provide such limits of coverage as the board  
542 determines, consistent with the requirements of this subsection.

543 19. May require commercial property to meet specified  
544 hurricane mitigation construction features as a condition of  
545 eligibility for coverage.

546 20. Must provide that new or renewal policies issued by the  
547 corporation on or after January 1, 2012, which cover sinkhole  
548 loss do not include coverage for any loss to appurtenant  
549 structures, driveways, sidewalks, decks, or patios that are  
550 directly or indirectly caused by sinkhole activity. The  
551 corporation shall exclude such coverage using a notice of  
552 coverage change, which may be included with the policy renewal,  
553 and not by issuance of a notice of nonrenewal of the excluded  
554 coverage upon renewal of the current policy.

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555 21. As of January 1, 2012, must require that the agent  
556 obtain from an applicant for coverage from the corporation an  
557 acknowledgment signed by the applicant, which includes, at a  
558 minimum, the following statement:

559 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

560 AND ASSESSMENT LIABILITY:

561 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
562 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
563 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
564 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
565 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
566 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
567 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
568 LEGISLATURE.

569 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER  
570 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,  
571 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO  
572 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN  
573 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE  
574 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES  
575 ARE REGULATED AND APPROVED BY THE STATE.

576 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
577 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
578 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
579 FLORIDA LEGISLATURE.

580 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
581 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
582 STATE OF FLORIDA.

583 a. The corporation shall maintain, in electronic format or

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584 otherwise, a copy of the applicant's signed acknowledgment and  
585 provide a copy of the statement to the policyholder as part of  
586 the first renewal after the effective date of this subparagraph.

587 b. The signed acknowledgment form creates a conclusive  
588 presumption that the policyholder understood and accepted his or  
589 her potential surcharge and assessment liability as a  
590 policyholder of the corporation.

591 (x)1. The following records of the corporation are  
592 confidential and exempt from the provisions of s. 119.07(1) and  
593 s. 24(a), Art. I of the State Constitution:

594 a. Underwriting files, except that a policyholder or an  
595 applicant shall have access to his or her own underwriting  
596 files. Confidential and exempt underwriting file records may  
597 also be released to other governmental agencies upon written  
598 request and demonstration of need; such records held by the  
599 receiving agency remain confidential and exempt as provided  
600 herein.

601 b. Claims files, until termination of all litigation and  
602 settlement of all claims arising out of the same incident,  
603 although portions of the claims files may remain exempt, as  
604 otherwise provided by law. Confidential and exempt claims file  
605 records may be released to other governmental agencies upon  
606 written request and demonstration of need; such records held by  
607 the receiving agency remain confidential and exempt as provided  
608 herein.

609 c. Records obtained or generated by an internal auditor  
610 pursuant to a routine audit, until the audit is completed, or if  
611 the audit is conducted as part of an investigation, until the  
612 investigation is closed or ceases to be active. An investigation

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613 is considered "active" while the investigation is being  
614 conducted with a reasonable, good faith belief that it could  
615 lead to the filing of administrative, civil, or criminal  
616 proceedings.

617 d. Matters reasonably encompassed in privileged attorney-  
618 client communications.

619 e. Proprietary information licensed to the corporation  
620 under contract and the contract provides for the confidentiality  
621 of such proprietary information.

622 f. All information relating to the medical condition or  
623 medical status of a corporation employee which is not relevant  
624 to the employee's capacity to perform his or her duties, except  
625 as otherwise provided in this paragraph. Information that is  
626 exempt shall include, but is not limited to, information  
627 relating to workers' compensation, insurance benefits, and  
628 retirement or disability benefits.

629 g. Upon an employee's entrance into the employee assistance  
630 program, a program to assist any employee who has a behavioral  
631 or medical disorder, substance abuse problem, or emotional  
632 difficulty that ~~which~~ affects the employee's job performance,  
633 all records relative to that participation shall be confidential  
634 and exempt from the provisions of s. 119.07(1) and s. 24(a),  
635 Art. I of the State Constitution, except as otherwise provided  
636 in s. 112.0455(11).

637 h. Information relating to negotiations for financing,  
638 reinsurance, depopulation, or contractual services, until the  
639 conclusion of the negotiations.

640 i. Minutes of closed meetings regarding underwriting files,  
641 and minutes of closed meetings regarding an open claims file

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642 until termination of all litigation and settlement of all claims  
643 with regard to that claim, except that information otherwise  
644 confidential or exempt by law shall be redacted.

645 2. If an authorized insurer is considering underwriting a  
646 risk insured by the corporation, relevant underwriting files and  
647 confidential claims files may be released to the insurer  
648 provided the insurer agrees in writing, notarized and under  
649 oath, to maintain the confidentiality of such files. If a file  
650 is transferred to an insurer, that file is no longer a public  
651 record because it is not held by an agency subject to the  
652 provisions of the public records law. Underwriting files and  
653 confidential claims files may also be released to staff and the  
654 board of governors of the market assistance plan established  
655 pursuant to s. 627.3515, who must retain the confidentiality of  
656 such files, except such files may be released to authorized  
657 insurers that are considering assuming the risks to which the  
658 files apply, provided the insurer agrees in writing, notarized  
659 and under oath, to maintain the confidentiality of such files.  
660 Finally, the corporation or the board or staff of the market  
661 assistance plan may make the following information obtained from  
662 underwriting files and confidential claims files available to  
663 authorized insurers ~~licensed general lines insurance agents~~:  
664 name, address, and telephone number of the residential property  
665 owner or insured; location of the risk; rating information; loss  
666 history; and policy type. The receiving authorized insurer  
667 ~~licensed general lines insurance agent~~ must retain the  
668 confidentiality of the information received and may use the  
669 information only for the purposes of developing a take-out plan  
670 to be submitted to the office for approval or otherwise

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671 analyzing the underwriting of a risk or risks insured by the  
672 corporation on behalf of the private insurance market. The  
673 authorized insurer receiving information under this subparagraph  
674 may not use the information for the direct solicitation of  
675 policyholders. An entity that has obtained a permit to become an  
676 authorized insurer, a reinsurer, a reinsurance broker, or a  
677 modeling company may receive the information available under  
678 this subparagraph for the sole purpose of analyzing risks for  
679 underwriting in the private insurance market and must retain the  
680 confidentiality of the information received. Such entities may  
681 not use the information for the direct solicitation of  
682 policyholders.

683 3. A policyholder who has filed suit against the  
684 corporation has the right to discover the contents of his or her  
685 own claims file to the same extent that discovery of such  
686 contents would be available from a private insurer in litigation  
687 as provided by the Florida Rules of Civil Procedure, the Florida  
688 Evidence Code, and other applicable law. Pursuant to subpoena, a  
689 third party has the right to discover the contents of an  
690 insured's or applicant's underwriting or claims file to the same  
691 extent that discovery of such contents would be available from a  
692 private insurer by subpoena as provided by the Florida Rules of  
693 Civil Procedure, the Florida Evidence Code, and other applicable  
694 law, and subject to any confidentiality protections requested by  
695 the corporation and agreed to by the seeking party or ordered by  
696 the court. The corporation may release confidential underwriting  
697 and claims file contents and information as it deems necessary  
698 and appropriate to underwrite or service insurance policies and  
699 claims, subject to any confidentiality protections deemed



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700 necessary and appropriate by the corporation.

701 4. Portions of meetings of the corporation are exempt from  
702 the provisions of s. 286.011 and s. 24(b), Art. I of the State  
703 Constitution wherein confidential underwriting files or  
704 confidential open claims files are discussed. All portions of  
705 corporation meetings which are closed to the public shall be  
706 recorded by a court reporter. The court reporter shall record  
707 the times of commencement and termination of the meeting, all  
708 discussion and proceedings, the names of all persons present at  
709 any time, and the names of all persons speaking. No portion of  
710 any closed meeting shall be off the record. Subject to the  
711 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's  
712 notes of any closed meeting shall be retained by the corporation  
713 for a minimum of 5 years. A copy of the transcript, less any  
714 exempt matters, of any closed meeting wherein claims are  
715 discussed shall become public as to individual claims after  
716 settlement of the claim.

717 (ii) The corporation shall revise the programs adopted  
718 pursuant to sub-subparagraph (q)3.a. to maximize policyholder  
719 options and encourage increased participation by insurers and  
720 agents. No later than January 1, 2017, such revisions must  
721 comply with this paragraph.

722 1. The corporation must schedule no more than 3 cycles per  
723 year during which insurers may identify policies they wish to  
724 take out and may submit requests to take out such policies to  
725 the corporation in a form and manner prescribed by rule. An  
726 insurer's take-out request must include a description of the  
727 coverages offered and an estimated premium. In submitting any  
728 take-out request, an insurer must agree that:

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729       a. The initial premium of the insurer will not exceed its  
730 estimated premium by more than 10 percent, excluding coverage  
731 changes and assessments.

732       b. The insurer will provide coverage comparable to that  
733 offered by the corporation and may use the same policy form used  
734 by the corporation for any take-out policies for 3 full renewal  
735 cycles.

736       2. For each policy of the corporation identified under  
737 subparagraph 1., the corporation shall maintain and make  
738 available to the agent of record a consolidated list of all  
739 insurers requesting the policy. The list must contain the  
740 information described in subparagraph 1.

741       3. The corporation shall provide written notice to its  
742 policyholders and the agents of record informing them of their  
743 option to accept one of the take-out offers presented or to  
744 remain with the corporation. The notice must be in a format  
745 prescribed by rule and include the amount of the estimated  
746 premium for the coverage of each offering insurer, the amount of  
747 the premium for the coverage provided by the corporation, and a  
748 description of the coverage offered by each insurer and the  
749 coverage provided by the corporation, which includes an  
750 explanation of any differences among the coverage offered by  
751 each insurer and the coverage provided by the corporation.

752       4. A policyholder who accepted a take-out offer by an  
753 insurer in the previous 36 months is considered a renewal  
754 policyholder under s. 627.3518 if the corporation determines  
755 that the insurer continues to insure the policyholder and failed  
756 to meet the requirements of sub-subparagraph 1.a., that the  
757 insurer nonrenewed the policyholder for reasons other than the

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758 nonpayment of premium, or that the insurer increased the rate on  
759 the policy in excess of the increase allowed for the corporation  
760 under subparagraph (n) 6.

761 Section 3. This act shall take effect July 1, 2016.