

Amendment No.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED  (Y/N)  
ADOPTED AS AMENDED  (Y/N)  
ADOPTED W/O OBJECTION  (Y/N)  
FAILED TO ADOPT  (Y/N)  
WITHDRAWN  (Y/N)  
OTHER

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1 Committee/Subcommittee hearing bill: Economic Affairs Committee  
2 Representative Nelson offered the following:

3  
4 **Amendment (with title amendment)**

5 Remove lines 365-448 and insert:

6 2. Must provide that the corporation adopt a program in  
7 which the corporation and authorized insurers enter into quota  
8 share primary insurance agreements for commercial and  
9 residential property insurance ~~hurricane coverage, as defined in~~  
10 ~~s. 627.4025(2)(a)~~, for eligible risks, and adopt property  
11 insurance forms for eligible risks which cover perils in the  
12 personal lines account, the commercial lines account, and the  
13 coastal account ~~the peril of wind only.~~

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

15 (I) "Quota share primary insurance" means an arrangement  
16 in which the primary hurricane coverage of an eligible risk is  
17 provided in specified percentages by the corporation and an  
18 authorized insurer. The corporation and authorized insurer are  
19 each solely responsible for a specified percentage or amount of

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20 ~~hurricane~~ coverage of an eligible risk as set forth in a quota  
21 share primary insurance agreement between the corporation and an  
22 authorized insurer and the insurance contract. The  
23 responsibility of the corporation or authorized insurer to pay  
24 its specified percentage or amount of ~~hurricane~~ losses of an  
25 eligible risk, as set forth in the agreement, may not be altered  
26 by the inability of the other party to pay its specified  
27 percentage or amount of losses. Eligible risks that are provided  
28 ~~hurricane~~ coverage through a quota share primary insurance  
29 arrangement must be provided policy forms that set forth the  
30 obligations of the corporation and authorized insurer under the  
31 arrangement, clearly specify the percentages or coverage amounts  
32 of quota share primary insurance provided by the corporation and  
33 authorized insurer, and conspicuously and clearly state that the  
34 authorized insurer and the corporation may not be held  
35 responsible beyond their specified percentage or coverage amount  
36 of ~~coverage of hurricane~~ losses.

37 (II) "Eligible risks" means personal lines residential and  
38 commercial lines residential risks that meet the underwriting  
39 criteria of the corporation ~~and are located in areas that were~~  
40 ~~eligible for coverage by the Florida Windstorm Underwriting~~  
41 ~~Association on January 1, 2002.~~

42 b. The corporation may enter into quota share primary  
43 insurance agreements with authorized insurers at corporation  
44 coverage levels of 90 percent and 50 percent and may provide  
45 coverage levels requiring the corporation insure the first  
46 \$500,000, \$750,000, or \$1,000,000 of coverage and which allow

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47 the authorized insurer or the corporation to cover amounts in  
48 excess of those coverage levels.

49 c. If the corporation determines that additional coverage  
50 levels are necessary to maximize participation in quota share  
51 primary insurance agreements by authorized insurers, the  
52 corporation may establish additional coverage levels. However,  
53 the corporation's quota share primary insurance coverage level  
54 may not exceed 90 percent.

55 d. Any quota share primary insurance agreement entered  
56 into between an authorized insurer and the corporation must  
57 provide for a uniform specified percentage of coverage of  
58 hurricane losses, by county or territory as set forth by the  
59 corporation board, for all eligible risks of the authorized  
60 insurer covered under the agreement.

61 e. Any quota share primary insurance agreement entered  
62 into between an authorized insurer and the corporation is  
63 subject to review and approval by the office. However, such  
64 agreement shall be authorized only as to insurance contracts  
65 entered into between an authorized insurer and an insured who is  
66 already insured by the corporation ~~for wind coverage.~~

67 f. For all eligible risks covered under quota share  
68 primary insurance agreements, the exposure and coverage levels  
69 for both the corporation and authorized insurers shall be  
70 reported by the corporation to the Florida Hurricane Catastrophe  
71 Fund. For all policies of eligible risks covered under such  
72 agreements, the corporation and the authorized insurer must  
73 maintain complete and accurate records for the purpose of  
74 exposure and loss reimbursement audits as required by fund

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75 rules. The corporation and the authorized insurer shall each  
76 maintain duplicate copies of policy declaration pages and  
77 supporting claims documents.

78 g. The corporation board shall establish in its plan of  
79 operation standards for quota share agreements which ensure that  
80 there is no discriminatory application among insurers as to the  
81 terms of the agreements, pricing of the agreements, incentive  
82 provisions if any, and consideration paid for servicing policies  
83 or adjusting claims.

84 h. The quota share primary insurance agreement between the  
85 corporation and an authorized insurer must set forth the  
86 specific terms under which coverage is provided, including, but  
87 not limited to, the sale and servicing of policies issued under  
88 the agreement by the insurance agent of the authorized insurer  
89 producing the business, the reporting of information concerning  
90 eligible risks, the payment of premium to the corporation, and  
91 arrangements for the adjustment and payment of ~~hurricane~~ claims  
92 incurred on eligible risks by the claims adjuster and personnel  
93 of the authorized insurer. Entering into a quota sharing  
94 insurance agreement between the corporation and an authorized  
95 insurer is voluntary and at the discretion of the authorized  
96 insurer.

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99 -----  
100 **T I T L E A M E N D M E N T**

101 Remove line 20 and insert:

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1127 (2012)

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102 surcharge; requiring a quota share program for commercial and  
103 residential property; providing parameters for the quota share  
104 program; requiring that a limited apportionment