



1 A bill to be entitled
2 An act relating to insurance; amending s. 215.555,
3 F.S.; revising the date of the future repeal of an
4 exemption of medical malpractice insurance premiums
5 from emergency assessments imposed to fund certain
6 obligations, costs, and expenses of the Florida
7 Hurricane Catastrophe Fund and the Florida Hurricane
8 Catastrophe Fund Finance Corporation; amending s.
9 316.646, F.S.; authorizing a uniform motor vehicle
10 proof-of-insurance card to be in an electronic format;
11 providing construction with respect to the parameters
12 of a person's consent to access information on an
13 electronic device presented to provide proof of
14 insurance; providing immunity from liability to a law
15 enforcement officer for damage to an electronic device
16 presented to provide proof of insurance; authorizing
17 the Department of Highway Safety and Motor Vehicles to
18 adopt rules; amending s. 320.02, F.S.; authorizing
19 insurers to furnish uniform proof-of-purchase cards in
20 an electronic format for use by insureds to prove the
21 purchase of required insurance coverage when
22 registering a motor vehicle; amending s. 554.1021,
23 F.S.; defining the term "authorized inspection
24 agency"; amending s. 554.107, F.S.; requiring the
25 chief inspector of the state boiler inspection program
26 to issue a certificate of competency as a special
27 inspector to certain individuals; specifying how long
28 such certificate remains in effect; amending s.



29 | 554.109, F.S.; authorizing specified insurers to
30 | contract with an authorized inspection agency for
31 | boiler inspections; requiring such insurers to
32 | annually report the identity of contracted authorized
33 | inspection agencies to the Department of Financial
34 | Services; amending s. 624.413, F.S.; revising a
35 | specified time period applicable to a certified
36 | examination that must be filed by a foreign or alien
37 | insurer applying for a certificate of authority;
38 | amending s. 626.0428, F.S.; requiring a branch place
39 | of business to have an agent in charge; authorizing an
40 | agent to be in charge of more than one branch office
41 | under certain circumstances; providing requirements
42 | relating to the designation of an agent in charge;
43 | providing that the agent in charge is accountable for
44 | misconduct and violations committed by the licensee
45 | and any person under his or her supervision;
46 | prohibiting an insurance agency from conducting
47 | insurance business at a location without a designated
48 | agent in charge; providing for expiration of an agency
49 | license under specified circumstances; amending s.
50 | 626.112, F.S.; providing licensure exemptions that
51 | allow specified individuals or entities to conduct
52 | insurance business at specified locations under
53 | certain circumstances; revising licensure requirements
54 | and penalties with respect to registered insurance
55 | agencies; providing that the registration of an
56 | approved registered insurance agency automatically



57 | converts to an insurance agency license on a specified
58 | date; amending s. 626.172, F.S.; revising requirements
59 | relating to applications for insurance agency
60 | licenses; conforming provisions to changes made by the
61 | act; amending s. 626.321, F.S.; providing that a
62 | limited license to offer motor vehicle rental
63 | insurance issued to a business that rents or leases
64 | motor vehicles encompasses the employees of such
65 | business; amending s. 626.382, F.S.; providing that an
66 | insurance agency license continues in force until
67 | canceled, suspended, revoked, or terminated; amending
68 | s. 626.601, F.S.; revising terminology relating to
69 | investigations conducted by the Department of
70 | Financial Services and the Office of Insurance
71 | Regulation with respect to individuals and entities
72 | involved in the insurance industry; repealing s.
73 | 626.747, F.S., relating to branch agencies, agents in
74 | charge, and the payment of additional county tax under
75 | certain circumstances; amending s. 626.8411, F.S.;
76 | conforming a cross-reference; amending s. 626.8805,
77 | F.S.; revising insurance administrator application
78 | requirements; amending s. 626.8817, F.S.; authorizing
79 | an insurer's designee to provide certain coverage
80 | information to an insurance administrator; authorizing
81 | an insurer to subcontract the audit of an insurance
82 | administrator; amending s. 626.882, F.S.; prohibiting
83 | a person from acting as an insurance administrator
84 | without a specific written agreement; amending s.



85 | 626.883, F.S.; requiring insurance administrators to
86 | furnish fiduciary account records to an insurer's
87 | designee; requiring administrator withdrawals from a
88 | fiduciary account to be made according to specific
89 | written agreements; providing that an insurer's
90 | designee may authorize payment of claims; amending s.
91 | 626.884, F.S.; revising an insurer's right of access
92 | to certain administrator records; amending s. 626.89,
93 | F.S.; revising the deadline for filing certain
94 | financial statements; amending s. 626.931, F.S.;;
95 | deleting provisions requiring a surplus lines agent to
96 | file a quarterly affidavit with the Florida Surplus
97 | Lines Service Office; amending s. 626.932, F.S.;;
98 | revising the due date of surplus lines tax; amending
99 | ss. 626.935 and 626.936, F.S.;; conforming provisions
100 | to changes made by the act; amending s. 627.062, F.S.;;
101 | requiring the Office of Insurance Regulation to use
102 | certain models or straight averages of certain models
103 | to estimate hurricane losses when determining whether
104 | the rates in a rate filing are excessive, inadequate,
105 | or unfairly discriminatory; amending s. 627.0628,
106 | F.S.;; increasing the length of time during which an
107 | insurer must adhere to certain findings made by the
108 | Commission on Hurricane Loss Projection Methodology
109 | with respect to certain methods, principles,
110 | standards, models, or output ranges used in a rate
111 | finding; providing that the requirement to adhere to
112 | such findings does not limit an insurer from using a



113 straight average of results of certain models or
114 output ranges under specified circumstances; amending
115 s. 627.072, F.S.; authorizing retrospective rating
116 plans relating to workers' compensation and employer's
117 liability insurance to allow negotiations between
118 certain employers and insurers with respect to rating
119 factors used to calculate premiums; amending s.
120 627.281, F.S.; conforming a cross-reference; amending
121 s. 627.351, F.S.; requiring Citizens Property
122 Insurance Corporation to submit a biannual report on
123 the number of residential sinkhole policies issued and
124 declined; requiring the corporation to establish a
125 Citizens Sinkhole Stabilization Repair Program for
126 sinkhole claims; providing definitions; providing
127 program components; specifying the corporation's
128 liability with respect to sinkhole claims; requiring
129 the offering by the corporation of specified
130 deductible amounts for sinkhole loss coverage;
131 repealing s. 627.3519, F.S., relating to an annual
132 report from the Financial Services Commission to the
133 Legislature of aggregate net probable maximum losses,
134 financing options, and potential assessments of the
135 Florida Hurricane Catastrophe Fund and Citizens
136 Property Insurance Corporation; amending s. 627.4133,
137 F.S.; increasing the amount of prior notice required
138 with respect to the nonrenewal, cancellation, or
139 termination of certain insurance policies; deleting
140 certain provisions that require extended periods of



141 prior notice with respect to the nonrenewal,
142 cancellation, or termination of certain insurance
143 policies; prohibiting the cancellation of certain
144 policies that have been in effect for a specified
145 amount of time except under certain circumstances;
146 amending s. 627.4137, F.S.; adding licensed company
147 adjusters to the list of persons who may respond to a
148 claimant's written request for information relating to
149 liability insurance coverage; amending s. 627.421,
150 F.S.; authorizing the electronic delivery of certain
151 insurance documents; amending s. 627.43141, F.S.;
152 authorizing a notice of change in policy terms to be
153 sent in a separate mailing to an insured under certain
154 circumstances; requiring an insurer to provide such
155 notice to insured's insurance agent; amending s.
156 627.6484, F.S.; providing that coverage for each
157 policyholder of the Florida Comprehensive Health
158 Association terminates on a specified date; requiring
159 the association to provide assistance to
160 policyholders; requiring the association to notify
161 policyholders of termination of coverage and provide
162 information concerning how to obtain other coverage;
163 requiring the association to impose a final assessment
164 or provide a refund to member insurers, sell or
165 dispose of physical assets, perform a final
166 accounting, legally dissolve the association, submit a
167 required report, and transfer all records to the
168 Office of Insurance Regulation; repealing s.



169 627.64872, F.S., relating to the Florida Health
170 Insurance Plan; providing for the future repeal of ss.
171 627.648, 627.6482, 627.6484, 627.6486, 627.6488,
172 627.6489, 627.649, 627.6492, 627.6494, 627.6496,
173 627.6498, and 627.6499, F.S., relating to the Florida
174 Comprehensive Health Association Act, definitions,
175 termination of enrollment and availability of other
176 coverage, eligibility, the Florida Comprehensive
177 Health Association, the Disease Management Program,
178 the administrator of the health insurance plan,
179 participation of insurers, insurer assessments,
180 deferment, and assessment limitations, issuing of
181 policies, minimum benefits coverage and exclusions,
182 premiums, and deductibles, and reporting by insurers
183 and third-party administrators, respectively; amending
184 s. 627.7015, F.S.; revising the rulemaking authority
185 of the department with respect to qualifications and
186 specified types of penalties covered under the
187 property insurance mediation program; creating s.
188 627.70151, F.S.; providing criteria for an insurer or
189 policyholder to challenge the impartiality of a loss
190 appraisal umpire for purposes of disqualifying such
191 umpire; amending s. 627.706, F.S.; revising the
192 definition of the term "neutral evaluator"; amending
193 s. 627.7074, F.S.; requiring the department to adopt
194 rules relating to certification of neutral evaluators;
195 amending s. 627.736, F.S.; revising the time period
196 for applicability of certain Medicare fee schedules or



197 payment limitations; amending s. 627.745, F.S.;

198 revising qualifications for approval as a mediator by

199 the department; providing grounds for the department

200 to deny an application, or suspend or revoke approval

201 of a mediator or certification of a neutral evaluator;

202 authorizing the department to adopt rules; amending s.

203 627.782, F.S.; revising the date by which title

204 insurance agencies and certain insurers must annually

205 submit specified information to the Office of

206 Insurance Regulation; amending s. 627.841, F.S.;

207 providing that an insurance premium finance company

208 may impose a charge for payments returned, declined,

209 or unable to be processed due to insufficient funds;

210 amending s. 627.952, F.S.; providing that certain

211 persons who are not residents of this state must be

212 licensed and appointed as nonresident surplus lines

213 agents in this state in order to engage in specified

214 activities with respect to servicing insurance

215 contracts, certificates, or agreements for purchasing

216 or risk retention groups; deleting a fidelity bond

217 requirement applicable to certain nonresident agents

218 who are licensed as surplus lines agents in another

219 state; amending ss. 627.971 and 627.972, F.S.;

220 including licensed mutual insurers in financial

221 guaranty insurance corporations; amending s. 628.901,

222 F.S.; revising the definition of the term "qualifying

223 reinsurer parent company"; amending s. 628.909, F.S.;

224 providing for applicability of certain provisions of



225 | the Insurance Code to specified captive insurers;
 226 | amending s. 634.406, F.S.; revising criteria
 227 | authorizing premiums of certain service warranty
 228 | associations to exceed their specified net assets
 229 | limitations; revising requirements relating to
 230 | contractual liability policies that insure warranty
 231 | associations; providing effective dates.

232 |
 233 | Be It Enacted by the Legislature of the State of Florida:
 234 |

235 | Section 1. Paragraph (b) of subsection (6) of section
 236 | 215.555, Florida Statutes, is amended to read:

237 | 215.555 Florida Hurricane Catastrophe Fund.—

238 | (6) REVENUE BONDS.—

239 | (b) Emergency assessments—

240 | 1. If the board determines that the amount of revenue
 241 | produced under subsection (5) is insufficient to fund the
 242 | obligations, costs, and expenses of the fund and the
 243 | corporation, including repayment of revenue bonds and that
 244 | portion of the debt service coverage not met by reimbursement
 245 | premiums, the board shall direct the Office of Insurance
 246 | Regulation to levy, by order, an emergency assessment on direct
 247 | premiums for all property and casualty lines of business in this
 248 | state, including property and casualty business of surplus lines
 249 | insurers regulated under part VIII of chapter 626, but not
 250 | including any workers' compensation premiums or medical
 251 | malpractice premiums. As used in this subsection, the term
 252 | "property and casualty business" includes all lines of business



253 identified on Form 2, Exhibit of Premiums and Losses, in the
254 annual statement required of authorized insurers by s. 624.424
255 and any rule adopted under this section, except for those lines
256 identified as accident and health insurance and except for
257 policies written under the National Flood Insurance Program. The
258 assessment shall be specified as a percentage of direct written
259 premium and is subject to annual adjustments by the board in
260 order to meet debt obligations. The same percentage shall apply
261 to all policies in lines of business subject to the assessment
262 issued or renewed during the 12-month period beginning on the
263 effective date of the assessment.

264 2. A premium is not subject to an annual assessment under
265 this paragraph in excess of 6 percent of premium with respect to
266 obligations arising out of losses attributable to any one
267 contract year, and a premium is not subject to an aggregate
268 annual assessment under this paragraph in excess of 10 percent
269 of premium. An annual assessment under this paragraph shall
270 continue as long as the revenue bonds issued with respect to
271 which the assessment was imposed are outstanding, including any
272 bonds the proceeds of which were used to refund the revenue
273 bonds, unless adequate provision has been made for the payment
274 of the bonds under the documents authorizing issuance of the
275 bonds.

276 3. Emergency assessments shall be collected from
277 policyholders. Emergency assessments shall be remitted by
278 insurers as a percentage of direct written premium for the
279 preceding calendar quarter as specified in the order from the
280 Office of Insurance Regulation. The office shall verify the



281 accurate and timely collection and remittance of emergency
282 assessments and shall report the information to the board in a
283 form and at a time specified by the board. Each insurer
284 collecting assessments shall provide the information with
285 respect to premiums and collections as may be required by the
286 office to enable the office to monitor and verify compliance
287 with this paragraph.

288 4. With respect to assessments of surplus lines premiums,
289 each surplus lines agent shall collect the assessment at the
290 same time as the agent collects the surplus lines tax required
291 by s. 626.932, and the surplus lines agent shall remit the
292 assessment to the Florida Surplus Lines Service Office created
293 by s. 626.921 at the same time as the agent remits the surplus
294 lines tax to the Florida Surplus Lines Service Office. The
295 emergency assessment on each insured procuring coverage and
296 filing under s. 626.938 shall be remitted by the insured to the
297 Florida Surplus Lines Service Office at the time the insured
298 pays the surplus lines tax to the Florida Surplus Lines Service
299 Office. The Florida Surplus Lines Service Office shall remit the
300 collected assessments to the fund or corporation as provided in
301 the order levied by the Office of Insurance Regulation. The
302 Florida Surplus Lines Service Office shall verify the proper
303 application of such emergency assessments and shall assist the
304 board in ensuring the accurate and timely collection and
305 remittance of assessments as required by the board. The Florida
306 Surplus Lines Service Office shall annually calculate the
307 aggregate written premium on property and casualty business,
308 other than workers' compensation and medical malpractice,



309 procured through surplus lines agents and insureds procuring
310 coverage and filing under s. 626.938 and shall report the
311 information to the board in a form and at a time specified by
312 the board.

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

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



337 corporation.

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

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

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

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

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



365 section, to read:

366 316.646 Security required; proof of security and display
367 thereof; dismissal of cases.—

368 (1) Any person required by s. 324.022 to maintain property
369 damage liability security, required by s. 324.023 to maintain
370 liability security for bodily injury or death, or required by s.
371 627.733 to maintain personal injury protection security on a
372 motor vehicle shall have in his or her immediate possession at
373 all times while operating such motor vehicle proper proof of
374 maintenance of the required security. Such proof shall be a
375 uniform proof-of-insurance card, in paper or electronic format,
376 in a form prescribed by the department, a valid insurance
377 policy, an insurance policy binder, a certificate of insurance,
378 or such other proof as may be prescribed by the department. If a
379 person presents an electronic device to a law enforcement
380 officer for the purpose of displaying a proof-of-insurance card
381 in an electronic format:

382 (a) The person presenting the device is not deemed to
383 consent to access to any information on the electronic device
384 other than the displayed proof-of-insurance card.

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

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

389 Section 3. Paragraph (a) of subsection (5) of section
390 320.02, Florida Statutes, is amended to read:

391 320.02 Registration required; application for
392 registration; forms.—



393 (5) (a) Proof that personal injury protection benefits have
394 been purchased when required under s. 627.733, that property
395 damage liability coverage has been purchased as required under
396 s. 324.022, that bodily injury or death coverage has been
397 purchased if required under s. 324.023, and that combined bodily
398 liability insurance and property damage liability insurance have
399 been purchased when required under s. 627.7415 shall be provided
400 in the manner prescribed by law by the applicant at the time of
401 application for registration of any motor vehicle that is
402 subject to such requirements. The issuing agent shall refuse to
403 issue registration if such proof of purchase is not provided.
404 Insurers shall furnish uniform proof-of-purchase cards, in paper
405 or electronic format, in a form prescribed by the department and
406 shall include the name of the insured's insurance company, the
407 coverage identification number, and the make, year, and vehicle
408 identification number of the vehicle insured. The card shall
409 contain a statement notifying the applicant of the penalty
410 specified in s. 316.646(4). The card or insurance policy,
411 insurance policy binder, or certificate of insurance or a
412 photocopy of any of these; an affidavit containing the name of
413 the insured's insurance company, the insured's policy number,
414 and the make and year of the vehicle insured; or such other
415 proof as may be prescribed by the department shall constitute
416 sufficient proof of purchase. If an affidavit is provided as
417 proof, it shall be in substantially the following form:
418 Under penalty of perjury, I ... (Name of insured) ... do hereby
419 certify that I have ... (Personal Injury Protection, Property
420 Damage Liability, and, when required, Bodily Injury



421 Liability)... Insurance currently in effect with ...(Name of
 422 insurance company)... under ...(policy number)... covering
 423 ...(make, year, and vehicle identification number of
 424 vehicle).... ...(Signature of Insured)...

425 Such affidavit shall include the following warning:

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

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

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

443 554.1021 Definitions.—As used in ss. 554.1011-554.115:

444 (8) "Authorized inspection agency" means:

445 (a) Any county, city, town, or other governmental
 446 subdivision that has adopted and administers, at a minimum,
 447 Section I of the A.S.M.E. Boiler and Pressure Vessel Code as a
 448 legal requirement and whose inspectors hold valid certificates



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449 of competency in accordance with s. 554.113; or

450 (b) Any insurance company that is licensed or registered
451 by an appropriate authority of any state of the United States or
452 province of Canada and whose inspectors hold valid certificates
453 of competency in accordance with s. 554.113.

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

456 554.107 Special inspectors.—

457 (1) Upon application by any authorized inspection agency
458 ~~company licensed to insure boilers in this state~~, the chief
459 inspector shall issue a certificate of competency as a special
460 inspector to any inspector employed by the authorized inspection
461 agency ~~company~~, provided that such inspector satisfies the
462 competency requirements for inspectors as provided in s.
463 554.113.

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

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

473 554.109 Exemptions.—

474 (1) Any insurance company insuring a boiler located in a
475 public assembly location in this state shall inspect or contract
476 with an authorized inspection agency to inspect such boiler ~~se~~



477 ~~insured,~~ and shall annually report to the department the
 478 identity of any authorized inspection agency performing any
 479 required boiler inspection on behalf of the company. A ~~any~~
 480 county, city, town, or other governmental subdivision that ~~which~~
 481 has adopted into law the Boiler and Pressure Vessel Code of the
 482 American Society of Mechanical Engineers and the National Board
 483 Inspection Code for the construction, installation, inspection,
 484 maintenance, and repair of boilers, regulating such boilers in
 485 public assembly locations, shall inspect such boilers so
 486 regulated; provided that such inspection shall be conducted by a
 487 special inspector licensed pursuant to ss. 554.1011-554.115.
 488 Upon filing of a report of satisfactory inspection with the
 489 department, such boiler is exempt from inspection by the
 490 department.

491 Section 7. Paragraph (f) of subsection (1) of section
 492 624.413, Florida Statutes, is amended to read:

493 624.413 Application for certificate of authority.—

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

502 (f) If a foreign or alien insurer, a copy of the report of
 503 the most recent examination of the insurer certified by the
 504 public official having supervision of insurance in its state of



505 domicile or of entry into the United States. The end of the most
506 recent year covered by the examination must be within the 5-year
507 ~~3-year~~ period preceding the date of application. In lieu of the
508 certified examination report, the office may accept an audited
509 certified public accountant's report prepared on a basis
510 consistent with the insurance laws of the insurer's state of
511 domicile, certified by the public official having supervision of
512 insurance in its state of domicile or of entry into the United
513 States.

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

516 626.0428 Agency personnel powers, duties, and
517 limitations.—

518 (4) (a) Each place of business established by an agent or
519 agency, firm, corporation, or association shall be in the active
520 full-time charge of a licensed and appointed agent holding the
521 agent licenses required to transact the lines of insurance being
522 handled at the location.

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

531 (c) An insurance agency and each branch place of business
532 of an insurance agency shall designate an agent in charge and



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533 file the name and license number of the agent in charge and the
534 physical address of the insurance agency location with the
535 department at the department's designated website. The
536 designation of the agent in charge may be changed at the option
537 of the agency, and any change shall be effective upon
538 notification to the department. Notice to the department must be
539 provided within 30 days after such change.

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

546 (e) An agent in charge of an insurance agency shall be
547 accountable for any wrongful act, misconduct, or violation of
548 any provision of this code committed by the licensee or by any
549 person under his or her supervision while acting on behalf of
550 the agency. Nothing in this section shall be construed to render
551 an agent in charge criminally liable for any act unless the
552 agent in charge personally committed the act or knew or should
553 have known of the act and of the facts constituting a violation
554 of this chapter.

555 (f) An insurance agency location may not conduct the
556 business of insurance unless an agent in charge is designated at
557 all times. An agency license expires if an agency fails to
558 designate with the department an agent in charge within 90 days
559 after the date of a change of agent in charge.

560 Section 9. Subsection (7) of section 626.112, Florida



561 Statutes, is amended to read:

562 626.112 License and appointment required; agents, customer
563 representatives, adjusters, insurance agencies, service
564 representatives, managing general agents.-

565 (7) (a) ~~Effective October 1, 2006,~~ No individual, firm,
566 partnership, corporation, association, or any other entity shall
567 act in its own name or under a trade name, directly or
568 indirectly, as an insurance agency, unless it complies with s.
569 626.172 with respect to possessing an insurance agency license
570 for each place of business at which it engages in any activity
571 which may be performed only by a licensed insurance agent.
572 However, an insurance agency that is owned and operated by a
573 single licensed agent conducting business in his or her
574 individual name and not employing or otherwise using the
575 services of or appointing other licensees shall be exempt from
576 the agency licensing requirements of this subsection. A branch
577 place of business that is established by a licensed agency is
578 considered a branch agency and is not required to be licensed so
579 long as it transacts business under the same name and federal
580 tax identification number as the licensed agency and has
581 designated a licensed agent in charge of the location as
582 required by s. 626.0428 and the address and telephone number of
583 the location have been submitted to the department for inclusion
584 in the licensing record of the licensed agency within 30 days
585 after insurance transactions begin at the location ~~Each agency~~
586 ~~engaged in business in this state before January 1, 2003, which~~
587 ~~is wholly owned by insurance agents currently licensed and~~
588 ~~appointed under this chapter, each incorporated agency whose~~



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589 ~~voting shares are traded on a securities exchange, each agency~~
590 ~~designated and subject to supervision and inspection as a branch~~
591 ~~office under the rules of the National Association of Securities~~
592 ~~Dealers, and each agency whose primary function is offering~~
593 ~~insurance as a service or member benefit to members of a~~
594 ~~nonprofit corporation may file an application for registration~~
595 ~~in lieu of licensure in accordance with s. 626.172(3). Each~~
596 ~~agency engaged in business before October 1, 2006, shall file an~~
597 ~~application for licensure or registration on or before October~~
598 ~~1, 2006.~~

599 (b)1. If an agency is required to be licensed but fails to
600 file an application for licensure in accordance with this
601 section, the department shall impose on the agency an
602 administrative penalty in an amount of up to \$10,000.

603 ~~2. If an agency is eligible for registration but fails to~~
604 ~~file an application for registration or an application for~~
605 ~~licensure in accordance with this section, the department shall~~
606 ~~impose on the agency an administrative penalty in an amount of~~
607 ~~up to \$5,000.~~

608 (c)(b) Effective October 1, 2013, the department must
609 automatically convert the registration of an approved a
610 registered insurance agency to shall, as a condition precedent
611 to continuing business, obtain an insurance agency license if
612 the department finds that, with respect to any majority owner,
613 partner, manager, director, officer, or other person who manages
614 or controls the agency, any person has:

615 ~~1. Been found guilty of, or has pleaded guilty or nolo~~
616 ~~contendere to, a felony in this state or any other state~~



617 ~~relating to the business of insurance or to an insurance agency,~~
618 ~~without regard to whether a judgment of conviction has been~~
619 ~~entered by the court having jurisdiction of the cases.~~

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

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

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

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

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

643 ~~e. Unlawfully rebated, attempted to unlawfully rebate, or~~
644 ~~unlawfully divided or offered to divide commissions with~~



645 ~~another.~~

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

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

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

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

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

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

662 ~~j. Willfully overinsured any property insurance risk.~~

663 ~~k. Engaged in fraudulent or dishonest practices in the~~
664 ~~conduct of business arising out of activities related to~~
665 ~~insurance or the insurance agency.~~

666 ~~l. Demonstrated lack of fitness or trustworthiness to~~
667 ~~engage in the business of insurance arising out of activities~~
668 ~~related to insurance or the insurance agency.~~

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

671 ~~5. Knowingly employed any person who within the preceding~~
672 ~~3 years has had his or her relationship with an agency~~



673 ~~terminated in accordance with paragraph (d).~~

674 ~~6. Willfully circumvented the requirements or prohibitions~~
675 ~~of this code.~~

676 Section 10. Subsections (2), (3), and (4) of section
677 626.172, Florida Statutes, are amended to read:

678 626.172 Application for insurance agency license.—

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

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

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

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

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

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

699 (f) The fingerprints of each of the following:

700 1. A sole proprietor;



- 701 2. Each partner;
- 702 3. Each owner of an unincorporated agency;
- 703 4. Each owner who directs or participates in the
- 704 management or control of an incorporated agency whose shares are
- 705 not traded on a securities exchange;
- 706 5. The president, senior vice presidents, treasurer,
- 707 secretary, and directors of the agency; and
- 708 6. Any other person who directs or participates in the
- 709 management or control of the agency, whether through the
- 710 ownership of voting securities, by contract, by ownership of any
- 711 agency bank accounts, or otherwise.

712

713 Fingerprints must be taken by a law enforcement agency or other

714 entity approved by the department and must be accompanied by the

715 fingerprint processing fee specified in s. 624.501. Fingerprints

716 must ~~shall~~ be processed in accordance with s. 624.34. However,

717 fingerprints need not be filed for any individual who is

718 currently licensed and appointed under this chapter. This

719 paragraph does not apply to corporations whose voting shares are

720 traded on a securities exchange.

721 (g) Such additional information as the department requires

722 by rule to ascertain the trustworthiness and competence of

723 persons required to be listed on the application and to

724 ascertain that such persons meet the requirements of this code.

725 However, the department may not require that credit or character

726 reports be submitted for persons required to be listed on the

727 application.

728 (h) ~~Beginning October 1, 2005,~~ The department must ~~shall~~



729 accept the uniform application for nonresident agency licensure.
730 The department may adopt by rule revised versions of the uniform
731 application.

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

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

751 ~~(b) A registered insurance agency must file an application~~
752 ~~for licensure no later than 30 days after the date that any~~
753 ~~person who is not a licensed and appointed agent in this state~~
754 ~~acquires any ownership interest in the agency. If an agency~~
755 ~~fails to file an application for licensure in compliance with~~
756 ~~this paragraph, the department shall impose an administrative~~



757 ~~penalty in an amount of up to \$5,000 on the agency.~~

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

760 (3) ~~(4)~~ The department must ~~shall~~ issue a license ~~or~~
 761 ~~registration~~ to each agency upon approval of the application,
 762 and each agency location must ~~shall~~ display the license ~~or~~
 763 ~~registration~~ prominently in a manner that makes it clearly
 764 visible to any customer or potential customer who enters the
 765 agency.

766 Section 11. Paragraph (d) of subsection (1) of section
 767 626.321, Florida Statutes, is amended to read:

768 626.321 Limited licenses.—

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

773 (d) Motor vehicle rental insurance.—

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

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



785 or rented motor vehicle.

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

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

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

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

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



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

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

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

832 Section 12. Section 626.382, Florida Statutes, is amended
833 to read:

834 626.382 Continuation, expiration of license; insurance
835 agencies.—The license of any insurance agency ~~shall be issued~~
836 ~~for a period of 3 years and~~ shall continue in force until
837 canceled, suspended, revoked, or otherwise terminated. ~~A license~~
838 ~~may be renewed by submitting a renewal request to the department~~
839 ~~on a form adopted by department rule.~~

840 Section 13. Section 626.601, Florida Statutes, is amended



841 to read:

842 626.601 Improper conduct; inquiry; fingerprinting.—

843 (1) The department or office may, upon its own motion or
844 upon a written complaint signed by any interested person and
845 filed with the department or office, inquire into any alleged
846 improper conduct of any licensed, approved, or certified
847 insurance agency, agent, adjuster, service representative,
848 managing general agent, customer representative, title insurance
849 agent, title insurance agency, mediator, neutral evaluator,
850 continuing education course provider, instructor, school
851 official, or monitor group under this code. The department or
852 office may thereafter initiate an investigation of any such
853 individual or entity licensee if it has reasonable cause to
854 believe that the individual or entity licensee has violated any
855 provision of the insurance code. During the course of its
856 investigation, the department or office shall contact the
857 individual or entity licensee being investigated unless it
858 determines that contacting such individual or entity person
859 could jeopardize the successful completion of the investigation
860 or cause injury to the public.

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

866 (3) The complaints against any individual or entity
867 licensee may be informally alleged and need not be in any such
868 language as is necessary to charge a crime on an indictment or



869 information.

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

873 (5) If the department or office, after investigation, has
874 reason to believe that an individual ~~a licensee~~ may have been
875 found guilty of or pleaded guilty or nolo contendere to a felony
876 or a crime related to the business of insurance in this or any
877 other state or jurisdiction, the department or office may
878 require the individual licensee to file with the department or
879 office a complete set of his or her fingerprints, which shall be
880 accompanied by the fingerprint processing fee set forth in s.
881 624.501. The fingerprints shall be taken by an authorized law
882 enforcement agency or other department-approved entity.

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

894 Section 14. Section 626.747, Florida Statutes, is
895 repealed.

896 Section 15. Paragraph (b) of subsection (1) of section



897 626.8411, Florida Statutes, is amended to read:

898 626.8411 Application of Florida Insurance Code provisions
899 to title insurance agents or agencies.—

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

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

905 Section 16. Paragraph (c) of subsection (2) and subsection
906 (3) of section 626.8805, Florida Statutes, are amended to read:

907 626.8805 Certificate of authority to act as
908 administrator.—

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

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

924 (3) The applicant shall make available for inspection by



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925 the office copies of all contracts relating to services provided
926 by the administrator to ~~with~~ insurers or other persons utilizing
927 the services of the administrator.

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

930 626.8817 Responsibilities of insurance company with
931 respect to administration of coverage insured.—

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

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

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

950 626.882 Agreement between administrator and insurer;
951 required provisions; maintenance of records.—

952 (1) A ~~No~~ person may not act as an administrator without a



953 written agreement, as required under s. 626.8817, that specifies
954 the rights, duties, and obligations of the ~~between such person~~
955 ~~as~~ administrator and ~~an~~ insurer.

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

962 Section 19. Subsections (3), (4), and (5) of section
963 626.883, Florida Statutes, are amended to read:

964 626.883 Administrator as intermediary; collections held in
965 fiduciary capacity; establishment of account; disbursement;
966 payments on behalf of insurer.—

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

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

980 (a) Remittance to an insurer entitled to such remittance.



981 (b) Deposit in an account maintained in the name of such
 982 insurer.

983 (c) Transfer to and deposit in a claims-paying account,
 984 with claims to be paid as provided by such insurer.

985 (d) Payment to a group policyholder for remittance to the
 986 insurer entitled to such remittance.

987 (e) Payment to the administrator of the commission, fees,
 988 or charges of the administrator.

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

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

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

996 626.884 Maintenance of records by administrator; access;
 997 confidentiality.—

998 (3) The insurer shall retain the right of continuing
 999 access to books and records maintained by the administrator
 1000 sufficient to permit the insurer to fulfill all of its
 1001 contractual obligations to insured persons, subject to any
 1002 restrictions in the written agreement pertaining to ~~between the~~
 1003 ~~insurer and the administrator on~~ the proprietary rights of the
 1004 parties in such books and records.

1005 Section 21. Subsections (1) and (2) of section 626.89,
 1006 Florida Statutes, are amended to read:

1007 626.89 Annual financial statement and filing fee; notice
 1008 of change of ownership.—



1009 (1) Each authorized administrator shall file with the
 1010 office a full and true statement of its financial condition,
 1011 transactions, and affairs. The statement shall be filed annually
 1012 on or before April ~~March~~ 1 or within such extension of time
 1013 therefor as the office for good cause may have granted and shall
 1014 be for the preceding calendar year or fiscal year, if the
 1015 administrator's accounting is on a fiscal-year basis. The
 1016 statement shall be in such form and contain such matters as the
 1017 commission prescribes and shall be verified by at least two
 1018 officers of such administrator. ~~An administrator whose sole~~
 1019 ~~stockholder is an association representing health care providers~~
 1020 ~~which is not an affiliate of an insurer, an administrator of a~~
 1021 ~~pooled governmental self-insurance program, or an administrator~~
 1022 ~~that is a university may submit the preceding fiscal year's~~
 1023 ~~statement within 2 months after its fiscal year end.~~

1024 (2) Each authorized administrator shall also file an
 1025 audited financial statement performed by an independent
 1026 certified public accountant. The audited financial statement
 1027 shall be filed with the office on or before July ~~June~~ 1 for the
 1028 preceding calendar or fiscal year ending ~~December 31~~. An
 1029 ~~administrator whose sole stockholder is an association~~
 1030 ~~representing health care providers which is not an affiliate of~~
 1031 ~~an insurer, an administrator of a pooled governmental self-~~
 1032 ~~insurance program, or an administrator that is a university may~~
 1033 ~~submit the preceding fiscal year's audited financial statement~~
 1034 ~~within 5 months after the end of its fiscal year.~~ An audited
 1035 financial statement prepared on a consolidated basis must
 1036 include a columnar consolidating or combining worksheet that



1037 must be filed with the statement and must comply with the
 1038 following:

1039 (a) Amounts shown on the consolidated audited financial
 1040 statement must be shown on the worksheet;

1041 (b) Amounts for each entity must be stated separately; and

1042 (c) Explanations of consolidating and eliminating entries
 1043 must be included.

1044 Section 22. Section 626.931, Florida Statutes, is amended
 1045 to read:

1046 626.931 ~~Agent affidavit and~~ Insurer reporting
 1047 requirements.-

1048 ~~(1) Each surplus lines agent shall on or before the 45th~~
 1049 ~~day following each calendar quarter file with the Florida~~
 1050 ~~Surplus Lines Service Office an affidavit, on forms as~~
 1051 ~~prescribed and furnished by the Florida Surplus Lines Service~~
 1052 ~~Office, stating that all surplus lines insurance transacted by~~
 1053 ~~him or her during such calendar quarter has been submitted to~~
 1054 ~~the Florida Surplus Lines Service Office as required.~~

1055 ~~(2) The affidavit of the surplus lines agent shall include~~
 1056 ~~efforts made to place coverages with authorized insurers and the~~
 1057 ~~results thereof.~~

1058 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on
 1059 or before the end of the month following each calendar quarter,
 1060 file with the Florida Surplus Lines Service Office a verified
 1061 report of all surplus lines insurance transacted by such insurer
 1062 for insurance risks located in this state during such calendar
 1063 quarter.

1064 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or



1065 before June 30 of each year, file with the Florida Surplus Lines
 1066 Service Office a verified report of all surplus lines insurance
 1067 transacted by such insurer for insurance risks located in this
 1068 state during the preceding calendar year.

1069 (3)~~(5)~~ The department may waive the filing requirements
 1070 described in subsections (1)~~(3)~~ and (2)~~(4)~~.

1071 (4)~~(6)~~ Each insurer's report and supporting information
 1072 shall be in a computer-readable format as determined by the
 1073 Florida Surplus Lines Service Office or shall be submitted on
 1074 forms prescribed by the Florida Surplus Lines Service Office and
 1075 shall show for each applicable agent:

1076 (a) A listing of all policies, certificates, cover notes,
 1077 or other forms of confirmation of insurance coverage or any
 1078 substitutions thereof or endorsements thereto and the
 1079 identifying number; and

1080 (b) Any additional information required by the department
 1081 or Florida Surplus Lines Service Office.

1082 Section 23. Paragraph (a) of subsection (2) of section
 1083 626.932, Florida Statutes, is amended to read:

1084 626.932 Surplus lines tax.—

1085 (2) (a) The surplus lines agent shall make payable to the
 1086 department the tax related to each calendar quarter's business
 1087 as reported to the Florida Surplus Lines Service Office, and
 1088 remit the tax to the Florida Surplus Lines Service Office on or
 1089 before the 45th day following each calendar quarter ~~at the same~~
 1090 ~~time as provided for the filing of the quarterly affidavit,~~
 1091 ~~under s. 626.931.~~ The Florida Surplus Lines Service Office shall
 1092 forward to the department the taxes and any interest collected



1093 pursuant to paragraph (b)~~7~~ within 10 days after ~~of~~ receipt.

1094 Section 24. Subsection (1) of section 626.935, Florida
 1095 Statutes, is amended to read:

1096 626.935 Suspension, revocation, or refusal of surplus
 1097 lines agent's license.—

1098 (1) The department shall deny an application for, suspend,
 1099 revoke, or refuse to renew the appointment of a surplus lines
 1100 agent and all other licenses and appointments held by the
 1101 licensee under this code~~7~~ on any of the following grounds:

1102 (a) Removal of the licensee's office from the licensee's
 1103 state of residence.

1104 (b) Removal of the accounts and records of his or her
 1105 surplus lines business from this state or the licensee's state
 1106 of residence during the period when such accounts and records
 1107 are required to be maintained under s. 626.930.

1108 (c) Closure of the licensee's office for more than 30
 1109 consecutive days.

1110 ~~(d) Failure to make and file his or her affidavit or~~
 1111 ~~reports when due as required by s. 626.931.~~

1112 (d)~~(e)~~ Failure to pay the tax or service fee on surplus
 1113 lines premiums, as provided in the Surplus Lines Law.

1114 (e)~~(f)~~ Suspension, revocation, or refusal to renew or
 1115 continue the license or appointment as a general lines agent,
 1116 service representative, or managing general agent.

1117 (f)~~(g)~~ Lack of qualifications as for an original surplus
 1118 lines agent's license.

1119 (g)~~(h)~~ Violation of this Surplus Lines Law.

1120 (h)~~(i)~~ For any other applicable cause for which the



1121 license of a general lines agent could be suspended, revoked, or
 1122 refused under s. 626.611 or s. 626.621.

1123 Section 25. Subsection (1) of section 626.936, Florida
 1124 Statutes, is amended to read:

1125 626.936 Failure to file reports or pay tax or service fee;
 1126 administrative penalty.—

1127 (1) A ~~Any~~ licensed surplus lines agent who neglects to
 1128 file a report ~~or an affidavit~~ in the form and within the time
 1129 required or provided for in the Surplus Lines Law may be fined
 1130 up to \$50 per day for each day the neglect continues, beginning
 1131 the day after the report ~~or affidavit~~ was due until the date the
 1132 report ~~or affidavit~~ is received. All sums collected under this
 1133 section shall be deposited into the Insurance Regulatory Trust
 1134 Fund.

1135 Section 26. Paragraph (b) of subsection (2) of section
 1136 627.062, Florida Statutes, is amended to read:

1137 627.062 Rate standards.—

1138 (2) As to all such classes of insurance:

1139 (b) Upon receiving a rate filing, the office shall review
 1140 the filing to determine if a rate is excessive, inadequate, or
 1141 unfairly discriminatory. In making that determination, the
 1142 office shall, in accordance with generally accepted and
 1143 reasonable actuarial techniques, consider the following factors:

- 1144 1. Past and prospective loss experience within and without
 1145 this state.
- 1146 2. Past and prospective expenses.
- 1147 3. The degree of competition among insurers for the risk
 1148 insured.



1149 | 4. Investment income reasonably expected by the insurer,
1150 | consistent with the insurer's investment practices, from
1151 | investable premiums anticipated in the filing, plus any other
1152 | expected income from currently invested assets representing the
1153 | amount expected on unearned premium reserves and loss reserves.
1154 | The commission may adopt rules using reasonable techniques of
1155 | actuarial science and economics to specify the manner in which
1156 | insurers calculate investment income attributable to classes of
1157 | insurance written in this state and the manner in which
1158 | investment income is used to calculate insurance rates. Such
1159 | manner must contemplate allowances for an underwriting profit
1160 | factor and full consideration of investment income which produce
1161 | a reasonable rate of return; however, investment income from
1162 | invested surplus may not be considered.

1163 | 5. The reasonableness of the judgment reflected in the
1164 | filing.

1165 | 6. Dividends, savings, or unabsorbed premium deposits
1166 | allowed or returned to Florida policyholders, members, or
1167 | subscribers.

1168 | 7. The adequacy of loss reserves.

1169 | 8. The cost of reinsurance. The office may not disapprove
1170 | a rate as excessive solely due to the insurer having obtained
1171 | catastrophic reinsurance to cover the insurer's estimated 250-
1172 | year probable maximum loss or any lower level of loss.

1173 | 9. Trend factors, including trends in actual losses per
1174 | insured unit for the insurer making the filing.

1175 | 10. Conflagration and catastrophe hazards, if applicable.

1176 | 11. Projected hurricane losses, if applicable, which must



1177 be estimated using a model or method, or a straight average of
 1178 model results or output ranges, independently found to be
 1179 acceptable or reliable by the Florida Commission on Hurricane
 1180 Loss Projection Methodology, and as further provided in s.
 1181 627.0628.

1182 12. A reasonable margin for underwriting profit and
 1183 contingencies.

1184 13. The cost of medical services, if applicable.

1185 14. Other relevant factors that affect the frequency or
 1186 severity of claims or expenses.

1187 Section 27. Paragraph (d) of subsection (3) of section
 1188 627.0628, Florida Statutes, is amended to read:

1189 627.0628 Florida Commission on Hurricane Loss Projection
 1190 Methodology; public records exemption; public meetings
 1191 exemption.—

1192 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1193 (d) With respect to a rate filing under s. 627.062, an
 1194 insurer shall employ and may not modify or adjust actuarial
 1195 methods, principles, standards, models, or output ranges found
 1196 by the commission to be accurate or reliable in determining
 1197 hurricane loss factors for use in a rate filing under s.

1198 627.062. An insurer shall employ and may not modify or adjust
 1199 models found by the commission to be accurate or reliable in
 1200 determining probable maximum loss levels pursuant to paragraph
 1201 (b) with respect to a rate filing under s. 627.062 made more
 1202 than 180 ~~60~~ days after the commission has made such findings.

1203 This paragraph does not prohibit an insurer from using a
 1204 straight average of model results or output ranges or using



1205 straight averages for the purposes of a rate filing under s.
 1206 627.062.

1207 Section 28. Subsections (2), (3), and (4) of section
 1208 627.072, Florida Statutes, are renumbered as subsections (3),
 1209 (4), and (5), respectively, and a new subsection (2) is added to
 1210 that section to read:

1211 627.072 Making and use of rates.—

1212 (2) A retrospective rating plan may contain a provision
 1213 that allows negotiation between the employer and the insurer to
 1214 determine the retrospective rating factors used to calculate the
 1215 premium for employers having exposure in more than one state and
 1216 an estimated annual standard premium in this state of \$175,000
 1217 and an estimated annual countrywide standard premium of \$1
 1218 million or more for workers' compensation.

1219 Section 29. Subsection (2) of section 627.281, Florida
 1220 Statutes, is amended to read:

1221 627.281 Appeal from rating organization; workers'
 1222 compensation and employer's liability insurance filings.—

1223 (2) If such appeal is based upon the failure of the rating
 1224 organization to make a filing on behalf of such member or
 1225 subscriber which is based on a system of expense provisions
 1226 which differs, in accordance with the right granted in s.
 1227 627.072(3) ~~627.072(2)~~, from the system of expense provisions
 1228 included in a filing made by the rating organization, the office
 1229 shall, if it grants the appeal, order the rating organization to
 1230 make the requested filing for use by the appellant. In deciding
 1231 such appeal, the office shall apply the applicable standards set
 1232 forth in ss. 627.062 and 627.072.



1233 Section 30. Paragraphs (gg), (hh), and (ii) are added to
1234 subsection (6) of section 627.351, Florida Statutes, to read:
1235 627.351 Insurance risk apportionment plans.—
1236 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—
1237 (gg) At least once every 6 months, the corporation shall
1238 submit a report to the office and the Insurance Consumer
1239 Advocate disclosing:
1240 1. The total number of requests received for residential
1241 sinkhole loss coverage;
1242 2. The total number of policies issued for residential
1243 sinkhole loss coverage;
1244 3. The total number of requests declined for residential
1245 sinkhole loss coverage; and
1246 4. The reasons for declining the requests for residential
1247 sinkhole loss coverage.
1248 (hh) The Legislature finds that it is in the public
1249 interest that sinkhole loss claims be resolved by stabilizing
1250 the land and building and making repairs to the foundation of
1251 damaged property. Therefore, a Citizens Sinkhole Stabilization
1252 Repair Program shall be established by the corporation. By March
1253 31, 2014, any claim against a corporation policy that covers
1254 residential sinkhole loss for which it is determined that a
1255 covered sinkhole loss has occurred must be included in and
1256 governed by the repair program for the purpose of stabilizing
1257 the land and building and making repairs to the foundation. For
1258 the purposes of this paragraph, the term "stabilization repairs"
1259 means stabilizing the land and building and making repairs to
1260 the foundation; the term "stabilization repair contractor" means



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1261 a contractor who stabilizes the land and building and makes
1262 repairs to the foundation of damaged property; the term
1263 "engineering report" means the report issued pursuant to s.
1264 627.7073(1); and the term "recommendation of the engineer" means
1265 the recommendation of the engineer engaged by the corporation
1266 pursuant to s. 627.7073(1)(a)5. The corporation shall pay for
1267 other repairs to the structure and contents in accordance with
1268 the terms of the policy. The stabilization repair program may be
1269 managed by the corporation or a third-party administrator and,
1270 at a minimum, must include the following components:

1271 1. The corporation may not require the policyholder to
1272 advance payment for repairs.

1273 2. Stabilization repairs shall be conducted by approved
1274 stabilization repair contractors within a stabilization repair
1275 contractor pool procured by the corporation pursuant to an open
1276 and transparent process. Each stabilization repair contractor
1277 within the pool must be qualified and approved by the
1278 corporation based upon criteria, including the following minimum
1279 requirements:

1280 a. The stabilization repair contractor must be certified
1281 as a contractor pursuant to s. 489.113(1).

1282 b. The stabilization repair contractor corporate entity
1283 must demonstrate experience in stabilization of sinkhole
1284 activity pursuant to criteria to be established by the
1285 corporation.

1286 c. The stabilization repair contractor must demonstrate
1287 capacity to be bonded and provide performance, surety, or other
1288 bonds as described in this paragraph, which may be supplemented



1289 by additional requirements as determined by the corporation.

1290 d. The stabilization repair contractor shall demonstrate
1291 insurance coverage requirements, including, but not limited to,
1292 commercial general liability coverage and workers' compensation,
1293 to be established by the corporation.

1294 e. The stabilization repair contractor shall maintain a
1295 valid Drug Free Workplace program.

1296 f. Such other requirements as established by the
1297 corporation.

1298 3. Pursuant to the stabilization repair program, qualified
1299 stabilization repair contractors shall be selected from the
1300 approved stabilization contractor pool to stabilize the land and
1301 building and repair the foundation of the damaged property
1302 pursuant to a fixed-price contract between the contractor and
1303 the corporation. Such contracts are not subject to s.
1304 627.351(6) (e) or s. 287.057. Pursuant to the terms of the
1305 contract, the selected stabilization repair contractor is solely
1306 responsible for the performance of all necessary stabilization
1307 repairs specified in the engineering report and the
1308 recommendations of the engineer.

1309 4. The corporation shall develop a standard stabilization
1310 repair contract for the purpose of stabilizing the land and
1311 building and repairing the foundation of all properties within
1312 the program. The contract shall include the following minimum
1313 requirements:

1314 a. The assigned stabilization repair contractor shall
1315 agree to complete all stabilization repairs identified in the
1316 engineering report and the recommendations of the engineer based



1317 upon a fixed price.

1318 b. Each stabilization repair contractor shall post a
1319 payment bond in favor of the corporation as obligee for each
1320 project assigned to that contractor and shall also post a
1321 performance bond, secured by a third-party surety, in favor of
1322 the corporation as obligee, in an amount equal to the total cost
1323 of all fixed-price contracts annually awarded to that contractor.

1324 c. In addition to the required performance bond, each
1325 stabilization repair contractor shall provide a warranty,
1326 secured by a third-party surety, to the policyholder that covers
1327 all repairs provided by the contractor for at least 5 years
1328 after completion of the stabilization repairs.

1329 d. Throughout the course of the stabilization repairs
1330 performed by the contractor, the engineer shall monitor the
1331 property and confirm that the stabilization has been
1332 satisfactorily completed and that no further stabilization is
1333 necessary to remedy the damage identified in the engineering
1334 report and the recommendations of the engineer.

1335 e. If the engineer concludes that additional stabilization
1336 repair is necessary to complete the stabilization repairs
1337 specified in the engineering report and the recommendations of
1338 the engineer, the stabilization repair contractor shall be
1339 required to perform the additional stabilization repairs at no
1340 additional cost to the corporation or the policyholder. The
1341 contract between the corporation and the contractor shall
1342 contain provisions specifying the remedy and sanctions for
1343 failing to perform additional repairs pursuant to this sub-
1344 subparagraph.



1345 5. The corporation shall enter into contracts to perform
1346 repairs pursuant to a process that includes, but is not limited
1347 to, the following requirements:

1348 a. Within 30 days after the completion of the engineering
1349 report, such report shall be identified on a list that shall be
1350 made available to all stabilization contractors procured within
1351 the program.

1352 b. The corporation shall establish a selection process for
1353 assigning stabilization repair contractors to perform repairs
1354 for each property within the program, including the following
1355 requirements:

1356 (I) All stabilization repair contractors within the
1357 stabilization repair contractor pool shall be provided with an
1358 opportunity to submit an offer, which includes an itemized
1359 statement of work, to perform the stabilization repairs
1360 recommended in the engineering report.

1361 (II) The corporation shall review the offers and provide
1362 the policyholder with a list of stabilization repair
1363 contractors. The policyholder shall be provided a reasonable
1364 time, not to exceed 30 days, to participate in the selection by
1365 choosing the stabilization repair contractor from among those
1366 qualified contractors on the list provided by the corporation.
1367 If the policyholder has not made a selection within the 30-day
1368 period described in this sub-sub-subparagraph, then the
1369 corporation may make the selection. The corporation may reserve
1370 the right to include any or all contractors on the list based
1371 upon quality, cost effectiveness, and such other criteria as the
1372 corporation shall determine.



1373 c. In the event that no stabilization repair contractor
1374 submits an offer to perform the stabilization repairs for a
1375 property within the program or all offers are above the
1376 policyholder's policy limit, the corporation may enter the
1377 property into the selection process again or the corporation may
1378 pay to the policyholder an amount up to the policy limits on the
1379 structure.

1380 6. The corporation is not responsible for serving as a
1381 repair contractor. The corporation's obligations pursuant to the
1382 stabilization repair program are not an election to repair by
1383 the corporation and, therefore, do not imply or result in a new
1384 contractual relationship with the policyholder.

1385 7. The corporation's liability related to repair activity,
1386 including stabilization repairs pursuant to the sinkhole
1387 stabilization repair program and all other repairs to the
1388 structure in accordance with the terms of the policy, is no
1389 greater than the policy limits on the structure.

1390 8. Nothing in this section shall be construed to prohibit
1391 the corporation from establishing a managed repair program for
1392 other repairs to structures in accordance with the terms of the
1393 policy.

1394 9. If a dispute arises between the corporation and the
1395 policyholder as to the nature or extent of stabilization repairs
1396 to be conducted under the program, the sole remedy for resolving
1397 such disputes shall be specific performance.

1398 10. This paragraph supersedes s. 627.707(5) (a)-(d).

1399 (ii) A policy for residential property insurance issued by
1400 the corporation shall include a deductible amount applicable to



1401 sinkhole losses which shall be offered in amounts equal to 2
 1402 percent, 5 percent, and 10 percent of the policy dwelling
 1403 limits, with appropriate premium discounts offered with each
 1404 deductible amount.

1405 Section 31. Section 627.3519, Florida Statutes, is
 1406 repealed.

1407 Section 32. Paragraph (b) of subsection (2) of section
 1408 627.4133, Florida Statutes, is amended to read:

1409 627.4133 Notice of cancellation, nonrenewal, or renewal
 1410 premium.—

1411 (2) With respect to any personal lines or commercial
 1412 residential property insurance policy, including, but not
 1413 limited to, any homeowner's, mobile home owner's, farmowner's,
 1414 condominium association, condominium unit owner's, apartment
 1415 building, or other policy covering a residential structure or
 1416 its contents:

1417 (b) The insurer shall give the first-named insured written
 1418 notice of nonrenewal, cancellation, or termination at least 120
 1419 ~~100~~ days before the effective date of the nonrenewal,
 1420 cancellation, or termination. ~~However, the insurer shall give at~~
 1421 ~~least 100 days' written notice, or written notice by June 1,~~
 1422 ~~whichever is earlier, for any nonrenewal, cancellation, or~~
 1423 ~~termination that would be effective between June 1 and November~~
 1424 ~~30.~~ The notice must include the reason or reasons for the
 1425 nonrenewal, cancellation, or termination, except that:

1426 ~~1. The insurer shall give the first-named insured written~~
 1427 ~~notice of nonrenewal, cancellation, or termination at least 120~~
 1428 ~~days prior to the effective date of the nonrenewal,~~



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1429 ~~cancellation, or termination for a first named insured whose~~
1430 ~~residential structure has been insured by that insurer or an~~
1431 ~~affiliated insurer for at least a 5-year period immediately~~
1432 ~~prior to the date of the written notice.~~

1433 1.2. If cancellation is for nonpayment of premium, at
1434 least 10 days' written notice of cancellation accompanied by the
1435 reason therefor must be given. As used in this subparagraph, the
1436 term "nonpayment of premium" means failure of the named insured
1437 to discharge when due her or his obligations for in connection
1438 ~~with~~ the payment of premiums on a policy or any installment of
1439 such premium, whether the premium is payable directly to the
1440 insurer or its agent or indirectly under any premium finance
1441 plan or extension of credit, or failure to maintain membership
1442 in an organization if such membership is a condition precedent
1443 to insurance coverage. The term also means the failure of a
1444 financial institution to honor an insurance applicant's check
1445 after delivery to a licensed agent for payment of a premium,
1446 even if the agent has previously delivered or transferred the
1447 premium to the insurer. If a dishonored check represents the
1448 initial premium payment, the contract and all contractual
1449 obligations are void ab initio unless the nonpayment is cured
1450 within the earlier of 5 days after actual notice by certified
1451 mail is received by the applicant or 15 days after notice is
1452 sent to the applicant by certified mail or registered mail, ~~and~~
1453 If the contract is void, any premium received by the insurer
1454 from a third party must be refunded to that party in full.

1455 2.3. If ~~such~~ cancellation or termination occurs during the
1456 first 90 days the insurance is in force and the insurance is



1457 canceled or terminated for reasons other than nonpayment of
1458 premium, at least 20 days' written notice of cancellation or
1459 termination accompanied by the reason therefor must be given
1460 unless there has been a material misstatement or
1461 misrepresentation or failure to comply with the underwriting
1462 requirements established by the insurer.

1463 3. After the policy has been in effect for 90 days, the
1464 policy may not be canceled by the insurer unless there has been
1465 a material misstatement, a nonpayment of premium, a failure to
1466 comply with underwriting requirements established by the insurer
1467 within 90 days after the date of effectuation of coverage, or a
1468 substantial change in the risk covered by the policy or if the
1469 cancellation is for all insureds under such policies for a given
1470 class of insureds. This subparagraph does not apply to
1471 individually rated risks having a policy term of less than 90
1472 days.

1473 ~~4. The requirement for providing written notice by June 1~~
1474 ~~of any nonrenewal that would be effective between June 1 and~~
1475 ~~November 30 does not apply to the following situations, but the~~
1476 ~~insurer remains subject to the requirement to provide such~~
1477 ~~notice at least 100 days before the effective date of~~
1478 ~~nonrenewal:~~

1479 ~~a. A policy that is nonrenewed due to a revision in the~~
1480 ~~coverage for sinkhole losses and catastrophic ground cover~~
1481 ~~collapse pursuant to s. 627.706.~~

1482 ~~4.b.~~ A policy that is nonrenewed by Citizens Property
1483 Insurance Corporation, pursuant to s. 627.351(6), for a policy
1484 that has been assumed by an authorized insurer offering



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1485 replacement coverage to the policyholder is exempt from the
1486 notice requirements of paragraph (a) and this paragraph. In such
1487 cases, the corporation must give the named insured written
1488 notice of nonrenewal at least 45 days before the effective date
1489 of the nonrenewal.

1490
1491 ~~After the policy has been in effect for 90 days, the policy may~~
1492 ~~not be canceled by the insurer unless there has been a material~~
1493 ~~misstatement, a nonpayment of premium, a failure to comply with~~
1494 ~~underwriting requirements established by the insurer within 90~~
1495 ~~days after the date of effectuation of coverage, or a~~
1496 ~~substantial change in the risk covered by the policy or if the~~
1497 ~~cancellation is for all insureds under such policies for a given~~
1498 ~~class of insureds. This paragraph does not apply to individually~~
1499 ~~rated risks having a policy term of less than 90 days.~~

1500 5. Notwithstanding any other provision of law, an insurer
1501 may cancel or nonrenew a property insurance policy after at
1502 least 45 days' notice if the office finds that the early
1503 cancellation of some or all of the insurer's policies is
1504 necessary to protect the best interests of the public or
1505 policyholders and the office approves the insurer's plan for
1506 early cancellation or nonrenewal of some or all of its policies.
1507 The office may base such finding upon the financial condition of
1508 the insurer, lack of adequate reinsurance coverage for hurricane
1509 risk, or other relevant factors. The office may condition its
1510 finding on the consent of the insurer to be placed under
1511 administrative supervision pursuant to s. 624.81 or to the
1512 appointment of a receiver under chapter 631.



1513 | 6. A policy covering both a home and motor vehicle may be
 1514 | nonrenewed for any reason applicable to ~~either~~ the property or
 1515 | motor vehicle insurance after providing 90 days' notice.

1516 | Section 33. Subsection (1) of section 627.4137, Florida
 1517 | Statutes, is amended to read:

1518 | 627.4137 Disclosure of certain information required.—

1519 | (1) Each insurer that provides ~~which does~~ or may provide
 1520 | liability insurance coverage to pay all or a portion of any
 1521 | claim that ~~which~~ might be made shall provide, within 30 days
 1522 | after ~~of~~ the written request of the claimant, a statement, under
 1523 | oath, of a corporate officer or the insurer's claims manager, ~~or~~
 1524 | superintendent, or licensed company adjuster setting forth the
 1525 | following information with regard to each known policy of
 1526 | insurance, including excess or umbrella insurance:

- 1527 | (a) The name of the insurer.
- 1528 | (b) The name of each insured.
- 1529 | (c) The limits of the liability coverage.
- 1530 | (d) A statement of any policy or coverage defense that the
 1531 | ~~which such~~ insurer reasonably believes is available to the ~~such~~
 1532 | insurer at the time of filing such statement.
- 1533 | (e) A copy of the policy.

1534 |
 1535 | In addition, the insured, or her or his insurance agent, upon
 1536 | written request of the claimant or the claimant's attorney,
 1537 | shall disclose the name and coverage of each known insurer to
 1538 | the claimant and shall forward such request for information as
 1539 | required by this subsection to all affected insurers. The
 1540 | insurer shall then supply the information required in this



1541 subsection to the claimant within 30 days after ~~of~~ receipt of
 1542 such request.

1543 Section 34. Subsection (1) of section 627.421, Florida
 1544 Statutes, is amended to read:

1545 627.421 Delivery of policy.—

1546 (1) Subject to the insurer's requirement as to payment of
 1547 premium, every policy shall be mailed or delivered to the
 1548 insured or to the person entitled thereto not later than 60 days
 1549 after the effectuation of coverage. Notwithstanding any other
 1550 provision of law, an insurer may allow a policyholder of
 1551 personal lines insurance to affirmatively elect delivery of the
 1552 policy documents, including, but not limited to, policies,
 1553 endorsements, notices, or documents, by electronic means in lieu
 1554 of delivery by mail.

1555 Section 35. Subsection (2) of section 627.43141, Florida
 1556 Statutes, is amended to read:

1557 627.43141 Notice of change in policy terms.—

1558 (2) A renewal policy may contain a change in policy terms.
 1559 If a renewal policy contains ~~does contain~~ such change, the
 1560 insurer must give the named insured written notice of the
 1561 change, which may either ~~must~~ be enclosed along with the written
 1562 notice of renewal premium required by ss. 627.4133 and 627.728
 1563 or be sent in a separate notice that complies with the
 1564 nonrenewal mailing time requirement for that particular line of
 1565 business. The insurer must also provide a sample copy of the
 1566 notice to the insured's insurance agent before or at the same
 1567 time that notice is given to the insured. Such notice shall be
 1568 entitled "Notice of Change in Policy Terms."



1569 Section 36. Section 627.6484, Florida Statutes, is amended
1570 to read:

1571 627.6484 Dissolution of association; termination of
1572 enrollment; availability of other coverage.-

1573 (1) The association shall accept applications for
1574 insurance only until June 30, 1991, after which date no further
1575 applications may be accepted.

1576 (2) Coverage for each policyholder of the association
1577 shall terminate at midnight, June 30, 2014, or on the date that
1578 health insurance coverage is effective with another insurer,
1579 whichever occurs first, and such coverage may not be renewed.

1580 (3) The association must provide assistance to each
1581 policyholder concerning how to obtain health insurance coverage.
1582 Such assistance shall include the identification of insurers and
1583 health maintenance organizations offering coverage in the
1584 individual market, including inside and outside of the Health
1585 Insurance Exchange, a basic explanation of the levels of
1586 coverage available, and specific information relating to local
1587 and online sources where each policyholder may obtain detailed
1588 policy and premium comparisons and directly obtain coverage.

1589 (4) The association shall provide written notice to all
1590 policyholders by September 1, 2013, that informs each
1591 policyholder with respect to:

1592 (a) The date that coverage with the association is
1593 terminated and that such coverage may not be renewed.

1594 (b) The opportunity for the policyholder to obtain
1595 individual health insurance coverage on a guaranteed-issue
1596 basis, regardless of policyholder's health status, from any



1597 health insurer or health maintenance organization that offers
1598 coverage in the individual market, including the dates of open
1599 enrollment periods for obtaining such coverage.

1600 (c) How to access coverage through the Health Insurance
1601 Exchange established for this state pursuant to the Patient
1602 Protection and Affordable Care Act and the potential for
1603 obtaining reduced premiums and cost-sharing provisions depending
1604 on the policyholder's family income level.

1605 (d) Contact information for a representative of the
1606 association who is able to provide additional information about
1607 obtaining individual health insurance coverage both inside and
1608 outside of the Health Insurance Exchange.

1609 (5) After termination of coverage, the association must
1610 continue to receive and process timely submitted claims in
1611 accordance with the laws of this state.

1612 (6) By March 15, 2015, the association must determine the
1613 final assessment to be collected from insurers for funding
1614 claims and administrative expenses of the association or, if
1615 surplus funds remain, determine the refund amount to be provided
1616 to each insurer based on the same pro rata formula used for
1617 determining each insurer's assessment.

1618 (7) By September 1, 2015, the board must:

1619 (a) Complete performance of all program responsibilities.

1620 (b) Sell or otherwise dispose of all physical assets of
1621 the association.

1622 (c) Make a final accounting of the finances of the
1623 association.

1624 (d) Transfer all records to the Department of Financial



1625 Services, which shall serve as custodian of such records.

1626 (e) Execute a legal dissolution of the association and
1627 report such action to the Chief Financial Officer, the Insurance
1628 Commissioner, the President of the Senate, and the Speaker of
1629 the House of Representatives. Upon receipt of an application for
1630 insurance, the association shall issue coverage for an eligible
1631 applicant. When appropriate, the administrator shall forward a
1632 copy of the application to a market assistance plan created by
1633 the office, which shall conduct a diligent search of the private
1634 marketplace for a carrier willing to accept the application.

1635 ~~(2) The office shall, after consultation with the health~~
1636 ~~insurers licensed in this state, adopt a market assistance plan~~
1637 ~~to assist in the placement of risks of Florida Comprehensive~~
1638 ~~Health Association applicants. All health insurers and health~~
1639 ~~maintenance organizations licensed in this state shall~~
1640 ~~participate in the plan.~~

1641 ~~(3) Guidelines for the use of such program shall be a part~~
1642 ~~of the association's plan of operation. The guidelines shall~~
1643 ~~describe which types of applications are to be exempt from~~
1644 ~~submission to the market assistance plan. An exemption shall be~~
1645 ~~based upon a determination that due to a specific health~~
1646 ~~condition an applicant is ineligible for coverage in the~~
1647 ~~standard market. The guidelines shall also describe how the~~
1648 ~~market assistance plan is to be conducted, and how the periodic~~
1649 ~~reviews to depopulate the association are to be conducted.~~

1650 ~~(4) If a carrier is found through the market assistance~~
1651 ~~plan, the individual shall apply to that company. If the~~
1652 ~~individual's application is accepted, association coverage shall~~



1653 ~~terminate upon the effective date of the coverage with the~~
1654 ~~private carrier. For the purpose of applying a preexisting~~
1655 ~~condition limitation or exclusion, any carrier accepting a risk~~
1656 ~~pursuant to this section shall provide coverage as if it began~~
1657 ~~on the date coverage was effectuated on behalf of the~~
1658 ~~association, and shall be indemnified by the association for~~
1659 ~~claims costs incurred as a result of utilizing such effective~~
1660 ~~date.~~

1661 ~~(5) The association shall establish a policyholder~~
1662 ~~assistance program by July 1, 1991, to assist in placing~~
1663 ~~eligible policyholders in other coverage programs, including~~
1664 ~~Medicare and Medicaid.~~

1665 Section 37. Section 627.64872, Florida Statutes, is
1666 repealed.

1667 Section 38. Effective October 1, 2015, sections 627.648,
1668 627.6482, 627.6484, 627.6486, 627.6488, 627.6489, 627.649,
1669 627.6492, 627.6494, 627.6496, 627.6498, and 627.6499, Florida
1670 Statutes, are repealed.

1671 Section 39. Paragraph (b) of subsection (4) of section
1672 627.7015, Florida Statutes, is amended to read:

1673 627.7015 Alternative procedure for resolution of disputed
1674 property insurance claims.—

1675 (4) The department shall adopt by rule a property
1676 insurance mediation program to be administered by the department
1677 or its designee. The department may also adopt special rules
1678 which are applicable in cases of an emergency within the state.
1679 The rules shall be modeled after practices and procedures set
1680 forth in mediation rules of procedure adopted by the Supreme



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1681 Court. The rules shall provide for:

1682 (b) Qualifications, denial of application, suspension,
1683 revocation, and other penalties for ~~of~~ mediators as provided in
1684 s. 627.745 and in the Florida Rules of Certified and Court
1685 Appointed Mediators, ~~and for such other individuals as are~~
1686 ~~qualified by education, training, or experience as the~~
1687 ~~department determines to be appropriate.~~

1688 Section 40. Section 627.70151, Florida Statutes, is
1689 created to read:

1690 627.70151 Appraisal; conflicts of interest.—An insurer
1691 that offers residential coverage, as defined in s. 627.4025, or
1692 a policyholder that uses an appraisal clause in the property
1693 insurance contract to establish a process of estimating or
1694 evaluating the amount of the loss through the use of an
1695 impartial umpire may challenge the umpire's impartiality and
1696 disqualify the proposed umpire only if:

1697 (1) A familial relationship within the third degree exists
1698 between the umpire and any party or a representative of any
1699 party;

1700 (2) The umpire has previously represented any party or a
1701 representative of any party in a professional capacity in the
1702 same or a substantially related matter;

1703 (3) The umpire has represented another person in a
1704 professional capacity on the same or a substantially related
1705 matter, which includes the claim, same property, or an adjacent
1706 property and that other person's interests are materially
1707 adverse to the interests of any party; or

1708 (4) The umpire has worked as an employer or employee of



1709 any party within the preceding 5 years.

1710 Section 41. Paragraph (c) of subsection (2) of section
1711 627.706, Florida Statutes, is amended to read:

1712 627.706 Sinkhole insurance; catastrophic ground cover
1713 collapse; definitions.—

1714 (2) As used in ss. 627.706-627.7074, and as used in
1715 connection with any policy providing coverage for a catastrophic
1716 ground cover collapse or for sinkhole losses, the term:

1717 (c) "Neutral evaluator" means a professional engineer or a
1718 professional geologist who has completed a course of study in
1719 alternative dispute resolution designed or approved by the
1720 department for use in the neutral evaluation process, and who is
1721 determined by the department to be fair and impartial, and who
1722 is not otherwise ineligible for certification as provided in s.
1723 627.7074.

1724 Section 42. Subsection (1) of section 627.7074, Florida
1725 Statutes, is amended to read:

1726 627.7074 Alternative procedure for resolution of disputed
1727 sinkhole insurance claims.—

1728 (1) The department shall:

1729 (a) Certify and maintain a list of persons who are neutral
1730 evaluators.

1731 (b) Adopt rules for certifying, denying certification,
1732 suspending certification, and revoking certification as a
1733 neutral evaluator, in keeping with qualifications specified in
1734 this section and ss. 627.706 and 627.745(4).

1735 (c) ~~(b)~~ Prepare a consumer information pamphlet for
1736 distribution by insurers to policyholders which clearly



1737 describes the neutral evaluation process and includes
1738 information necessary for the policyholder to request a neutral
1739 evaluation.

1740 Section 43. Paragraph (a) of subsection (5) of section
1741 627.736, Florida Statutes, is amended to read:

1742 627.736 Required personal injury protection benefits;
1743 exclusions; priority; claims.—

1744 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1745 (a) A physician, hospital, clinic, or other person or
1746 institution lawfully rendering treatment to an injured person
1747 for a bodily injury covered by personal injury protection
1748 insurance may charge the insurer and injured party only a
1749 reasonable amount pursuant to this section for the services and
1750 supplies rendered, and the insurer providing such coverage may
1751 pay for such charges directly to such person or institution
1752 lawfully rendering such treatment if the insured receiving such
1753 treatment or his or her guardian has countersigned the properly
1754 completed invoice, bill, or claim form approved by the office
1755 upon which such charges are to be paid for as having actually
1756 been rendered, to the best knowledge of the insured or his or
1757 her guardian. However, such a charge may not exceed the amount
1758 the person or institution customarily charges for like services
1759 or supplies. In determining whether a charge for a particular
1760 service, treatment, or otherwise is reasonable, consideration
1761 may be given to evidence of usual and customary charges and
1762 payments accepted by the provider involved in the dispute,
1763 reimbursement levels in the community and various federal and
1764 state medical fee schedules applicable to motor vehicle and



1765 other insurance coverages, and other information relevant to the
1766 reasonableness of the reimbursement for the service, treatment,
1767 or supply.

1768 1. The insurer may limit reimbursement to 80 percent of
1769 the following schedule of maximum charges:

1770 a. For emergency transport and treatment by providers
1771 licensed under chapter 401, 200 percent of Medicare.

1772 b. For emergency services and care provided by a hospital
1773 licensed under chapter 395, 75 percent of the hospital's usual
1774 and customary charges.

1775 c. For emergency services and care as defined by s.
1776 395.002 provided in a facility licensed under chapter 395
1777 rendered by a physician or dentist, and related hospital
1778 inpatient services rendered by a physician or dentist, the usual
1779 and customary charges in the community.

1780 d. For hospital inpatient services, other than emergency
1781 services and care, 200 percent of the Medicare Part A
1782 prospective payment applicable to the specific hospital
1783 providing the inpatient services.

1784 e. For hospital outpatient services, other than emergency
1785 services and care, 200 percent of the Medicare Part A Ambulatory
1786 Payment Classification for the specific hospital providing the
1787 outpatient services.

1788 f. For all other medical services, supplies, and care, 200
1789 percent of the allowable amount under:

1790 (I) The participating physicians fee schedule of Medicare
1791 Part B, except as provided in sub-sub-subparagraphs (II) and
1792 (III).



1793 (II) Medicare Part B, in the case of services, supplies,
 1794 and care provided by ambulatory surgical centers and clinical
 1795 laboratories.

1796 (III) The Durable Medical Equipment Prosthetics/Orthotics
 1797 and Supplies fee schedule of Medicare Part B, in the case of
 1798 durable medical equipment.

1799
 1800 However, if such services, supplies, or care is not reimbursable
 1801 under Medicare Part B, as provided in this sub-subparagraph, the
 1802 insurer may limit reimbursement to 80 percent of the maximum
 1803 reimbursable allowance under workers' compensation, as
 1804 determined under s. 440.13 and rules adopted thereunder which
 1805 are in effect at the time such services, supplies, or care is
 1806 provided. Services, supplies, or care that is not reimbursable
 1807 under Medicare or workers' compensation is not required to be
 1808 reimbursed by the insurer.

1809 2. For purposes of subparagraph 1., the applicable fee
 1810 schedule or payment limitation under Medicare is the fee
 1811 schedule or payment limitation in effect on March 1 of the year
 1812 in which the services, supplies, or care is rendered and for the
 1813 area in which such services, supplies, or care is rendered, and
 1814 the applicable fee schedule or payment limitation applies from
 1815 March 1 until the last day of the following February ~~throughout~~
 1816 ~~the remainder of that year~~, notwithstanding any subsequent
 1817 change made to the fee schedule or payment limitation, except
 1818 that it may not be less than the allowable amount under the
 1819 applicable schedule of Medicare Part B for 2007 for medical
 1820 services, supplies, and care subject to Medicare Part B.



1821 3. Subparagraph 1. does not allow the insurer to apply any
1822 limitation on the number of treatments or other utilization
1823 limits that apply under Medicare or workers' compensation. An
1824 insurer that applies the allowable payment limitations of
1825 subparagraph 1. must reimburse a provider who lawfully provided
1826 care or treatment under the scope of his or her license,
1827 regardless of whether such provider is entitled to reimbursement
1828 under Medicare due to restrictions or limitations on the types
1829 or discipline of health care providers who may be reimbursed for
1830 particular procedures or procedure codes. However, subparagraph
1831 1. does not prohibit an insurer from using the Medicare coding
1832 policies and payment methodologies of the federal Centers for
1833 Medicare and Medicaid Services, including applicable modifiers,
1834 to determine the appropriate amount of reimbursement for medical
1835 services, supplies, or care if the coding policy or payment
1836 methodology does not constitute a utilization limit.

1837 4. If an insurer limits payment as authorized by
1838 subparagraph 1., the person providing such services, supplies,
1839 or care may not bill or attempt to collect from the insured any
1840 amount in excess of such limits, except for amounts that are not
1841 covered by the insured's personal injury protection coverage due
1842 to the coinsurance amount or maximum policy limits.

1843 5. Effective July 1, 2012, an insurer may limit payment as
1844 authorized by this paragraph only if the insurance policy
1845 includes a notice at the time of issuance or renewal that the
1846 insurer may limit payment pursuant to the schedule of charges
1847 specified in this paragraph. A policy form approved by the
1848 office satisfies this requirement. If a provider submits a



1849 charge for an amount less than the amount allowed under
1850 subparagraph 1., the insurer may pay the amount of the charge
1851 submitted.

1852 Section 44. Subsection (3) of section 627.745, Florida
1853 Statutes, is amended, present subsections (4) and (5) of that
1854 section are renumbered as subsections (5) and (6), respectively,
1855 and a new subsection (4) is added to that section, to read:

1856 627.745 Mediation of claims.—

1857 (3) (a) The department shall approve mediators to conduct
1858 mediations pursuant to this section. All mediators must file an
1859 application under oath for approval as a mediator.

1860 (b) To qualify for approval as a mediator, an individual ~~a~~
1861 ~~person~~ must meet one of the following qualifications:

1862 1. Possess an active certification as a Florida Supreme
1863 Court certified circuit court mediator. A Florida Supreme Court
1864 certified circuit court mediator in a lapse, suspended,
1865 sanctioned, or decertified status is not eligible to participate
1866 in the mediation program ~~a masters or doctorate degree in~~
1867 ~~psychology, counseling, business, accounting, or economics, be a~~
1868 ~~member of The Florida Bar, be licensed as a certified public~~
1869 ~~accountant, or demonstrate that the applicant for approval has~~
1870 ~~been actively engaged as a qualified mediator for at least 4~~
1871 ~~years prior to July 1, 1990.~~

1872 2. Be an approved department mediator as of July 1, 2013,
1873 and have conducted at least one mediation on behalf of the
1874 department within 4 years immediately preceding that the date
1875 ~~the application for approval is filed with the department, have~~
1876 ~~completed a minimum of a 40-hour training program approved by~~



1877 ~~the department and successfully passed a final examination~~
1878 ~~included in the training program and approved by the department.~~
1879 ~~The training program shall include and address all of the~~
1880 ~~following:~~

- 1881 ~~a. Mediation theory.~~
1882 ~~b. Mediation process and techniques.~~
1883 ~~c. Standards of conduct for mediators.~~
1884 ~~d. Conflict management and intervention skills.~~
1885 ~~e. Insurance nomenclature.~~

1886 (4) The department shall deny an application, or suspend
1887 or revoke its approval of a mediator or certification of a
1888 neutral evaluator to serve in such capacity, if the department
1889 finds that any of the following grounds exist:

1890 (a) Lack of one or more of the qualifications specified in
1891 this section for approval or certification.

1892 (b) Material misstatement, misrepresentation, or fraud in
1893 obtaining or attempting to obtain the approval or certification.

1894 (c) Demonstrated lack of fitness or trustworthiness to act
1895 as a mediator or neutral evaluator.

1896 (d) Fraudulent or dishonest practices in the conduct of
1897 mediation or neutral evaluation or in the conduct of business in
1898 the financial services industry.

1899 (e) Violation of any provision of this code or of a lawful
1900 order or rule of the department, violation of the Florida Rules
1901 of Certified and Court Appointed Mediators, or aiding,
1902 instructing, or encouraging another party in committing such a
1903 violation.

1904



1905 The department may adopt rules to administer this subsection.

1906 Section 45. Subsection (8) of section 627.782, Florida
1907 Statutes, is amended to read:

1908 627.782 Adoption of rates.—

1909 (8) Each title insurance agency and insurer licensed to do
1910 business in this state and each insurer's direct or retail
1911 business in this state shall maintain and submit information,
1912 including revenue, loss, and expense data, as the office
1913 determines necessary to assist in the analysis of title
1914 insurance premium rates, title search costs, and the condition
1915 of the title insurance industry in this state. This information
1916 must be transmitted to the office annually by May ~~March~~ 31 of
1917 the year after the reporting year. The commission shall adopt
1918 rules regarding the collection and analysis of the data from the
1919 title insurance industry.

1920 Section 46. Subsection (4) of section 627.841, Florida
1921 Statutes, is amended to read:

1922 627.841 Delinquency, collection, cancellation, and ~~check~~
1923 return payment charges; attorney ~~attorney's~~ fees.—

1924 (4) In the event that a payment is made to a premium
1925 finance company by debit, credit, electronic funds transfer,
1926 check, or draft and such payment ~~the instrument~~ is returned, is
1927 declined, or cannot be processed due to ~~because of~~ insufficient
1928 funds ~~to pay it,~~ the premium finance company may, if the premium
1929 finance agreement so provides, impose a return payment charge of
1930 \$15.

1931 Section 47. Paragraph (b) of subsection (1) of section
1932 627.952, Florida Statutes, is amended to read:



1933 | 627.952 Risk retention and purchasing group agents.-
 1934 | (1) Any person offering, soliciting, selling, purchasing,
 1935 | administering, or otherwise servicing insurance contracts,
 1936 | certificates, or agreements for any purchasing group or risk
 1937 | retention group to any resident of this state, either directly
 1938 | or indirectly, by the use of mail, advertising, or other means
 1939 | of communication, shall obtain a license and appointment to act
 1940 | as a resident general lines agent, if a resident of this state,
 1941 | or a nonresident general lines agent if not a resident. Any such
 1942 | person shall be subject to all requirements of the Florida
 1943 | Insurance Code.

1944 | (b) Any person required to be licensed and appointed under
 1945 | this subsection, in order to place business through Florida
 1946 | eligible surplus lines carriers, must, if a resident of this
 1947 | state, be licensed and appointed as a surplus lines agent. If
 1948 | not a resident of this state, such person must be licensed and
 1949 | appointed as a nonresident surplus lines agent in this ~~her or~~
 1950 | ~~his state of residence and file and maintain a fidelity bond in~~
 1951 | ~~favor of the people of the State of Florida executed by a surety~~
 1952 | ~~company admitted in this state and payable to the State of~~
 1953 | ~~Florida; however, such nonresident is limited to the provision~~
 1954 | ~~of insurance for purchasing groups. The bond must be continuous~~
 1955 | ~~in form and in the amount of not less than \$50,000, aggregate~~
 1956 | ~~liability. The bond must remain in force and effect until the~~
 1957 | ~~surety is released from liability by the department or until the~~
 1958 | ~~bond is canceled by the surety. The surety may cancel the bond~~
 1959 | ~~and be released from further liability upon 30 days' prior~~
 1960 | ~~written notice to the department. The cancellation does not~~



1961 ~~affect any liability incurred or accrued before the termination~~
 1962 ~~of the 30-day period. Upon receipt of a notice of cancellation,~~
 1963 ~~the department shall immediately notify the agent.~~

1964 Section 48. Subsection (6) of section 627.971, Florida
 1965 Statutes, is amended to read:

1966 627.971 Definitions.—As used in this part:

1967 (6) "Financial guaranty insurance corporation" means a
 1968 stock or mutual insurer licensed to transact financial guaranty
 1969 insurance business in this state.

1970 Section 49. Subsection (1) of section 627.972, Florida
 1971 Statutes, is amended to read:

1972 627.972 Organization; financial requirements.—

1973 (1) A financial guaranty insurance corporation must be
 1974 organized and licensed in the manner prescribed in this code for
 1975 stock or mutual property and casualty insurers except that:

1976 (a) A corporation organized to transact financial guaranty
 1977 insurance may, subject to the provisions of this code, be
 1978 licensed to transact:

- 1979 1. Residual value insurance, as defined by s. 624.6081;
- 1980 2. Surety insurance, as defined by s. 624.606;
- 1981 3. Credit insurance, as defined by s. 624.605(1)(i); and
- 1982 4. Mortgage guaranty insurance as defined in s. 635.011,
- 1983 provided that the provisions of chapter 635 are met.

1984 (b)1. Before ~~Prior to~~ the issuance of a license, a
 1985 corporation must submit to the office for approval, a plan of
 1986 operation detailing:

1987 a. The types and projected diversification of guaranties
 1988 to be issued;



1989 b. The underwriting procedures to be followed;
 1990 c. The managerial oversight methods;
 1991 d. The investment policies; and
 1992 e. Any other matters prescribed by the office;
 1993 2. An insurer which is writing only the types of insurance
 1994 allowed under this part on July 1, 1988, and otherwise meets the
 1995 requirements of this part, is exempt from the requirements of
 1996 this paragraph.

1997 (c) An insurer transacting financial guaranty insurance is
 1998 subject to all provisions of this code that are applicable to
 1999 property and casualty insurers to the extent that those
 2000 provisions are not inconsistent with this part.

2001 (d) The investments of an insurer transacting financial
 2002 guaranty insurance in any entity insured by the corporation may
 2003 not exceed 2 percent of its admitted assets as of the end of the
 2004 prior calendar year.

2005 (e) An insurer transacting financial guaranty insurance
 2006 may only assume those lines of insurance for which it is
 2007 licensed to write direct business.

2008 Section 50. Subsection (13) of section 628.901, Florida
 2009 Statutes, is amended to read:

2010 628.901 Definitions.—As used in this part, the term:

2011 (13) "Qualifying reinsurer parent company" means a
 2012 reinsurer that ~~which~~ currently holds a certificate of authority
 2013 or qualifies for credit for reinsurance under s. 624.610(3) and
 2014 possesses, ~~letter of eligibility or is an accredited or a~~
 2015 ~~satisfactory non-approved reinsurer in this state possessing a~~
 2016 consolidated GAAP net worth of at least \$500 million and a



2017 consolidated debt to total capital ratio of not greater than
 2018 0.50.

2019 Section 51. Paragraph (a) of subsection (2) and paragraph
 2020 (a) of subsection (3) of section 628.909, Florida Statutes, are
 2021 amended to read:

2022 628.909 Applicability of other laws.—

2023 (2) The following provisions of the Florida Insurance Code
 2024 apply to captive insurers who are not industrial insured captive
 2025 insurers to the extent that such provisions are not inconsistent
 2026 with this part:

2027 (a) Chapter 624, except for ss. 624.407, 624.408,
 2028 624.4085, 624.40851, 624.4095, 624.411, 624.425, and 624.426.

2029 (3) The following provisions of the Florida Insurance Code
 2030 apply to industrial insured captive insurers to the extent that
 2031 such provisions are not inconsistent with this part:

2032 (a) Chapter 624, except for ss. 624.407, 624.408,
 2033 624.4085, 624.40851, 624.4095, 624.411, 624.425, 624.426, and
 2034 624.609(1).

2035 Section 52. Subsection (8) of section 634.406, Florida
 2036 Statutes, is renumbered as subsection (7), and present
 2037 subsections (6) and (7) of that section are amended to read:

2038 634.406 Financial requirements.—

2039 (6) An association which holds a license under this part
 2040 ~~and which does not hold any other license under this chapter~~ may
 2041 allow its premiums for service warranties written under this
 2042 part to exceed the ratio to net assets limitations of this
 2043 section if the association meets all of the following:

2044 (a) Maintains net assets of at least \$750,000.



2045 (b) Utilizes a contractual liability insurance policy
2046 approved by the office which:

2047 1. Reimburses the service warranty association for 100
2048 percent of its claims liability and is issued by an insurer that
2049 maintains a policyholder surplus of at least \$100 million; or

2050 2. Complies with the requirements of subsection (3) and is
2051 issued by an insurer that maintains a policyholder surplus of at
2052 least \$200 million.

2053 (c) The insurer issuing the contractual liability
2054 insurance policy:

2055 ~~1. Maintains a policyholder surplus of at least \$100~~
2056 ~~million.~~

2057 ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an
2058 equivalent rating by another national rating service acceptable
2059 to the office.

2060 ~~3. Is in no way affiliated with the warranty association.~~

2061 ~~2.4.~~ In conjunction with the warranty association's filing
2062 of the quarterly and annual reports, provides, on a form
2063 prescribed by the commission, a statement certifying the gross
2064 written premiums in force reported by the warranty association
2065 and a statement that all of the warranty association's gross
2066 written premium in force is covered under the contractual
2067 liability policy, whether or not it has been reported.

2068 ~~(7) A contractual liability policy must insure 100 percent~~
2069 ~~of an association's claims exposure under all of the~~
2070 ~~association's service warranty contracts, wherever written,~~
2071 ~~unless all of the following are satisfied:~~

2072 ~~(a) The contractual liability policy contains a clause~~



2073 ~~that specifically names the service warranty contract holders as~~
2074 ~~sole beneficiaries of the contractual liability policy and~~
2075 ~~claims are paid directly to the person making a claim under the~~
2076 ~~contract;~~

2077 ~~(b) The contractual liability policy meets all other~~
2078 ~~requirements of this part, including subsection (3) of this~~
2079 ~~section, which are not inconsistent with this subsection;~~

2080 ~~(c) The association has been in existence for at least 5~~
2081 ~~years or the association is a wholly owned subsidiary of a~~
2082 ~~corporation that has been in existence and has been licensed as~~
2083 ~~a service warranty association in the state for at least 5~~
2084 ~~years, and:~~

2085 ~~1. Is listed and traded on a recognized stock exchange; is~~
2086 ~~listed in NASDAQ (National Association of Security Dealers~~
2087 ~~Automated Quotation system) and publicly traded in the over-the-~~
2088 ~~counter securities market; is required to file either of Form~~
2089 ~~10-K, Form 100, or Form 20-G with the United States Securities~~
2090 ~~and Exchange Commission; or has American Depository Receipts~~
2091 ~~listed on a recognized stock exchange and publicly traded or is~~
2092 ~~the wholly owned subsidiary of a corporation that is listed and~~
2093 ~~traded on a recognized stock exchange; is listed in NASDAQ~~
2094 ~~(National Association of Security Dealers Automated Quotation~~
2095 ~~system) and publicly traded in the over-the-counter securities~~
2096 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~
2097 ~~with the United States Securities and Exchange Commission; or~~
2098 ~~has American Depository Receipts listed on a recognized stock~~
2099 ~~exchange and is publicly traded;~~

2100 ~~2. Maintains outstanding debt obligations, if any, rated~~



2101 ~~in the top four rating categories by a recognized rating~~
2102 ~~service;~~

2103 ~~3. Has and maintains at all times a minimum net worth of~~
2104 ~~not less than \$10 million as evidenced by audited financial~~
2105 ~~statements prepared by an independent certified public~~
2106 ~~accountant in accordance with generally accepted accounting~~
2107 ~~principles and submitted to the office annually; and~~

2108 ~~4. Is authorized to do business in this state; and~~

2109 ~~(d) The insurer issuing the contractual liability policy:~~

2110 ~~1. Maintains and has maintained for the preceding 5 years,~~
2111 ~~policyholder surplus of at least \$100 million and is rated "A"~~
2112 ~~or higher by A.M. Best Company or has an equivalent rating by~~
2113 ~~another rating company acceptable to the office;~~

2114 ~~2. Holds a certificate of authority to do business in this~~
2115 ~~state and is approved to write this type of coverage; and~~

2116 ~~3. Acknowledges to the office quarterly that it insures~~
2117 ~~all of the association's claims exposure under contracts~~
2118 ~~delivered in this state.~~

2119

2120 ~~If all the preceding conditions are satisfied, then the scope of~~
2121 ~~coverage under a contractual liability policy shall not be~~
2122 ~~required to exceed an association's claims exposure under~~
2123 ~~service warranty contracts delivered in this state.~~

2124 ~~Section 53. Except as otherwise expressly provided in this~~
2125 ~~act, this act shall take effect upon becoming a law.~~