

**FOR CONSIDERATION** By the Committee on Banking and Insurance

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1                                   A bill to be entitled  
2           An act relating to Citizens Property Insurance  
3           Corporation coverage; amending s. 626.854, F.S.;  
4           revising the applicability of the limitations on  
5           public adjuster charges for claims based on events  
6           that are the subject of a declaration of a state of  
7           emergency; prohibiting a public adjuster, a public  
8           adjuster apprentice, or a person acting on his or her  
9           behalf from entering into a contract or accepting a  
10          power of attorney that allows the public adjuster, the  
11          public adjuster apprentice, or a person acting on his  
12          or her behalf to choose the persons or entities that  
13          will perform repair work; conforming a cross-  
14          reference; amending s. 627.351, F.S.; deleting  
15          reference to the Residential Property and Casualty  
16          Joint Underwriting Association with respect to issuing  
17          certain residential or commercial policies; requiring  
18          the corporation to cease offering new commercial  
19          residential policies providing multiperil coverage  
20          after a certain date and providing that the  
21          corporation continue offering commercial residential  
22          wind-only policies; authorizing the corporation to  
23          offer commercial residential policies excluding wind;  
24          providing exceptions; specifying the amount of the  
25          surcharge to be assessed against personal lines,  
26          commercial lines, and coastal accounts to cover a  
27          projected deficit; revising the date for submitting  
28          the annual loss ratio report for residential coverage;  
29          deleting obsolete provisions; revising the annual rate

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30 increase implemented by the corporation; amending s.  
31 627.3518, F.S.; defining the term "surplus lines  
32 insurer"; requiring the corporation to implement  
33 procedures for diverting ineligible applicants and  
34 existing policyholders for commercial residential  
35 coverage from the corporation by a certain date;  
36 deleting the requirement that the corporation report  
37 such procedures to the Legislature; authorizing  
38 eligible surplus lines insurers to participate in the  
39 corporation's clearinghouse program and providing  
40 criteria for such eligibility; conforming cross-  
41 references; providing that certain applicants who  
42 accept an offer from a surplus lines insurer are  
43 considered a renewal; repealing s. 627.3519, F.S.,  
44 relating to an annual report requirement relating to  
45 aggregate net probable maximum losses; amending s.  
46 627.35191, F.S.; requiring the corporation to annually  
47 provide certain estimates for the next 12-month period  
48 to the Legislature and the Financial Services  
49 Commission; amending s. 627.701, F.S.; increasing the  
50 amount of the deductible that an insurer must offer  
51 for residential property insurance; providing  
52 effective dates.

53  
54 Be It Enacted by the Legislature of the State of Florida:

55  
56 Section 1. Present subsection (18) of section 626.854,  
57 Florida Statutes, is redesignated as subsection (19), paragraph  
58 (b) of subsection (11) and present subsection (18) of that

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59 section are amended, and a new subsection (18) is added to that  
60 section, to read:

61 626.854 "Public adjuster" defined; prohibitions.—The  
62 Legislature finds that it is necessary for the protection of the  
63 public to regulate public insurance adjusters and to prevent the  
64 unauthorized practice of law.

65 (11)

66 (b) A public adjuster may not charge, agree to, or accept  
67 from any source compensation, payment, commission, fee, or any  
68 other thing of value in excess of:

69 1. Ten percent of the amount of insurance claim payments  
70 made by the insurer for claims based on events that are the  
71 subject of a declaration of a state of emergency by the  
72 Governor. ~~This provision applies to claims made during the year~~  
73 ~~after the declaration of emergency. After that year, the~~  
74 ~~limitations in subparagraph 2. apply.~~

75 2. Twenty percent of the amount of insurance claim payments  
76 made by the insurer for claims that are not based on events that  
77 are the subject of a declaration of a state of emergency by the  
78 Governor.

79 (18) A public adjuster, a public adjuster apprentice, or  
80 any person acting on behalf of a public adjuster or apprentice  
81 may not enter into a contract or accept a power of attorney that  
82 vests in the public adjuster, the public adjuster apprentice, or  
83 the person acting on behalf of a public adjuster or apprentice  
84 the effective authority to choose the persons or entities that  
85 will perform repair work.

86 (19) ~~(18)~~ ~~The provisions of Subsections (5)-(18) (5)-(17)~~  
87 apply only to residential property insurance policies and

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88 condominium unit owner policies as described ~~defined~~ in s.  
89 718.111(11).

90 Section 2. Paragraphs (b) and (hh) of subsection (6) of  
91 section 627.351, Florida Statutes, are amended to read:

92 627.351 Insurance risk apportionment plans.—

93 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

94 (b)1. All insurers authorized to write one or more subject  
95 lines of business in this state are subject to assessment by the  
96 corporation and, for the purposes of this subsection, are  
97 referred to collectively as "assessable insurers." Insurers  
98 writing one or more subject lines of business in this state  
99 pursuant to part VIII of chapter 626 are not assessable  
100 insurers; however, ~~but~~ insureds who procure one or more subject  
101 lines of business in this state pursuant to part VIII of chapter  
102 626 are subject to assessment by the corporation and are  
103 referred to collectively as "assessable insureds." An insurer's  
104 assessment liability begins on the first day of the calendar  
105 year following the year in which the insurer was issued a  
106 certificate of authority to transact insurance for subject lines  
107 of business in this state and terminates 1 year after the end of  
108 the first calendar year during which the insurer no longer holds  
109 a certificate of authority to transact insurance for subject  
110 lines of business in this state.

111 2.a. All revenues, assets, liabilities, losses, and  
112 expenses of the corporation shall be divided into three separate  
113 accounts as follows:

114 (I) A personal lines account for personal residential  
115 policies issued by the corporation, ~~or issued by the Residential~~  
116 ~~Property and Casualty Joint Underwriting Association and renewed~~

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117 ~~by the corporation,~~ which provides comprehensive, multiperil  
118 coverage on risks that are not located in areas eligible for  
119 coverage by the Florida Windstorm Underwriting Association as  
120 those areas were defined on January 1, 2002, and for policies  
121 that do not provide coverage for the peril of wind on risks that  
122 are located in such areas;

123 (II) A commercial lines account for commercial residential  
124 and commercial nonresidential policies issued by the  
125 corporation, ~~or issued by the Residential Property and Casualty~~  
126 ~~Joint Underwriting Association and renewed by the corporation,~~  
127 which provides coverage for basic property perils on risks that  
128 are not located in areas eligible for coverage by the Florida  
129 Windstorm Underwriting Association as those areas were defined  
130 on January 1, 2002, and for policies that do not provide  
131 coverage for the peril of wind on risks that are located in such  
132 areas; and

133 (III) A coastal account for personal residential policies  
134 and commercial residential and commercial nonresidential  
135 property policies issued by the corporation, ~~or transferred to~~  
136 ~~the corporation,~~ which provides coverage for the peril of wind  
137 on risks that are located in areas eligible for coverage by the  
138 Florida Windstorm Underwriting Association as those areas were  
139 defined on January 1, 2002. The corporation may offer policies  
140 that provide multiperil coverage and ~~the corporation~~ shall  
141 ~~continue to~~ offer policies that provide coverage only for the  
142 peril of wind for risks located in areas eligible for coverage  
143 in the coastal account. Effective July 1, 2014, the corporation  
144 shall cease offering new commercial residential policies  
145 providing multiperil coverage and shall instead continue to

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146 offer commercial residential wind-only policies, and may offer  
147 commercial residential policies excluding wind. The corporation  
148 may, however, continue to renew a commercial residential  
149 multi-peril policy on a building that is insured by the  
150 corporation on June 30, 2014, under a multi-peril policy. In  
151 issuing multi-peril coverage, the corporation may use its  
152 approved policy forms and rates for the personal lines account.  
153 An applicant or insured who is eligible to purchase a multi-peril  
154 policy from the corporation may purchase a multi-peril policy  
155 from an authorized insurer without prejudice to the applicant's  
156 or insured's eligibility to prospectively purchase a policy that  
157 provides coverage only for the peril of wind from the  
158 corporation. An applicant or insured who is eligible for a  
159 corporation policy that provides coverage only for the peril of  
160 wind may elect to purchase or retain such policy and also  
161 purchase or retain coverage excluding wind from an authorized  
162 insurer without prejudice to the applicant's or insured's  
163 eligibility to prospectively purchase a policy that provides  
164 multi-peril coverage from the corporation. It is the goal of the  
165 Legislature that there be an overall average savings of 10  
166 percent or more for a policyholder who currently has a wind-only  
167 policy with the corporation, and an ex-wind policy with a  
168 voluntary insurer or the corporation, and who obtains a  
169 multi-peril policy from the corporation. It is the intent of the  
170 Legislature that the offer of multi-peril coverage in the coastal  
171 account be made and implemented in a manner that does not  
172 adversely affect the tax-exempt status of the corporation or  
173 creditworthiness of or security for currently outstanding  
174 financing obligations or credit facilities of the coastal

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175 account, the personal lines account, or the commercial lines  
176 account. The coastal account must also include quota share  
177 primary insurance under subparagraph (c)2. The area eligible for  
178 coverage under the coastal account also includes the area within  
179 Port Canaveral, which is bordered on the south by the City of  
180 Cape Canaveral, bordered on the west by the Banana River, and  
181 bordered on the north by Federal Government property.

182       b. The three separate accounts must be maintained as long  
183 as financing obligations entered into by the Florida Windstorm  
184 Underwriting Association or Residential Property and Casualty  
185 Joint Underwriting Association are outstanding, in accordance  
186 with the terms of the corresponding financing documents. If the  
187 financing obligations are no longer outstanding, the corporation  
188 may use a single account for all revenues, assets, liabilities,  
189 losses, and expenses of the corporation. Consistent with this  
190 subparagraph and prudent investment policies that minimize the  
191 cost of carrying debt, the board shall exercise its best efforts  
192 to retire existing debt or obtain the approval of necessary  
193 parties to amend the terms of existing debt, so as to structure  
194 the most efficient plan for consolidating ~~to consolidate~~ the  
195 three separate accounts into a single account.

196       c. Creditors of the Residential Property and Casualty Joint  
197 Underwriting Association and the accounts specified in sub-sub-  
198 subparagraphs a.(I) and (II) may have a claim against, and  
199 recourse to, those accounts and no claim against, or recourse  
200 to, the account referred to in sub-sub-subparagraph a.(III).  
201 Creditors of the Florida Windstorm Underwriting Association have  
202 a claim against, and recourse to, the account referred to in  
203 sub-sub-subparagraph a.(III) and no claim against, or recourse

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204 to, the accounts referred to in sub-sub-subparagraphs a.(I) and  
205 (II).

206 d. Revenues, assets, liabilities, losses, and expenses not  
207 attributable to particular accounts shall be prorated among the  
208 accounts.

209 e. The Legislature finds that the revenues of the  
210 corporation are revenues that are necessary to meet the  
211 requirements set forth in documents authorizing the issuance of  
212 bonds under this subsection.

213 f. The income of the corporation may not inure to the  
214 benefit of any private person.

215 3. With respect to a deficit in an account:

216 a. After accounting for the Citizens policyholder surcharge  
217 imposed under sub-subparagraph i., if the remaining projected  
218 deficit incurred in the coastal account in a particular calendar  
219 year:

220 (I) Is not greater than 2 percent of the aggregate  
221 statewide direct written premium for the subject lines of  
222 business for the prior calendar year, the entire deficit shall  
223 be recovered through regular assessments of assessable insurers  
224 under paragraph (q) and assessable insureds.

225 (II) Exceeds 2 percent of the aggregate statewide direct  
226 written premium for the subject lines of business for the prior  
227 calendar year, the corporation shall levy regular assessments on  
228 assessable insurers under paragraph (q) and on assessable  
229 insureds in an amount equal to the greater of 2 percent of the  
230 projected deficit or 2 percent of the aggregate statewide direct  
231 written premium for the subject lines of business for the prior  
232 calendar year. Any remaining projected deficit shall be



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233 recovered through emergency assessments under sub-subparagraph  
234 d.

235       b. Each assessable insurer's share of the amount being  
236 assessed under sub-subparagraph a. must be in the proportion  
237 that the assessable insurer's direct written premium for the  
238 subject lines of business for the year preceding the assessment  
239 bears to the aggregate statewide direct written premium for the  
240 subject lines of business for that year. The assessment  
241 percentage applicable to each assessable insured is the ratio of  
242 the amount being assessed under sub-subparagraph a. to the  
243 aggregate statewide direct written premium for the subject lines  
244 of business for the prior year. Assessments levied by the  
245 corporation on assessable insurers under sub-subparagraph a.  
246 must be paid as required by the corporation's plan of operation  
247 and paragraph (q). Assessments levied by the corporation on  
248 assessable insureds under sub-subparagraph a. shall be collected  
249 by the surplus lines agent at the time the surplus lines agent  
250 collects the surplus lines tax required by s. 626.932, and paid  
251 to the Florida Surplus Lines Service Office at the time the  
252 surplus lines agent pays the surplus lines tax to that office.  
253 Upon receipt of regular assessments from surplus lines agents,  
254 the Florida Surplus Lines Service Office shall transfer the  
255 assessments directly to the corporation as determined by the  
256 corporation.

257       c. After accounting for the Citizens policyholder surcharge  
258 imposed under sub-subparagraph i., the remaining projected  
259 deficits in the personal lines account and in the commercial  
260 lines account in a particular calendar year shall be recovered  
261 through emergency assessments under sub-subparagraph d.

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262 d. Upon a determination by the board of governors that a  
263 projected deficit in an account exceeds the amount that is  
264 expected to be recovered through regular assessments under sub-  
265 subparagraph a., plus the amount that is expected to be  
266 recovered through surcharges under sub-subparagraph i., the  
267 board, after verification by the office, shall levy emergency  
268 assessments for as many years as necessary to cover the  
269 deficits, to be collected by assessable insurers and the  
270 corporation and collected from assessable insureds upon issuance  
271 or renewal of policies for subject lines of business, excluding  
272 National Flood Insurance policies. The amount collected in a  
273 particular year must be a uniform percentage of that year's  
274 direct written premium for subject lines of business and all  
275 accounts of the corporation, excluding National Flood Insurance  
276 Program policy premiums, as annually determined by the board and  
277 verified by the office. The office shall verify the arithmetic  
278 calculations involved in the board's determination within 30  
279 days after receipt of the information on which the determination  
280 was based. The office shall notify assessable insurers and the  
281 Florida Surplus Lines Service Office of the date on which  
282 assessable insurers shall begin to collect and assessable  
283 insureds shall begin to pay such assessment. The date must be at  
284 least ~~may be not less than~~ 90 days after the date the  
285 corporation levies emergency assessments pursuant to this sub-  
286 subparagraph. Notwithstanding any other provision of law, the  
287 corporation and each assessable insurer that writes subject  
288 lines of business shall collect emergency assessments from its  
289 policyholders without such obligation being affected by any  
290 credit, limitation, exemption, or deferment. Emergency

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291 assessments levied by the corporation on assessable insureds  
292 shall be collected by the surplus lines agent at the time the  
293 surplus lines agent collects the surplus lines tax required by  
294 s. 626.932 and paid to the Florida Surplus Lines Service Office  
295 at the time the surplus lines agent pays the surplus lines tax  
296 to that office. The emergency assessments collected shall be  
297 transferred directly to the corporation on a periodic basis as  
298 determined by the corporation and held by the corporation solely  
299 in the applicable account. The aggregate amount of emergency  
300 assessments levied for an account ~~under this sub-subparagraph~~ in  
301 any calendar year may be less than but may not exceed the  
302 greater of 10 percent of the amount needed to cover the deficit,  
303 plus interest, fees, commissions, required reserves, and other  
304 costs associated with financing the original deficit, or 10  
305 percent of the aggregate statewide direct written premium for  
306 subject lines of business and all accounts of the corporation  
307 for the prior year, plus interest, fees, commissions, required  
308 reserves, and other costs associated with financing the deficit.

309 e. The corporation may pledge the proceeds of assessments,  
310 projected recoveries from the Florida Hurricane Catastrophe  
311 Fund, other insurance and reinsurance recoverables, policyholder  
312 surcharges and other surcharges, and other funds available to  
313 the corporation as the source of revenue for and to secure bonds  
314 issued under paragraph (q), bonds or other indebtedness issued  
315 under subparagraph (c)3., or lines of credit or other financing  
316 mechanisms issued or created under this subsection, or to retire  
317 any other debt incurred as a result of deficits or events giving  
318 rise to deficits, or in any other way that the board determines  
319 will efficiently recover such deficits. The purpose of the lines

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320 of credit or other financing mechanisms is to provide additional  
321 resources to assist the corporation in covering claims and  
322 expenses attributable to a catastrophe. As used in this  
323 subsection, the term "assessments" includes regular assessments  
324 under sub-subparagraph a. or subparagraph (q)1. and emergency  
325 assessments under sub-subparagraph d. Emergency assessments  
326 collected under sub-subparagraph d. are not part of an insurer's  
327 rates, are not premium, and are not subject to premium tax,  
328 fees, or commissions; however, failure to pay the emergency  
329 assessment shall be treated as failure to pay premium. The  
330 emergency assessments ~~under sub-subparagraph d.~~ shall continue  
331 as long as any bonds issued or other indebtedness incurred with  
332 respect to a deficit for which the assessment was imposed remain  
333 outstanding, unless adequate provision has been made for the  
334 payment of such bonds or other indebtedness pursuant to the  
335 documents governing such bonds or indebtedness.

336 f. As used in this subsection for purposes of any deficit  
337 incurred on or after January 25, 2007, the term "subject lines  
338 of business" means insurance written by assessable insurers or  
339 procured by assessable insureds for all property and casualty  
340 lines of business in this state, but not including workers'  
341 compensation or medical malpractice. As used in this sub-  
342 subparagraph, the term "property and casualty lines of business"  
343 includes all lines of business identified on Form 2, Exhibit of  
344 Premiums and Losses, in the annual statement required of  
345 authorized insurers under s. 624.424 and any rule adopted under  
346 this section, except for those lines identified as accident and  
347 health insurance and except for policies written under the  
348 National Flood Insurance Program or the Federal Crop Insurance

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349 Program. For purposes of this sub-subparagraph, the term  
350 "workers' compensation" includes both workers' compensation  
351 insurance and excess workers' compensation insurance.

352 g. The Florida Surplus Lines Service Office shall determine  
353 annually the aggregate statewide written premium in subject  
354 lines of business procured by assessable insureds and report  
355 that information to the corporation in a form and at a time the  
356 corporation specifies to ensure that the corporation can meet  
357 the requirements of this subsection and the corporation's  
358 financing obligations.

359 h. The Florida Surplus Lines Service Office shall verify  
360 the proper application by surplus lines agents of assessment  
361 percentages for regular assessments and emergency assessments  
362 levied under this subparagraph on assessable insureds and assist  
363 the corporation in ensuring the accurate, timely collection and  
364 payment of assessments by surplus lines agents as required by  
365 the corporation.

366 i. ~~In 2008 or thereafter,~~ Upon a determination by the board  
367 of governors that an account has a projected deficit, the board  
368 shall levy a Citizens policyholder surcharge against all  
369 policyholders of the corporation.

370 (I) The surcharge shall be levied as a uniform percentage  
371 of the premium for all corporation policyholders ~~for the policy~~  
372 of up to 10 percent of the policy premium for deficits in the  
373 personal lines account, up to 15 percent of the policy such  
374 premium for deficits in the commercial lines account, and up to  
375 20 percent of the policy premium for deficits in the coastal  
376 account, which funds shall be used to offset the deficit.

377 (II) The surcharge is payable upon cancellation or

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378 termination of the policy, upon renewal of the policy, or upon  
379 issuance of a new policy by the corporation within the first 12  
380 months after the date of the levy or the period of time  
381 necessary to fully collect the surcharge amount.

382 (III) The corporation may not levy any regular assessments  
383 under paragraph (q) pursuant to sub-subparagraph a. or sub-  
384 subparagraph b. with respect to a particular year's deficit  
385 until the corporation has first levied the full amount of the  
386 surcharge authorized by this sub-subparagraph.

387 (IV) The surcharge is not considered premium and is not  
388 subject to commissions, fees, or premium taxes. However, failure  
389 to pay the surcharge shall be treated as failure to pay premium.

390 j. If the amount of any assessments or surcharges collected  
391 from corporation policyholders, assessable insurers or their  
392 policyholders, or assessable insureds exceeds the amount of the  
393 deficits, such excess amounts shall be remitted to and retained  
394 by the corporation in a reserve to be used by the corporation,  
395 as determined by the board of governors and approved by the  
396 office, to pay claims or reduce any past, present, or future  
397 plan-year deficits or to reduce outstanding debt.

398 (hh) The corporation shall ~~must~~ prepare a report for each  
399 calendar year outlining both the statewide average and county-  
400 specific details of the loss ratio attributable to losses that  
401 are not catastrophic losses for residential coverage provided by  
402 the corporation, which information must be presented to the  
403 office and available for public inspection on the Internet  
404 website of the corporation by March 1 ~~January 15th~~ of the  
405 following calendar year.

406 Section 3. Effective January 1, 2015, paragraph (n) of

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407 subsection (6) of section 627.351, Florida Statutes, is amended  
408 to read:

409 627.351 Insurance risk apportionment plans.—

410 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

411 (n)~~1~~. Rates for coverage provided by the corporation must  
412 be actuarially sound and subject to s. 627.062, except as  
413 otherwise provided in this paragraph.

414 1. The corporation shall file its recommended rates for  
415 each personal and commercial line of business it writes with the  
416 office at least annually. The corporation shall provide any  
417 additional information regarding the rates which the office  
418 requires. The office shall consider the recommendations of the  
419 board and issue a final order establishing the rates for the  
420 corporation within 45 days after the recommended rates are  
421 filed. The corporation may not pursue an administrative  
422 challenge or judicial review of the final order of the office.

423 2. In addition to the rates otherwise determined pursuant  
424 to this paragraph, the corporation shall impose and collect an  
425 amount equal to the premium tax provided in s. 624.509 to  
426 augment the financial resources of the corporation.

427 3. After the public hurricane loss-projection model under  
428 s. 627.06281 has been found to be accurate and reliable by the  
429 Florida Commission on Hurricane Loss Projection Methodology, the  
430 model shall serve as the minimum benchmark for determining the  
431 windstorm portion of the corporation's rates. This subparagraph  
432 does not require or allow the corporation to adopt rates lower  
433 than the rates otherwise required or allowed by this paragraph.

434 ~~4. The rate filings for the corporation which were approved~~  
435 ~~by the office and took effect January 1, 2007, are rescinded,~~

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436 ~~except for those rates that were lowered. As soon as possible,~~  
437 ~~the corporation shall begin using the lower rates that were in~~  
438 ~~effect on December 31, 2006, and provide refunds to~~  
439 ~~policyholders who paid higher rates as a result of that rate~~  
440 ~~filing. The rates in effect on December 31, 2006, remain in~~  
441 ~~effect for the 2007 and 2008 calendar years except for any rate~~  
442 ~~change that results in a lower rate. The next rate change that~~  
443 ~~may increase rates shall take effect pursuant to a new rate~~  
444 ~~filing recommended by the corporation and established by the~~  
445 ~~office, subject to this paragraph.~~

446 ~~4.5. Beginning on July 15, 2009, and annually thereafter,~~  
447 The corporation shall ~~must~~ make a recommended actuarially sound  
448 rate filing for each personal and commercial line of business it  
449 writes, ~~to be effective no earlier than January 1, 2010.~~

450 ~~5.6. Beginning on or after January 1, 2015 2010, and~~  
451 notwithstanding the board's recommended rates and the office's  
452 final order regarding the corporation's filed rates under  
453 subparagraph 1., the corporation shall annually implement a rate  
454 increase that ~~which~~, except for sinkhole coverage:

455 a. For personal residential and commercial residential  
456 policies, does not exceed 10 percent for any single policy  
457 issued by the corporation, excluding coverage changes and  
458 surcharges.

459 b. For commercial nonresidential policies, does not exceed  
460 15 percent for any single policy issued by the corporation,  
461 excluding coverage changes and surcharges.

462 ~~6.7.~~ The corporation may also implement an increase to  
463 reflect the effect on the corporation of the cash buildup factor  
464 pursuant to s. 215.555(5)(b).



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465       ~~7.8.~~ The corporation's implementation of rates as  
466 prescribed in subparagraph 5. ~~6.~~ shall cease for any line of  
467 business written by the corporation upon the corporation's  
468 implementation of actuarially sound rates. Thereafter, the  
469 corporation shall annually make a recommended actuarially sound  
470 rate filing for each commercial and personal line of business  
471 the corporation writes.

472       Section 4. Paragraph (e) is added to subsection (1) of  
473 section 627.3518, Florida Statutes, subsection (2) and paragraph  
474 (e) of subsection (4) of that section are amended, present  
475 subsections (5) through (10) of that section are redesignated as  
476 subsections (6) through (11), respectively, present subsection  
477 (11) is redesignated as subsection (13), new subsections (5) and  
478 (12) are added to that section, and present subsections (5)  
479 through (7) of that section are amended, to read:

480       627.3518 Citizens Property Insurance Corporation  
481 policyholder eligibility clearinghouse program.—The purpose of  
482 this section is to provide a framework for the corporation to  
483 implement a clearinghouse program by January 1, 2014.

484       (1) As used in this section, the term:

485       (e) "Surplus lines insurer" means an unauthorized insurer  
486 that has been made eligible by the office to issue coverage  
487 under the Surplus Lines Law.

488       (2) In order to confirm eligibility with the corporation  
489 and to enhance the access of new applicants for coverage and  
490 existing policyholders of the corporation to offers of coverage  
491 from authorized insurers and surplus lines insurers, the  
492 corporation shall establish a program for personal residential  
493 risks in order to facilitate the diversion of ineligible

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494 applicants and existing policyholders ~~from the corporation~~ into  
495 the voluntary insurance market. The corporation shall also  
496 develop appropriate procedures for facilitating the diversion of  
497 ineligible applicants and existing policyholders for commercial  
498 residential coverage into the private insurance market and  
499 implement these procedures by October 1, 2015 ~~shall report such~~  
500 ~~procedures to the President of the Senate and the Speaker of the~~  
501 ~~House of Representatives by January 1, 2014.~~

502 (4) Any authorized insurer may participate in the program;  
503 however, participation is not mandatory for any insurer.  
504 Insurers making offers of coverage to new applicants or renewal  
505 policyholders through the program:

506 (e) May participate through their single-designated  
507 managing general agent or broker; however, the provisions of  
508 paragraph (7) (a) ~~(6) (a)~~ regarding ownership, control, and use of  
509 the expirations continue to apply.

510 (5) Effective January 1, 2015, an eligible surplus lines  
511 insurer may make an offer of similar coverage on a risk  
512 submitted through the clearinghouse program if no offers of  
513 coverage were submitted by authorized insurers participating in  
514 the program and the office determines that the eligible surplus  
515 lines insurer:

516 (a) Maintains a surplus of \$50 million on a company or  
517 pooled basis;

518 (b) Is rated "A-" or higher by A.M. Best Company;

519 (c) Maintains reserves, surplus, reinsurance, and  
520 reinsurance equivalents to cover the eligible surplus lines  
521 insurer's 100-year probable maximum hurricane loss at least  
522 twice in a single hurricane season, and submits such reinsurance

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523 to the office for review for purposes of participation in the  
524 program; and

525 (d) Provides prominent notice to the policyholder:

526 1. That an offer of coverage from a surplus lines insurer  
527 does not affect whether the policyholder is eligible for  
528 coverage from the corporation;

529 2. That a policyholder who accepts an offer of coverage  
530 from a surplus lines insurer may, at any time, submit a new  
531 application for coverage to the corporation;

532 3. That surplus lines policies are not covered by the  
533 Florida Insurance Guaranty Association;

534 4. That rates for surplus lines insurance are not subject  
535 to review by the office; and

536 5. Of any additional information required by the office.

537 (6)-(5) Notwithstanding s. 627.3517, an any applicant for  
538 new coverage from the corporation is not eligible for coverage  
539 from the corporation if provided an offer of coverage from an  
540 authorized insurer through the program at a premium that is at  
541 or below the eligibility threshold established in s.  
542 627.351(6)(c)5.a. or b. Whenever an offer of coverage for a  
543 personal lines or commercial lines residential risk is received  
544 for a policyholder of the corporation at renewal from an  
545 authorized insurer through the program, if the offer is equal to  
546 or less than the corporation's renewal premium for comparable  
547 coverage, the risk is not eligible for coverage with the  
548 corporation. ~~If In the event~~ an offer of coverage for a new  
549 applicant is received from an authorized insurer through the  
550 program, and the premium offered exceeds the eligibility  
551 threshold contained in s. 627.351(6)(c)5.a. or b., the applicant

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552 or insured may elect to accept such coverage, or may elect to  
553 accept or continue coverage with the corporation. If ~~In the~~  
554 ~~event~~ an offer of coverage for a personal lines or commercial  
555 lines residential risk is received from an authorized insurer at  
556 renewal through the program~~7~~ and if the premium offered is more  
557 than the corporation's renewal premium for comparable coverage,  
558 the insured may elect to accept such coverage~~7~~ or may elect to  
559 accept or continue coverage with the corporation. Section  
560 627.351(6)(c)5.a.(I) or b.(I) does not apply to an offer of  
561 coverage from an authorized insurer obtained through the  
562 program. An applicant for personal lines residential coverage  
563 from the corporation who was declared ineligible for coverage at  
564 renewal by the corporation in the previous 36 months due to an  
565 offer of coverage pursuant to this subsection is ~~shall be~~  
566 considered a renewal under this section if the corporation  
567 determines that the authorized insurer making the offer of  
568 coverage pursuant to this subsection continues to insure the  
569 applicant and increased the rate on the policy in excess of the  
570 increase allowed for the corporation under s. 627.351(6)(n)5  
571 ~~627.351(6)(n)6~~.

572 (7)~~(6)~~ Independent insurance agents submitting new  
573 applications for coverage or that are the agent of record on a  
574 renewal policy submitted to the program:

575 (a) Are granted and must maintain ownership and the  
576 exclusive use of expirations, records, or other written or  
577 electronic information directly related to such applications or  
578 renewals written through the corporation or through an insurer  
579 participating in the program, notwithstanding s.  
580 627.351(6)(c)5.a.(I)(B) and (II)(B) and b.(I)(B) and (II)(B).

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581 Such ownership is granted for as long as the insured remains  
582 with the agency or until sold or surrendered in writing by the  
583 agent. Contracts with the corporation or required by the  
584 corporation must not amend, modify, interfere with, or limit  
585 such rights of ownership. Such expirations, records, or other  
586 written or electronic information may be used to review an  
587 application, issue a policy, or for any other purpose necessary  
588 for placing such business through the program.

589 (b) May not be required to be appointed by any insurer  
590 participating in the program for policies written solely through  
591 the program, notwithstanding ~~the provisions of~~ s. 626.112.

592 (c) May accept an appointment from an ~~any~~ insurer  
593 participating in the program.

594 (d) May enter into ~~either~~ a standard or limited agency  
595 agreement with the insurer, at the insurer's option.

596  
597 Applicants ineligible for coverage in accordance with subsection  
598 (6) ~~(5)~~ remain ineligible if their independent agent is  
599 unwilling or unable to enter into a standard or limited agency  
600 agreement with an insurer participating in the program.

601 (8) ~~(7)~~ Exclusive agents submitting new applications for  
602 coverage or that are the agent of record on a renewal policy  
603 submitted to the program:

604 (a) Must maintain ownership and the exclusive use of  
605 expirations, records, or other written or electronic information  
606 directly related to such applications or renewals written  
607 through the corporation or through an insurer participating in  
608 the program, notwithstanding s. 627.351(6)(c)5.a.(I)(B) and  
609 (II)(B) and b.(I)(B) and (II)(B). Contracts with the corporation

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610 or required by the corporation must not amend, modify, interfere  
611 with, or limit such rights of ownership. Such expirations,  
612 records, or other written or electronic information may be used  
613 to review an application, issue a policy, or for any other  
614 purpose necessary for placing such business through the program.

615 (b) May not be required to be appointed by any insurer  
616 participating in the program for policies written solely through  
617 the program, notwithstanding ~~the provisions of s. 626.112.~~

618 (c) Must only facilitate the placement of an offer of  
619 coverage from an insurer whose limited servicing agreement is  
620 approved by that exclusive agent's exclusive insurer.

621 (d) May enter into a limited servicing agreement with the  
622 insurer making an offer of coverage, and only after the  
623 exclusive agent's insurer has approved the limited servicing  
624 agreement terms. The exclusive agent's insurer must approve a  
625 limited service agreement for the program for an ~~any~~ insurer for  
626 which it has approved a service agreement for other purposes.

627  
628 Applicants ineligible for coverage in accordance with subsection  
629 (6) ~~(5)~~ remain ineligible if their exclusive agent is unwilling  
630 or unable to enter into a standard or limited agency agreement  
631 with an insurer making an offer of coverage to that applicant.

632 (12) An applicant for coverage from the corporation who was  
633 a policyholder of the corporation within the previous 36 months  
634 and who subsequently accepted an offer of coverage from a  
635 surplus lines insurer is considered a renewal under this  
636 section.

637 Section 5. Section 627.3519, Florida Statutes, is repealed.

638 Section 6. Section 627.35191, Florida Statutes, is amended

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639 to read:

640           627.35191 Required reports ~~Annual report of aggregate net~~  
641 ~~probable maximum losses, financing options, and potential~~  
642 ~~assessments.-~~

643           (1) By No later than February 1 of each year, the Florida  
644 Hurricane Catastrophe Fund and Citizens Property Insurance  
645 Corporation shall each submit a report to the Legislature and  
646 the Financial Services Commission identifying their respective  
647 aggregate net probable maximum losses, financing options, and  
648 potential assessments. The report issued by the fund and the  
649 corporation must include their respective 50-year, 100-year, and  
650 250-year probable maximum losses; analysis of all reasonable  
651 financing strategies for each such probable maximum loss,  
652 including the amount and term of debt instruments; specification  
653 of the percentage assessments that would be needed to support  
654 each of the financing strategies; and calculations of the  
655 aggregate assessment burden on Florida property and casualty  
656 policyholders for each of the probable maximum losses.

657           (2) In May of each year, Citizens Property Insurance  
658 Corporation shall also provide to the Legislature and the  
659 Financial Services Commission a statement of the estimated  
660 borrowing capacity of the corporation for the next 12-month  
661 period, the estimated claims-paying capacity of the corporation,  
662 and the corporation's estimated balance as of December 31 of the  
663 current calendar year. Such estimates must take into account  
664 that the corporation, the Florida Hurricane Catastrophe Fund,  
665 and the Florida Insurance Guaranty Association may all be  
666 concurrently issuing debt instruments following a catastrophic  
667 event.

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668 Section 7. Effective January 1, 2015, subsection (7) of  
669 section 627.701, Florida Statutes, is amended to read:

670 627.701 Liability of insureds; coinsurance; deductibles.—

671 (7) Before ~~Prior to~~ issuing a personal lines residential  
672 property insurance policy on or after January 1, 2015 ~~April 1,~~  
673 ~~1997~~, or before ~~prior to~~ the first renewal of a residential  
674 property insurance policy on or after January 1, 2015 ~~April 1,~~  
675 ~~1997~~, the insurer must offer a deductible equal to \$1,000 ~~\$500~~  
676 applicable to losses from perils other than hurricane. The  
677 insurer must provide the policyholder with notice of the  
678 availability of the deductible specified in this subsection in a  
679 form approved by the office at least once every 3 years. The  
680 failure to provide such notice constitutes a violation of this  
681 code but does not affect the coverage provided under the policy.  
682 An insurer may require a higher deductible only as part of a  
683 deductible program lawfully in effect on June 1, 1996, or as  
684 part of a similar deductible program.

685 Section 8. Except as otherwise expressly provided in this  
686 act, this act shall take effect July 1, 2014.