

By the Committee on Banking and Insurance; and Senator Flores

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1 A bill to be entitled
2 An act relating to the depopulation of the Citizens
3 Property Insurance Corporation; amending s. 627.351,
4 F.S.; requiring takeout agreements to be approved by
5 the Office of Insurance Regulation; requiring an
6 insurer to provide certain information to a
7 policyholder regarding a takeout agreement; excluding
8 corporation policyholders from future takeout offers
9 for 6 months under certain circumstances; allowing
10 specified applicants for corporation coverage to be
11 considered renewal policyholders; providing an
12 effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

15
16 Section 1. Paragraph (c) of subsection (6) of section
17 627.351, Florida Statutes, is amended to read:

18 627.351 Insurance risk apportionment plans.—

19 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

21 1. Must provide for adoption of residential property and
22 casualty insurance policy forms and commercial residential and
23 nonresidential property insurance forms, which must be approved
24 by the office before use. The corporation shall adopt the
25 following policy forms:

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

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30 b. Basic personal lines policy forms that are policies
31 similar to an HO-8 policy or a dwelling fire policy that provide
32 coverage meeting the requirements of the secondary mortgage
33 market, but which is more limited than the coverage under a
34 standard policy.

35 c. Commercial lines residential and nonresidential policy
36 forms that are generally similar to the basic perils of full
37 coverage obtainable for commercial residential structures and
38 commercial nonresidential structures in the admitted voluntary
39 market.

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

45 e. Commercial lines nonresidential property insurance forms
46 that cover the peril of wind only. The forms are applicable only
47 to nonresidential properties located in areas eligible for
48 coverage under the coastal account referred to in sub-
49 subparagraph (b)2.a.

50 f. The corporation may adopt variations of the policy forms
51 listed in sub-subparagraphs a.-e. which contain more restrictive
52 coverage.

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

57 2. Must provide that the corporation adopt a program in
58 which the corporation and authorized insurers enter into quota

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59 share primary insurance agreements for hurricane coverage, as
60 defined in s. 627.4025(2) (a), for eligible risks, and adopt
61 property insurance forms for eligible risks which cover the
62 peril of wind only.

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

64 (I) "Quota share primary insurance" means an arrangement in
65 which the primary hurricane coverage of an eligible risk is
66 provided in specified percentages by the corporation and an
67 authorized insurer. The corporation and authorized insurer are
68 each solely responsible for a specified percentage of hurricane
69 coverage of an eligible risk as set forth in a quota share
70 primary insurance agreement between the corporation and an
71 authorized insurer and the insurance contract. The
72 responsibility of the corporation or authorized insurer to pay
73 its specified percentage of hurricane losses of an eligible
74 risk, as set forth in the agreement, may not be altered by the
75 inability of the other party to pay its specified percentage of
76 losses. Eligible risks that are provided hurricane coverage
77 through a quota share primary insurance arrangement must be
78 provided policy forms that set forth the obligations of the
79 corporation and authorized insurer under the arrangement,
80 clearly specify the percentages of quota share primary insurance
81 provided by the corporation and authorized insurer, and
82 conspicuously and clearly state that the authorized insurer and
83 the corporation may not be held responsible beyond their
84 specified percentage of coverage of hurricane losses.

85 (II) "Eligible risks" means personal lines residential and
86 commercial lines residential risks that meet the underwriting
87 criteria of the corporation and are located in areas that were

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88 eligible for coverage by the Florida Windstorm Underwriting
89 Association on January 1, 2002.

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

93 c. If the corporation determines that additional coverage
94 levels are necessary to maximize participation in quota share
95 primary insurance agreements by authorized insurers, the
96 corporation may establish additional coverage levels. However,
97 the corporation's quota share primary insurance coverage level
98 may not exceed 90 percent.

99 d. Any quota share primary insurance agreement entered into
100 between an authorized insurer and the corporation must provide
101 for a uniform specified percentage of coverage of hurricane
102 losses, by county or territory as set forth by the corporation
103 board, for all eligible risks of the authorized insurer covered
104 under the agreement.

105 e. Any quota share primary insurance agreement entered into
106 between an authorized insurer and the corporation is subject to
107 review and approval by the office. However, such agreement shall
108 be authorized only as to insurance contracts entered into
109 between an authorized insurer and an insured who is already
110 insured by the corporation for wind coverage.

111 f. For all eligible risks covered under quota share primary
112 insurance agreements, the exposure and coverage levels for both
113 the corporation and authorized insurers shall be reported by the
114 corporation to the Florida Hurricane Catastrophe Fund. For all
115 policies of eligible risks covered under such agreements, the
116 corporation and the authorized insurer must maintain complete

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117 and accurate records for the purpose of exposure and loss
118 reimbursement audits as required by fund rules. The corporation
119 and the authorized insurer shall each maintain duplicate copies
120 of policy declaration pages and supporting claims documents.

121 g. The corporation board shall establish in its plan of
122 operation standards for quota share agreements which ensure that
123 there is no discriminatory application among insurers as to the
124 terms of the agreements, pricing of the agreements, incentive
125 provisions if any, and consideration paid for servicing policies
126 or adjusting claims.

127 h. The quota share primary insurance agreement between the
128 corporation and an authorized insurer must set forth the
129 specific terms under which coverage is provided, including, but
130 not limited to, the sale and servicing of policies issued under
131 the agreement by the insurance agent of the authorized insurer
132 producing the business, the reporting of information concerning
133 eligible risks, the payment of premium to the corporation, and
134 arrangements for the adjustment and payment of hurricane claims
135 incurred on eligible risks by the claims adjuster and personnel
136 of the authorized insurer. Entering into a quota sharing
137 insurance agreement between the corporation and an authorized
138 insurer is voluntary and at the discretion of the authorized
139 insurer.

140 3. May provide that the corporation may employ or otherwise
141 contract with individuals or other entities to provide
142 administrative or professional services that may be appropriate
143 to effectuate the plan. The corporation may borrow funds by
144 issuing bonds or by incurring other indebtedness, and shall have
145 other powers reasonably necessary to effectuate the requirements

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146 of this subsection, including, without limitation, the power to
147 issue bonds and incur other indebtedness in order to refinance
148 outstanding bonds or other indebtedness. The corporation may
149 seek judicial validation of its bonds or other indebtedness
150 under chapter 75. The corporation may issue bonds or incur other
151 indebtedness, or have bonds issued on its behalf by a unit of
152 local government pursuant to subparagraph (q)2. in the absence
153 of a hurricane or other weather-related event, upon a
154 determination by the corporation, subject to approval by the
155 office, that such action would enable it to efficiently meet the
156 financial obligations of the corporation and that such
157 financings are reasonably necessary to effectuate the
158 requirements of this subsection. The corporation may take all
159 actions needed to facilitate tax-free status for such bonds or
160 indebtedness, including formation of trusts or other affiliated
161 entities. The corporation may pledge assessments, projected
162 recoveries from the Florida Hurricane Catastrophe Fund, other
163 reinsurance recoverables, policyholder surcharges and other
164 surcharges, and other funds available to the corporation as
165 security for bonds or other indebtedness. In recognition of s.
166 10, Art. I of the State Constitution, prohibiting the impairment
167 of obligations of contracts, it is the intent of the Legislature
168 that no action be taken whose purpose is to impair any bond
169 indenture or financing agreement or any revenue source committed
170 by contract to such bond or other indebtedness.

171 4. Must require that the corporation operate subject to the
172 supervision and approval of a board of governors consisting of
173 nine individuals who are residents of this state and who are
174 from different geographical areas of the state, one of whom is

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175 appointed by the Governor and serves solely to advocate on
176 behalf of the consumer. The appointment of a consumer
177 representative by the Governor is in addition to the
178 appointments authorized under sub-subparagraph a.

179 a. The Governor, the Chief Financial Officer, the President
180 of the Senate, and the Speaker of the House of Representatives
181 shall each appoint two members of the board. At least one of the
182 two members appointed by each appointing officer must have
183 demonstrated expertise in insurance and be deemed to be within
184 the scope of the exemption provided in s. 112.313(7)(b). The
185 Chief Financial Officer shall designate one of the appointees as
186 chair. All board members serve at the pleasure of the appointing
187 officer. All members of the board are subject to removal at will
188 by the officers who appointed them. All board members, including
189 the chair, must be appointed to serve for 3-year terms beginning
190 annually on a date designated by the plan. However, for the
191 first term beginning on or after July 1, 2009, each appointing
192 officer shall appoint one member of the board for a 2-year term
193 and one member for a 3-year term. A board vacancy shall be
194 filled for the unexpired term by the appointing officer. The
195 Chief Financial Officer shall appoint a technical advisory group
196 to provide information and advice to the board in connection
197 with the board's duties under this subsection. The executive
198 director and senior managers of the corporation shall be engaged
199 by the board and serve at the pleasure of the board. Any
200 executive director appointed on or after July 1, 2006, is
201 subject to confirmation by the Senate. The executive director is
202 responsible for employing other staff as the corporation may
203 require, subject to review and concurrence by the board.

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204 b. The board shall create a Market Accountability Advisory
205 Committee to assist the corporation in developing awareness of
206 its rates and its customer and agent service levels in
207 relationship to the voluntary market insurers writing similar
208 coverage.

209 (I) The members of the advisory committee consist of the
210 following 11 persons, one of whom must be elected chair by the
211 members of the committee: four representatives, one appointed by
212 the Florida Association of Insurance Agents, one by the Florida
213 Association of Insurance and Financial Advisors, one by the
214 Professional Insurance Agents of Florida, and one by the Latin
215 American Association of Insurance Agencies; three
216 representatives appointed by the insurers with the three highest
217 voluntary market share of residential property insurance
218 business in the state; one representative from the Office of
219 Insurance Regulation; one consumer appointed by the board who is
220 insured by the corporation at the time of appointment to the
221 committee; one representative appointed by the Florida
222 Association of Realtors; and one representative appointed by the
223 Florida Bankers Association. All members shall be appointed to
224 3-year terms and may serve for consecutive terms.

225 (II) The committee shall report to the corporation at each
226 board meeting on insurance market issues which may include rates
227 and rate competition with the voluntary market; service,
228 including policy issuance, claims processing, and general
229 responsiveness to policyholders, applicants, and agents; and
230 matters relating to depopulation.

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

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233 a. Subject to s. 627.3517, with respect to personal lines
234 residential risks, if the risk is offered coverage from an
235 authorized insurer at the insurer's approved rate under a
236 standard policy including wind coverage or, if consistent with
237 the insurer's underwriting rules as filed with the office, a
238 basic policy including wind coverage, for a new application to
239 the corporation for coverage, the risk is not eligible for any
240 policy issued by the corporation unless the premium for coverage
241 from the authorized insurer is more than 15 percent greater than
242 the premium for comparable coverage from the corporation.
243 Whenever an offer of coverage for a personal lines residential
244 risk is received for a policyholder of the corporation at
245 renewal from an authorized insurer, if the offer is equal to or
246 less than the corporation's renewal premium for comparable
247 coverage, the risk is not eligible for coverage with the
248 corporation. If the risk is not able to obtain such offer, the
249 risk is eligible for a standard policy including wind coverage
250 or a basic policy including wind coverage issued by the
251 corporation; however, if the risk could not be insured under a
252 standard policy including wind coverage regardless of market
253 conditions, the risk is eligible for a basic policy including
254 wind coverage unless rejected under subparagraph 8. However, a
255 policyholder removed from the corporation through an assumption
256 agreement remains eligible for coverage from the corporation
257 until the end of the assumption period. The corporation shall
258 determine the type of policy to be provided on the basis of
259 objective standards specified in the underwriting manual and
260 based on generally accepted underwriting practices.

261 (I) If the risk accepts an offer of coverage through the

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262 market assistance plan or through a mechanism established by the
263 corporation other than a plan established by s. 627.3518, before
264 a policy is issued to the risk by the corporation or during the
265 first 30 days of coverage by the corporation, and the producing
266 agent who submitted the application to the plan or to the
267 corporation is not currently appointed by the insurer, the
268 insurer shall:

269 (A) Pay to the producing agent of record of the policy for
270 the first year, an amount that is the greater of the insurer's
271 usual and customary commission for the type of policy written or
272 a fee equal to the usual and customary commission of the
273 corporation; or

274 (B) Offer to allow the producing agent of record of the
275 policy to continue servicing the policy for at least 1 year and
276 offer to pay the agent the greater of the insurer's or the
277 corporation's usual and customary commission for the type of
278 policy written.

279
280 If the producing agent is unwilling or unable to accept
281 appointment, the new insurer shall pay the agent in accordance
282 with sub-sub-sub-subparagraph (A).

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

287 (A) Pay to the producing agent of record, for the first
288 year, an amount that is the greater of the insurer's usual and
289 customary commission for the type of policy written or a fee
290 equal to the usual and customary commission of the corporation;

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291 or

292 (B) Offer to allow the producing agent of record to
293 continue servicing the policy for at least 1 year and offer to
294 pay the agent the greater of the insurer's or the corporation's
295 usual and customary commission for the type of policy written.

296

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

300 b. With respect to commercial lines residential risks, for
301 a new application to the corporation for coverage, if the risk
302 is offered coverage under a policy including wind coverage from
303 an authorized insurer at its approved rate, the risk is not
304 eligible for a policy issued by the corporation unless the
305 premium for coverage from the authorized insurer is more than 15
306 percent greater than the premium for comparable coverage from
307 the corporation. Whenever an offer of coverage for a commercial
308 lines residential risk is received for a policyholder of the
309 corporation at renewal from an authorized insurer, if the offer
310 is equal to or less than the corporation's renewal premium for
311 comparable coverage, the risk is not eligible for coverage with
312 the corporation. If the risk is not able to obtain any such
313 offer, the risk is eligible for a policy including wind coverage
314 issued by the corporation. However, a policyholder removed from
315 the corporation through an assumption agreement remains eligible
316 for coverage from the corporation until the end of the
317 assumption period.

318 (I) If the risk accepts an offer of coverage through the
319 market assistance plan or through a mechanism established by the

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320 corporation other than a plan established by s. 627.3518, before
321 a policy is issued to the risk by the corporation or during the
322 first 30 days of coverage by the corporation, and the producing
323 agent who submitted the application to the plan or the
324 corporation is not currently appointed by the insurer, the
325 insurer shall:

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

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

336

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

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

344 (A) Pay to the producing agent of record, for the first
345 year, an amount that is the greater of the insurer's usual and
346 customary commission for the type of policy written or a fee
347 equal to the usual and customary commission of the corporation;
348 or

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349 (B) Offer to allow the producing agent of record to
350 continue servicing the policy for at least 1 year and offer to
351 pay the agent the greater of the insurer's or the corporation's
352 usual and customary commission for the type of policy written.
353

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

357 c. For purposes of determining comparable coverage under
358 sub-subparagraphs a. and b., the comparison must be based on
359 those forms and coverages that are reasonably comparable. The
360 corporation may rely on a determination of comparable coverage
361 and premium made by the producing agent who submits the
362 application to the corporation, made in the agent's capacity as
363 the corporation's agent. A comparison may be made solely of the
364 premium with respect to the main building or structure only on
365 the following basis: the same coverage A or other building
366 limits; the same percentage hurricane deductible that applies on
367 an annual basis or that applies to each hurricane for commercial
368 residential property; the same percentage of ordinance and law
369 coverage, if the same limit is offered by both the corporation
370 and the authorized insurer; the same mitigation credits, to the
371 extent the same types of credits are offered both by the
372 corporation and the authorized insurer; the same method for loss
373 payment, such as replacement cost or actual cash value, if the
374 same method is offered both by the corporation and the
375 authorized insurer in accordance with underwriting rules; and
376 any other form or coverage that is reasonably comparable as
377 determined by the board. If an application is submitted to the

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378 corporation for wind-only coverage in the coastal account, the
379 premium for the corporation's wind-only policy plus the premium
380 for the ex-wind policy that is offered by an authorized insurer
381 to the applicant must be compared to the premium for multiperil
382 coverage offered by an authorized insurer, subject to the
383 standards for comparison specified in this subparagraph. If the
384 corporation or the applicant requests from the authorized
385 insurer a breakdown of the premium of the offer by types of
386 coverage so that a comparison may be made by the corporation or
387 its agent and the authorized insurer refuses or is unable to
388 provide such information, the corporation may treat the offer as
389 not being an offer of coverage from an authorized insurer at the
390 insurer's approved rate.

391 6. Must include rules for classifications of risks and
392 rates.

393 7. Must provide that if premium and investment income for
394 an account attributable to a particular calendar year are in
395 excess of projected losses and expenses for the account
396 attributable to that year, such excess shall be held in surplus
397 in the account. Such surplus must be available to defray
398 deficits in that account as to future years and used for that
399 purpose before assessing assessable insurers and assessable
400 insureds as to any calendar year.

401 8. Must provide objective criteria and procedures to be
402 uniformly applied to all applicants in determining whether an
403 individual risk is so hazardous as to be uninsurable. In making
404 this determination and in establishing the criteria and
405 procedures, the following must be considered:

406 a. Whether the likelihood of a loss for the individual risk

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407 is substantially higher than for other risks of the same class;
408 and

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

411
412 The acceptance or rejection of a risk by the corporation shall
413 be construed as the private placement of insurance, and the
414 provisions of chapter 120 do not apply.

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

419 10. The policies issued by the corporation must provide
420 that if the corporation or the market assistance plan obtains an
421 offer from an authorized insurer to cover the risk at its
422 approved rates, the risk is no longer eligible for renewal
423 through the corporation, except as otherwise provided in this
424 subsection.

425 11. Corporation policies and applications must include a
426 notice that the corporation policy could, under this section, be
427 replaced with a policy issued by an authorized insurer which
428 does not provide coverage identical to the coverage provided by
429 the corporation. The notice must also specify that acceptance of
430 corporation coverage creates a conclusive presumption that the
431 applicant or policyholder is aware of this potential.

432 12. May establish, subject to approval by the office,
433 different eligibility requirements and operational procedures
434 for any line or type of coverage for any specified county or
435 area if the board determines that such changes are justified due

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436 to the voluntary market being sufficiently stable and
437 competitive in such area or for such line or type of coverage
438 and that consumers who, in good faith, are unable to obtain
439 insurance through the voluntary market through ordinary methods
440 continue to have access to coverage from the corporation. If
441 coverage is sought in connection with a real property transfer,
442 the requirements and procedures may not provide an effective
443 date of coverage later than the date of the closing of the
444 transfer as established by the transferor, the transferee, and,
445 if applicable, the lender.

446 13. Must provide that, with respect to the coastal account,
447 any assessable insurer with a surplus as to policyholders of \$25
448 million or less writing 25 percent or more of its total
449 countrywide property insurance premiums in this state may
450 petition the office, within the first 90 days of each calendar
451 year, to qualify as a limited apportionment company. A regular
452 assessment levied by the corporation on a limited apportionment
453 company for a deficit incurred by the corporation for the
454 coastal account may be paid to the corporation on a monthly
455 basis as the assessments are collected by the limited
456 apportionment company from its insureds, but a limited
457 apportionment company must begin collecting the regular
458 assessments not later than 90 days after the regular assessments
459 are levied by the corporation, and the regular assessments must
460 be paid in full within 15 months after being levied by the
461 corporation. A limited apportionment company shall collect from
462 its policyholders any emergency assessment imposed under sub-
463 subparagraph (b)3.d. The plan must provide that, if the office
464 determines that any regular assessment will result in an

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465 impairment of the surplus of a limited apportionment company,
466 the office may direct that all or part of such assessment be
467 deferred as provided in subparagraph (q)4. However, an emergency
468 assessment to be collected from policyholders under sub-
469 subparagraph (b)3.d. may not be limited or deferred.

470 14. Must provide that the corporation appoint as its
471 licensed agents only those agents who also hold an appointment
472 as defined in s. 626.015(3) with an insurer who at the time of
473 the agent's initial appointment by the corporation is authorized
474 to write and is actually writing personal lines residential
475 property coverage, commercial residential property coverage, or
476 commercial nonresidential property coverage within the state.

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

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

484 17. Must provide coverage for manufactured or mobile home
485 dwellings. Such coverage must also include the following
486 attached structures:

487 a. Screened enclosures that are aluminum framed or screened
488 enclosures that are not covered by the same or substantially the
489 same materials as those of the primary dwelling;

490 b. Carports that are aluminum or carports that are not
491 covered by the same or substantially the same materials as those
492 of the primary dwelling; and

493 c. Patios that have a roof covering that is constructed of

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494 materials that are not the same or substantially the same
495 materials as those of the primary dwelling.

496
497 The corporation shall make available a policy for mobile homes
498 or manufactured homes for a minimum insured value of at least
499 \$3,000.

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

502 19. May require commercial property to meet specified
503 hurricane mitigation construction features as a condition of
504 eligibility for coverage.

505 20. Must provide that new or renewal policies issued by the
506 corporation on or after January 1, 2012, which cover sinkhole
507 loss do not include coverage for any loss to appurtenant
508 structures, driveways, sidewalks, decks, or patios that are
509 directly or indirectly caused by sinkhole activity. The
510 corporation shall exclude such coverage using a notice of
511 coverage change, which may be included with the policy renewal,
512 and not by issuance of a notice of nonrenewal of the excluded
513 coverage upon renewal of the current policy.

514 21. As of January 1, 2012, must require that the agent
515 obtain from an applicant for coverage from the corporation an
516 acknowledgment signed by the applicant, which includes, at a
517 minimum, the following statement:

518
519 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
520 AND ASSESSMENT LIABILITY:

521
522 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE

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523 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
524 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
525 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
526 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
527 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
528 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
529 LEGISLATURE.

530 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
531 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
532 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
533 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
534 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
535 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
536 ARE REGULATED AND APPROVED BY THE STATE.

537 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
538 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
539 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
540 FLORIDA LEGISLATURE.

541 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
542 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
543 STATE OF FLORIDA.

544 a. The corporation shall maintain, in electronic format or
545 otherwise, a copy of the applicant's signed acknowledgment and
546 provide a copy of the statement to the policyholder as part of
547 the first renewal after the effective date of this subparagraph.

548 b. The signed acknowledgment form creates a conclusive
549 presumption that the policyholder understood and accepted his or
550 her potential surcharge and assessment liability as a
551 policyholder of the corporation.

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552 22. Must provide that before an insurer may remove a policy
553 from the corporation under a takeout agreement, such agreement
554 must:

555 a. Be approved by the office.

556 b. Require that the insurer provide information to the
557 policyholder explaining the differences in coverage and rate
558 between the corporation policy and the policy offered.

559 23. Must exclude a policyholder for 6 months from future
560 takeout agreements by the corporation if the policyholder
561 declined a takeout agreement offer from an authorized insurer
562 and declined to receive additional takeout offers.

563 24. Must allow a policyholder who was removed from the
564 corporation in the previous 36 months by a takeout agreement
565 with an authorized insurer to reapply with the corporation and
566 be considered a renewal under s. 627.3518(5) if the corporation
567 determines that the authorized insurer increased the rate for
568 the policy in excess of the increase allowed for the corporation
569 under s. 627.351(6)(n)6.

570 Section 2. This act shall take effect July 1, 2015.