

1 A bill to be entitled

2 An act relating to operations of the Citizens Property
3 Insurance Corporation; amending s. 627.351, F.S.;
4 specifying that a consumer representative appointed by
5 the Governor to the Citizens Property Insurance
6 Corporation's board of governors is not prohibited
7 from practicing in a certain profession if required or
8 permitted by law or ordinance; authorizing the use of
9 specified information by certain entities in analyzing
10 risks and prohibiting the use of such information for
11 the direct solicitation of policyholders; requiring
12 the take-out program to be revised for specified
13 purposes; requiring policyholders after a specified
14 date to receive certain information relating to a
15 demonstration of interest to insure by private
16 insurers; requiring the corporation to develop uniform
17 formats for certain information; allowing a
18 policyholder to elect to limit the frequency of
19 solicitations for take-out offers; providing
20 circumstances under which a policyholder whose policy
21 was taken out to be considered a renewal policyholder
22 for certain rate increase purposes; providing an
23 effective date.

24
25 Be It Enacted by the Legislature of the State of Florida:
26

27 Section 1. Paragraphs (c) and (x) of subsection (6) of
28 section 627.351, Florida Statutes, are amended, and paragraph
29 (ii) is added to that subsection, to read:

30 627.351 Insurance risk apportionment plans.—

31 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

33 1. Must provide for adoption of residential property and
34 casualty insurance policy forms and commercial residential and
35 nonresidential property insurance forms, which must be approved
36 by the office before use. The corporation shall adopt the
37 following policy forms:

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

42 b. Basic personal lines policy forms that are policies
43 similar to an HO-8 policy or a dwelling fire policy that provide
44 coverage meeting the requirements of the secondary mortgage
45 market, but which is more limited than the coverage under a
46 standard policy.

47 c. Commercial lines residential and nonresidential policy
48 forms that are generally similar to the basic perils of full
49 coverage obtainable for commercial residential structures and
50 commercial nonresidential structures in the admitted voluntary
51 market.

52 d. Personal lines and commercial lines residential

53 property insurance forms that cover the peril of wind only. The
54 forms are applicable only to residential properties located in
55 areas eligible for coverage under the coastal account referred
56 to in sub-subparagraph (b)2.a.

57 e. Commercial lines nonresidential property insurance
58 forms that cover the peril of wind only. The forms are
59 applicable only to nonresidential properties located in areas
60 eligible for coverage under the coastal account referred to in
61 sub-subparagraph (b)2.a.

62 f. The corporation may adopt variations of the policy
63 forms listed in sub-subparagraphs a.-e. which contain more
64 restrictive coverage.

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

69 2. Must provide that the corporation adopt a program in
70 which the corporation and authorized insurers enter into quota
71 share primary insurance agreements for hurricane coverage, as
72 defined in s. 627.4025(2)(a), for eligible risks, and adopt
73 property insurance forms for eligible risks which cover the
74 peril of wind only.

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

76 (I) "Quota share primary insurance" means an arrangement
77 in which the primary hurricane coverage of an eligible risk is
78 provided in specified percentages by the corporation and an

79 | authorized insurer. The corporation and authorized insurer are
80 | each solely responsible for a specified percentage of hurricane
81 | coverage of an eligible risk as set forth in a quota share
82 | primary insurance agreement between the corporation and an
83 | authorized insurer and the insurance contract. The
84 | responsibility of the corporation or authorized insurer to pay
85 | its specified percentage of hurricane losses of an eligible
86 | risk, as set forth in the agreement, may not be altered by the
87 | inability of the other party to pay its specified percentage of
88 | losses. Eligible risks that are provided hurricane coverage
89 | through a quota share primary insurance arrangement must be
90 | provided policy forms that set forth the obligations of the
91 | corporation and authorized insurer under the arrangement,
92 | clearly specify the percentages of quota share primary insurance
93 | provided by the corporation and authorized insurer, and
94 | conspicuously and clearly state that the authorized insurer and
95 | the corporation may not be held responsible beyond their
96 | specified percentage of coverage of hurricane losses.

97 | (II) "Eligible risks" means personal lines residential and
98 | commercial lines residential risks that meet the underwriting
99 | criteria of the corporation and are located in areas that were
100 | eligible for coverage by the Florida Windstorm Underwriting
101 | Association on January 1, 2002.

102 | b. The corporation may enter into quota share primary
103 | insurance agreements with authorized insurers at corporation
104 | coverage levels of 90 percent and 50 percent.

105 c. If the corporation determines that additional coverage
106 levels are necessary to maximize participation in quota share
107 primary insurance agreements by authorized insurers, the
108 corporation may establish additional coverage levels. However,
109 the corporation's quota share primary insurance coverage level
110 may not exceed 90 percent.

111 d. Any quota share primary insurance agreement entered
112 into between an authorized insurer and the corporation must
113 provide for a uniform specified percentage of coverage of
114 hurricane losses, by county or territory as set forth by the
115 corporation board, for all eligible risks of the authorized
116 insurer covered under the agreement.

117 e. Any quota share primary insurance agreement entered
118 into between an authorized insurer and the corporation is
119 subject to review and approval by the office. However, such
120 agreement shall be authorized only as to insurance contracts
121 entered into between an authorized insurer and an insured who is
122 already insured by the corporation for wind coverage.

123 f. For all eligible risks covered under quota share
124 primary insurance agreements, the exposure and coverage levels
125 for both the corporation and authorized insurers shall be
126 reported by the corporation to the Florida Hurricane Catastrophe
127 Fund. For all policies of eligible risks covered under such
128 agreements, the corporation and the authorized insurer must
129 maintain complete and accurate records for the purpose of
130 exposure and loss reimbursement audits as required by fund

131 rules. The corporation and the authorized insurer shall each
132 maintain duplicate copies of policy declaration pages and
133 supporting claims documents.

134 g. The corporation board shall establish in its plan of
135 operation standards for quota share agreements which ensure that
136 there is no discriminatory application among insurers as to the
137 terms of the agreements, pricing of the agreements, incentive
138 provisions if any, and consideration paid for servicing policies
139 or adjusting claims.

140 h. The quota share primary insurance agreement between the
141 corporation and an authorized insurer must set forth the
142 specific terms under which coverage is provided, including, but
143 not limited to, the sale and servicing of policies issued under
144 the agreement by the insurance agent of the authorized insurer
145 producing the business, the reporting of information concerning
146 eligible risks, the payment of premium to the corporation, and
147 arrangements for the adjustment and payment of hurricane claims
148 incurred on eligible risks by the claims adjuster and personnel
149 of the authorized insurer. Entering into a quota sharing
150 insurance agreement between the corporation and an authorized
151 insurer is voluntary and at the discretion of the authorized
152 insurer.

153 3. May provide that the corporation may employ or
154 otherwise contract with individuals or other entities to provide
155 administrative or professional services that may be appropriate
156 to effectuate the plan. The corporation may borrow funds by

157 | issuing bonds or by incurring other indebtedness, and shall have
158 | other powers reasonably necessary to effectuate the requirements
159 | of this subsection, including, without limitation, the power to
160 | issue bonds and incur other indebtedness in order to refinance
161 | outstanding bonds or other indebtedness. The corporation may
162 | seek judicial validation of its bonds or other indebtedness
163 | under chapter 75. The corporation may issue bonds or incur other
164 | indebtedness, or have bonds issued on its behalf by a unit of
165 | local government pursuant to subparagraph (q)2. in the absence
166 | of a hurricane or other weather-related event, upon a
167 | determination by the corporation, subject to approval by the
168 | office, that such action would enable it to efficiently meet the
169 | financial obligations of the corporation and that such
170 | financings are reasonably necessary to effectuate the
171 | requirements of this subsection. The corporation may take all
172 | actions needed to facilitate tax-free status for such bonds or
173 | indebtedness, including formation of trusts or other affiliated
174 | entities. The corporation may pledge assessments, projected
175 | recoveries from the Florida Hurricane Catastrophe Fund, other
176 | reinsurance recoverables, policyholder surcharges and other
177 | surcharges, and other funds available to the corporation as
178 | security for bonds or other indebtedness. In recognition of s.
179 | 10, Art. I of the State Constitution, prohibiting the impairment
180 | of obligations of contracts, it is the intent of the Legislature
181 | that no action be taken whose purpose is to impair any bond
182 | indenture or financing agreement or any revenue source committed

183 by contract to such bond or other indebtedness.

184 4. Must require that the corporation operate subject to
185 the supervision and approval of a board of governors consisting
186 of nine individuals who are residents of this state and who are
187 from different geographical areas of the state, one of whom is
188 appointed by the Governor and serves solely to advocate on
189 behalf of the consumer. The appointment of a consumer
190 representative by the Governor is deemed to be within the scope
191 of the exemption provided in s. 112.313(7)(b) and is in addition
192 to the appointments authorized under sub-subparagraph a.

193 a. The Governor, the Chief Financial Officer, the
194 President of the Senate, and the Speaker of the House of
195 Representatives shall each appoint two members of the board. At
196 least one of the two members appointed by each appointing
197 officer must have demonstrated expertise in insurance and be
198 deemed to be within the scope of the exemption provided in s.
199 112.313(7)(b). The Chief Financial Officer shall designate one
200 of the appointees as chair. All board members serve at the
201 pleasure of the appointing officer. All members of the board are
202 subject to removal at will by the officers who appointed them.
203 All board members, including the chair, must be appointed to
204 serve for 3-year terms beginning annually on a date designated
205 by the plan. However, for the first term beginning on or after
206 July 1, 2009, each appointing officer shall appoint one member
207 of the board for a 2-year term and one member for a 3-year term.
208 A board vacancy shall be filled for the unexpired term by the

209 appointing officer. The Chief Financial Officer shall appoint a
210 technical advisory group to provide information and advice to
211 the board in connection with the board's duties under this
212 subsection. The executive director and senior managers of the
213 corporation shall be engaged by the board and serve at the
214 pleasure of the board. Any executive director appointed on or
215 after July 1, 2006, is subject to confirmation by the Senate.
216 The executive director is responsible for employing other staff
217 as the corporation may require, subject to review and
218 concurrence by the board.

219 b. The board shall create a Market Accountability Advisory
220 Committee to assist the corporation in developing awareness of
221 its rates and its customer and agent service levels in
222 relationship to the voluntary market insurers writing similar
223 coverage.

224 (I) The members of the advisory committee consist of the
225 following 11 persons, one of whom must be elected chair by the
226 members of the committee: four representatives, one appointed by
227 the Florida Association of Insurance Agents, one by the Florida
228 Association of Insurance and Financial Advisors, one by the
229 Professional Insurance Agents of Florida, and one by the Latin
230 American Association of Insurance Agencies; three
231 representatives appointed by the insurers with the three highest
232 voluntary market share of residential property insurance
233 business in the state; one representative from the Office of
234 Insurance Regulation; one consumer appointed by the board who is

235 insured by the corporation at the time of appointment to the
236 committee; one representative appointed by the Florida
237 Association of Realtors; and one representative appointed by the
238 Florida Bankers Association. All members shall be appointed to
239 3-year terms and may serve for consecutive terms.

240 (II) The committee shall report to the corporation at each
241 board meeting on insurance market issues which may include rates
242 and rate competition with the voluntary market; service,
243 including policy issuance, claims processing, and general
244 responsiveness to policyholders, applicants, and agents; and
245 matters relating to depopulation.

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

248 a. Subject to s. 627.3517, with respect to personal lines
249 residential risks, if the risk is offered coverage from an
250 authorized insurer at the insurer's approved rate under a
251 standard policy including wind coverage or, if consistent with
252 the insurer's underwriting rules as filed with the office, a
253 basic policy including wind coverage, for a new application to
254 the corporation for coverage, the risk is not eligible for any
255 policy issued by the corporation unless the premium for coverage
256 from the authorized insurer is more than 15 percent greater than
257 the premium for comparable coverage from the corporation.
258 Whenever an offer of coverage for a personal lines residential
259 risk is received for a policyholder of the corporation at
260 renewal from an authorized insurer, if the offer is equal to or

261 less than the corporation's renewal premium for comparable
262 coverage, the risk is not eligible for coverage with the
263 corporation. If the risk is not able to obtain such offer, the
264 risk is eligible for a standard policy including wind coverage
265 or a basic policy including wind coverage issued by the
266 corporation; however, if the risk could not be insured under a
267 standard policy including wind coverage regardless of market
268 conditions, the risk is eligible for a basic policy including
269 wind coverage unless rejected under subparagraph 8. However, a
270 policyholder removed from the corporation through an assumption
271 agreement remains eligible for coverage from the corporation
272 until the end of the assumption period. The corporation shall
273 determine the type of policy to be provided on the basis of
274 objective standards specified in the underwriting manual and
275 based on generally accepted underwriting practices.

276 (I) If the risk accepts an offer of coverage through the
277 market assistance plan or through a mechanism established by the
278 corporation other than a plan established by s. 627.3518, before
279 a policy is issued to the risk by the corporation or during the
280 first 30 days of coverage by the corporation, and the producing
281 agent who submitted the application to the plan or to the
282 corporation is not currently appointed by the insurer, the
283 insurer shall:

284 (A) Pay to the producing agent of record of the policy for
285 the first year, an amount that is the greater of the insurer's
286 usual and customary commission for the type of policy written or

287 a fee equal to the usual and customary commission of the
288 corporation; or

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

294

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

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

302 (A) Pay to the producing agent of record, for the first
303 year, an amount that is the greater of the insurer's usual and
304 customary commission for the type of policy written or a fee
305 equal to the usual and customary commission of the corporation;
306 or

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

311

312 If the producing agent is unwilling or unable to accept

313 appointment, the new insurer shall pay the agent in accordance
314 with sub-sub-sub-subparagraph (A).

315 b. With respect to commercial lines residential risks, for
316 a new application to the corporation for coverage, if the risk
317 is offered coverage under a policy including wind coverage from
318 an authorized insurer at its approved rate, the risk is not
319 eligible for a policy issued by the corporation unless the
320 premium for coverage from the authorized insurer is more than 15
321 percent greater than the premium for comparable coverage from
322 the corporation. Whenever an offer of coverage for a commercial
323 lines residential risk is received for a policyholder of the
324 corporation at renewal from an authorized insurer, if the offer
325 is equal to or less than the corporation's renewal premium for
326 comparable coverage, the risk is not eligible for coverage with
327 the corporation. If the risk is not able to obtain any such
328 offer, the risk is eligible for a policy including wind coverage
329 issued by the corporation. However, a policyholder removed from
330 the corporation through an assumption agreement remains eligible
331 for coverage from the corporation until the end of the
332 assumption period.

333 (I) If the risk accepts an offer of coverage through the
334 market assistance plan or through a mechanism established by the
335 corporation other than a plan established by s. 627.3518, before
336 a policy is issued to the risk by the corporation or during the
337 first 30 days of coverage by the corporation, and the producing
338 agent who submitted the application to the plan or the

339 corporation is not currently appointed by the insurer, the
 340 insurer shall:

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

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

351
 352 If the producing agent is unwilling or unable to accept
 353 appointment, the new insurer shall pay the agent in accordance
 354 with sub-sub-sub-subparagraph (A).

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

359 (A) Pay to the producing agent of record, for the first
 360 year, an amount that is the greater of the insurer's usual and
 361 customary commission for the type of policy written or a fee
 362 equal to the usual and customary commission of the corporation;
 363 or

364 (B) Offer to allow the producing agent of record to

365 continue servicing the policy for at least 1 year and offer to
366 pay the agent the greater of the insurer's or the corporation's
367 usual and customary commission for the type of policy written.
368

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

372 c. For purposes of determining comparable coverage under
373 sub-subparagraphs a. and b., the comparison must be based on
374 those forms and coverages that are reasonably comparable. The
375 corporation may rely on a determination of comparable coverage
376 and premium made by the producing agent who submits the
377 application to the corporation, made in the agent's capacity as
378 the corporation's agent. A comparison may be made solely of the
379 premium with respect to the main building or structure only on
380 the following basis: the same coverage A or other building
381 limits; the same percentage hurricane deductible that applies on
382 an annual basis or that applies to each hurricane for commercial
383 residential property; the same percentage of ordinance and law
384 coverage, if the same limit is offered by both the corporation
385 and the authorized insurer; the same mitigation credits, to the
386 extent the same types of credits are offered both by the
387 corporation and the authorized insurer; the same method for loss
388 payment, such as replacement cost or actual cash value, if the
389 same method is offered both by the corporation and the
390 authorized insurer in accordance with underwriting rules; and

391 any other form or coverage that is reasonably comparable as
392 determined by the board. If an application is submitted to the
393 corporation for wind-only coverage in the coastal account, the
394 premium for the corporation's wind-only policy plus the premium
395 for the ex-wind policy that is offered by an authorized insurer
396 to the applicant must be compared to the premium for multiperil
397 coverage offered by an authorized insurer, subject to the
398 standards for comparison specified in this subparagraph. If the
399 corporation or the applicant requests from the authorized
400 insurer a breakdown of the premium of the offer by types of
401 coverage so that a comparison may be made by the corporation or
402 its agent and the authorized insurer refuses or is unable to
403 provide such information, the corporation may treat the offer as
404 not being an offer of coverage from an authorized insurer at the
405 insurer's approved rate.

406 6. Must include rules for classifications of risks and
407 rates.

408 7. Must provide that if premium and investment income for
409 an account attributable to a particular calendar year are in
410 excess of projected losses and expenses for the account
411 attributable to that year, such excess shall be held in surplus
412 in the account. Such surplus must be available to defray
413 deficits in that account as to future years and used for that
414 purpose before assessing assessable insurers and assessable
415 insureds as to any calendar year.

416 8. Must provide objective criteria and procedures to be

417 uniformly applied to all applicants in determining whether an
418 individual risk is so hazardous as to be uninsurable. In making
419 this determination and in establishing the criteria and
420 procedures, the following must be considered:

421 a. Whether the likelihood of a loss for the individual
422 risk is substantially higher than for other risks of the same
423 class; and

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

426

427 The acceptance or rejection of a risk by the corporation shall
428 be construed as the private placement of insurance, and the
429 provisions of chapter 120 do not apply.

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

434 10. The policies issued by the corporation must provide
435 that if the corporation or the market assistance plan obtains an
436 offer from an authorized insurer to cover the risk at its
437 approved rates, the risk is no longer eligible for renewal
438 through the corporation, except as otherwise provided in this
439 subsection.

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

443 does not provide coverage identical to the coverage provided by
444 the corporation. The notice must also specify that acceptance of
445 corporation coverage creates a conclusive presumption that the
446 applicant or policyholder is aware of this potential.

447 12. May establish, subject to approval by the office,
448 different eligibility requirements and operational procedures
449 for any line or type of coverage for any specified county or
450 area if the board determines that such changes are justified due
451 to the voluntary market being sufficiently stable and
452 competitive in such area or for such line or type of coverage
453 and that consumers who, in good faith, are unable to obtain
454 insurance through the voluntary market through ordinary methods
455 continue to have access to coverage from the corporation. If
456 coverage is sought in connection with a real property transfer,
457 the requirements and procedures may not provide an effective
458 date of coverage later than the date of the closing of the
459 transfer as established by the transferor, the transferee, and,
460 if applicable, the lender.

461 13. Must provide that, with respect to the coastal
462 account, any assessable insurer with a surplus as to
463 policyholders of \$25 million or less writing 25 percent or more
464 of its total countrywide property insurance premiums in this
465 state may petition the office, within the first 90 days of each
466 calendar year, to qualify as a limited apportionment company. A
467 regular assessment levied by the corporation on a limited
468 apportionment company for a deficit incurred by the corporation

469 for the coastal account may be paid to the corporation on a
470 monthly basis as the assessments are collected by the limited
471 apportionment company from its insureds, but a limited
472 apportionment company must begin collecting the regular
473 assessments not later than 90 days after the regular assessments
474 are levied by the corporation, and the regular assessments must
475 be paid in full within 15 months after being levied by the
476 corporation. A limited apportionment company shall collect from
477 its policyholders any emergency assessment imposed under sub-
478 subparagraph (b)3.d. The plan must provide that, if the office
479 determines that any regular assessment will result in an
480 impairment of the surplus of a limited apportionment company,
481 the office may direct that all or part of such assessment be
482 deferred as provided in subparagraph (q)4. However, an emergency
483 assessment to be collected from policyholders under sub-
484 subparagraph (b)3.d. may not be limited or deferred.

485 14. Must provide that the corporation appoint as its
486 licensed agents only those agents who also hold an appointment
487 as defined in s. 626.015(3) with an insurer who at the time of
488 the agent's initial appointment by the corporation is authorized
489 to write and is actually writing personal lines residential
490 property coverage, commercial residential property coverage, or
491 commercial nonresidential property coverage within the state.

492 15. Must provide a premium payment plan option to its
493 policyholders which, at a minimum, allows for quarterly and
494 semiannual payment of premiums. A monthly payment plan may, but

495 is not required to, be offered.

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

499 17. Must provide coverage for manufactured or mobile home
 500 dwellings. Such coverage must also include the following
 501 attached structures:

502 a. Screened enclosures that are aluminum framed or
 503 screened enclosures that are not covered by the same or
 504 substantially the same materials as those of the primary
 505 dwelling;

506 b. Carports that are aluminum or carports that are not
 507 covered by the same or substantially the same materials as those
 508 of the primary dwelling; and

509 c. Patios that have a roof covering that is constructed of
 510 materials that are not the same or substantially the same
 511 materials as those of the primary dwelling.

512
 513 The corporation shall make available a policy for mobile homes
 514 or manufactured homes for a minimum insured value of at least
 515 \$3,000.

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

518 19. May require commercial property to meet specified
 519 hurricane mitigation construction features as a condition of
 520 eligibility for coverage.

521 20. Must provide that new or renewal policies issued by
 522 the corporation on or after January 1, 2012, which cover
 523 sinkhole loss do not include coverage for any loss to
 524 appurtenant structures, driveways, sidewalks, decks, or patios
 525 that are directly or indirectly caused by sinkhole activity. The
 526 corporation shall exclude such coverage using a notice of
 527 coverage change, which may be included with the policy renewal,
 528 and not by issuance of a notice of nonrenewal of the excluded
 529 coverage upon renewal of the current policy.

530 21. As of January 1, 2012, must require that the agent
 531 obtain from an applicant for coverage from the corporation an
 532 acknowledgment signed by the applicant, which includes, at a
 533 minimum, the following statement:

534 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

535 AND ASSESSMENT LIABILITY:

536 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
 537 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
 538 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
 539 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
 540 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE
 541 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
 542 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
 543 LEGISLATURE.

544 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
 545 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
 546 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO

547 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
548 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
549 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
550 ARE REGULATED AND APPROVED BY THE STATE.

551 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
552 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
553 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
554 FLORIDA LEGISLATURE.

555 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
556 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
557 STATE OF FLORIDA.

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

562 b. The signed acknowledgment form creates a conclusive
563 presumption that the policyholder understood and accepted his or
564 her potential surcharge and assessment liability as a
565 policyholder of the corporation.

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

569 a. Underwriting files, except that a policyholder or an
570 applicant shall have access to his or her own underwriting
571 files. Confidential and exempt underwriting file records may
572 also be released to other governmental agencies upon written

573 request and demonstration of need; such records held by the
574 receiving agency remain confidential and exempt as provided
575 herein.

576 b. Claims files, until termination of all litigation and
577 settlement of all claims arising out of the same incident,
578 although portions of the claims files may remain exempt, as
579 otherwise provided by law. Confidential and exempt claims file
580 records may be released to other governmental agencies upon
581 written request and demonstration of need; such records held by
582 the receiving agency remain confidential and exempt as provided
583 herein.

584 c. Records obtained or generated by an internal auditor
585 pursuant to a routine audit, until the audit is completed, or if
586 the audit is conducted as part of an investigation, until the
587 investigation is closed or ceases to be active. An investigation
588 is considered "active" while the investigation is being
589 conducted with a reasonable, good faith belief that it could
590 lead to the filing of administrative, civil, or criminal
591 proceedings.

592 d. Matters reasonably encompassed in privileged attorney-
593 client communications.

594 e. Proprietary information licensed to the corporation
595 under contract and the contract provides for the confidentiality
596 of such proprietary information.

597 f. All information relating to the medical condition or
598 medical status of a corporation employee which is not relevant

599 to the employee's capacity to perform his or her duties, except
600 as otherwise provided in this paragraph. Information that is
601 exempt shall include, but is not limited to, information
602 relating to workers' compensation, insurance benefits, and
603 retirement or disability benefits.

604 g. Upon an employee's entrance into the employee
605 assistance program, a program to assist any employee who has a
606 behavioral or medical disorder, substance abuse problem, or
607 emotional difficulty which affects the employee's job
608 performance, all records relative to that participation shall be
609 confidential and exempt from the provisions of s. 119.07(1) and
610 s. 24(a), Art. I of the State Constitution, except as otherwise
611 provided in s. 112.0455(11).

612 h. Information relating to negotiations for financing,
613 reinsurance, depopulation, or contractual services, until the
614 conclusion of the negotiations.

615 i. Minutes of closed meetings regarding underwriting
616 files, and minutes of closed meetings regarding an open claims
617 file until termination of all litigation and settlement of all
618 claims with regard to that claim, except that information
619 otherwise confidential or exempt by law shall be redacted.

620 2. If an authorized insurer is considering underwriting a
621 risk insured by the corporation, relevant underwriting files and
622 confidential claims files may be released to the insurer
623 provided the insurer agrees in writing, notarized and under
624 oath, to maintain the confidentiality of such files. If a file

625 is transferred to an insurer, that file is no longer a public
626 record because it is not held by an agency subject to the
627 provisions of the public records law. Underwriting files and
628 confidential claims files may also be released to staff and the
629 board of governors of the market assistance plan established
630 pursuant to s. 627.3515, who must retain the confidentiality of
631 such files, except such files may be released to authorized
632 insurers that are considering assuming the risks to which the
633 files apply, provided the insurer agrees in writing, notarized
634 and under oath, to maintain the confidentiality of such files.
635 Finally, the corporation or the board or staff of the market
636 assistance plan may make the following information obtained from
637 underwriting files and confidential claims files available to
638 licensed general lines insurance agents: name, address, and
639 telephone number of the residential property owner or insured;
640 location of the risk; rating information; loss history; and
641 policy type. The receiving licensed general lines insurance
642 agent must retain the confidentiality of the information
643 received and may use the information only for the purposes of
644 developing a take-out plan to be submitted to the office for
645 approval or otherwise analyzing the underwriting of a risk or
646 risks insured by the corporation on behalf of the private
647 insurance market. The licensed general lines agent and an
648 insurer receiving information under this subparagraph may not
649 use the information for the direct solicitation of
650 policyholders. An entity that has obtained a permit to become an

651 authorized insurer, a reinsurer, a reinsurance broker, or a
652 modeling company may receive the information available to a
653 licensed general lines agent for the sole purpose of analyzing
654 risks for underwriting in the private insurance market and must
655 retain the confidentiality of the information received. Such
656 entities may not use the information for the direct solicitation
657 of policyholders.

658 3. A policyholder who has filed suit against the
659 corporation has the right to discover the contents of his or her
660 own claims file to the same extent that discovery of such
661 contents would be available from a private insurer in litigation
662 as provided by the Florida Rules of Civil Procedure, the Florida
663 Evidence Code, and other applicable law. Pursuant to subpoena, a
664 third party has the right to discover the contents of an
665 insured's or applicant's underwriting or claims file to the same
666 extent that discovery of such contents would be available from a
667 private insurer by subpoena as provided by the Florida Rules of
668 Civil Procedure, the Florida Evidence Code, and other applicable
669 law, and subject to any confidentiality protections requested by
670 the corporation and agreed to by the seeking party or ordered by
671 the court. The corporation may release confidential underwriting
672 and claims file contents and information as it deems necessary
673 and appropriate to underwrite or service insurance policies and
674 claims, subject to any confidentiality protections deemed
675 necessary and appropriate by the corporation.

676 4. Portions of meetings of the corporation are exempt from

677 the provisions of s. 286.011 and s. 24(b), Art. I of the State
678 Constitution wherein confidential underwriting files or
679 confidential open claims files are discussed. All portions of
680 corporation meetings which are closed to the public shall be
681 recorded by a court reporter. The court reporter shall record
682 the times of commencement and termination of the meeting, all
683 discussion and proceedings, the names of all persons present at
684 any time, and the names of all persons speaking. No portion of
685 any closed meeting shall be off the record. Subject to the
686 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's
687 notes of any closed meeting shall be retained by the corporation
688 for a minimum of 5 years. A copy of the transcript, less any
689 exempt matters, of any closed meeting wherein claims are
690 discussed shall become public as to individual claims after
691 settlement of the claim.

692 (ii) The corporation shall revise the programs adopted
693 pursuant to sub-subparagraph (6)(q)3.a. to maximize policyholder
694 options and encourage increased participation by insurers and
695 agents.

696 1. After January 1, 2016, such revisions must include a
697 process by which policyholders are informed if one or more
698 insurers demonstrate an interest in taking out that policy from
699 the corporation. This demonstration of interest must include the
700 amount of the estimated premium, a description of the coverage,
701 including an explanation of differences, and a comparison of the
702 estimated premium and coverage offered by the insurer to the

703 estimated premium and coverage provided by the corporation. The
704 corporation shall develop a uniform format for the estimated
705 premium and coverage information required by this subparagraph.
706 After January 1, 2016, a policy may not be taken out from the
707 corporation unless the provisions of this subparagraph are met.

708 2. A policyholder may elect not to be solicited for take-
709 out offers more than once in a 6-month period.

710 3. A policyholder whose policy was taken out by an insurer
711 in the previous 36 months is considered a renewal policyholder
712 under s. 627.3518, if the corporation determines that the
713 insurer continues to insure the policyholder and that the
714 initial premium of the insurer exceeded its estimated premium by
715 more than 10 percent or the insurer increased the rate on the
716 policy in excess of the increase allowed for the corporation
717 under subparagraph (6) (n) 6.

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