

By the Committees on Ethics and Elections; and Banking and Insurance; and Senator Flores

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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; revising the  
9           requirements for licensed agents of the corporation;  
10          revising provisions related to the corporation's use  
11          of certain public and private hurricane loss-  
12          projection models in establishing certain rates;  
13          revising a provision to permit specified information  
14          from certain underwriting and claims files to be made  
15          available to certain entities; providing limitations  
16          for the use of such information by the entities;  
17          requiring the take-out program to be revised for  
18          specified purposes by a specified date; requiring the  
19          corporation to schedule up to a certain number of  
20          cycles annually during which insurers may identify and  
21          submit policy take-out requests; specifying  
22          information required to be included in such requests;  
23          providing conditions that must be agreed to by  
24          insurers submitting a request; requiring the  
25          corporation to maintain and make available specified  
26          lists of insurers to its agents of record; requiring  
27          the corporation to provide policyholders and the  
28          agents of record with a specified notice regarding  
29          their policy renewal options; amending s. 627.3518,  
30          F.S.; revising criteria for when an applicant for  
31          coverage from the corporation shall be considered a

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32 renewal; providing an effective date.

33  
34 Be It Enacted by the Legislature of the State of Florida:

35  
36 Section 1. Paragraphs (c), (n), and (x) of subsection (6)  
37 of section 627.351, Florida Statutes, are amended, and paragraph  
38 (ii) is added to that subsection, to read:

39 627.351 Insurance risk apportionment plans.—

40 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

42 1. Must provide for adoption of residential property and  
43 casualty insurance policy forms and commercial residential and  
44 nonresidential property insurance forms, which must be approved  
45 by the office before use. The corporation shall adopt the  
46 following policy forms:

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

51 b. Basic personal lines policy forms that are policies  
52 similar to an HO-8 policy or a dwelling fire policy that provide  
53 coverage meeting the requirements of the secondary mortgage  
54 market, but which is more limited than the coverage under a  
55 standard policy.

56 c. Commercial lines residential and nonresidential policy  
57 forms that are generally similar to the basic perils of full  
58 coverage obtainable for commercial residential structures and  
59 commercial nonresidential structures in the admitted voluntary  
60 market.

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

66 e. Commercial lines nonresidential property insurance forms  
67 that cover the peril of wind only. The forms are applicable only  
68 to nonresidential properties located in areas eligible for  
69 coverage under the coastal account referred to in sub-  
70 subparagraph (b)2.a.

71 f. The corporation may adopt variations of the policy forms  
72 listed in sub-subparagraphs a.-e. which contain more restrictive  
73 coverage.

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

78 2. Must provide that the corporation adopt a program in  
79 which the corporation and authorized insurers enter into quota  
80 share primary insurance agreements for hurricane coverage, as  
81 defined in s. 627.4025(2)(a), for eligible risks, and adopt  
82 property insurance forms for eligible risks which cover the  
83 peril of wind only.

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

85 (I) "Quota share primary insurance" means an arrangement in  
86 which the primary hurricane coverage of an eligible risk is  
87 provided in specified percentages by the corporation and an  
88 authorized insurer. The corporation and authorized insurer are  
89 each solely responsible for a specified percentage of hurricane

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90 coverage of an eligible risk as set forth in a quota share  
91 primary insurance agreement between the corporation and an  
92 authorized insurer and the insurance contract. The  
93 responsibility of the corporation or authorized insurer to pay  
94 its specified percentage of hurricane losses of an eligible  
95 risk, as set forth in the agreement, may not be altered by the  
96 inability of the other party to pay its specified percentage of  
97 losses. Eligible risks that are provided hurricane coverage  
98 through a quota share primary insurance arrangement must be  
99 provided policy forms that set forth the obligations of the  
100 corporation and authorized insurer under the arrangement,  
101 clearly specify the percentages of quota share primary insurance  
102 provided by the corporation and authorized insurer, and  
103 conspicuously and clearly state that the authorized insurer and  
104 the corporation may not be held responsible beyond their  
105 specified percentage of coverage of hurricane losses.

106 (II) "Eligible risks" means personal lines residential and  
107 commercial lines residential risks that meet the underwriting  
108 criteria of the corporation and are located in areas that were  
109 eligible for coverage by the Florida Windstorm Underwriting  
110 Association on January 1, 2002.

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

114 c. If the corporation determines that additional coverage  
115 levels are necessary to maximize participation in quota share  
116 primary insurance agreements by authorized insurers, the  
117 corporation may establish additional coverage levels. However,  
118 the corporation's quota share primary insurance coverage level

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119 may not exceed 90 percent.

120 d. Any quota share primary insurance agreement entered into  
121 between an authorized insurer and the corporation must provide  
122 for a uniform specified percentage of coverage of hurricane  
123 losses, by county or territory as set forth by the corporation  
124 board, for all eligible risks of the authorized insurer covered  
125 under the agreement.

126 e. Any quota share primary insurance agreement entered into  
127 between an authorized insurer and the corporation is subject to  
128 review and approval by the office. However, such agreement shall  
129 be authorized only as to insurance contracts entered into  
130 between an authorized insurer and an insured who is already  
131 insured by the corporation for wind coverage.

132 f. For all eligible risks covered under quota share primary  
133 insurance agreements, the exposure and coverage levels for both  
134 the corporation and authorized insurers shall be reported by the  
135 corporation to the Florida Hurricane Catastrophe Fund. For all  
136 policies of eligible risks covered under such agreements, the  
137 corporation and the authorized insurer must maintain complete  
138 and accurate records for the purpose of exposure and loss  
139 reimbursement audits as required by fund rules. The corporation  
140 and the authorized insurer shall each maintain duplicate copies  
141 of policy declaration pages and supporting claims documents.

142 g. The corporation board shall establish in its plan of  
143 operation standards for quota share agreements which ensure that  
144 there is no discriminatory application among insurers as to the  
145 terms of the agreements, pricing of the agreements, incentive  
146 provisions if any, and consideration paid for servicing policies  
147 or adjusting claims.

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

161 3. May provide that the corporation may employ or otherwise  
162 contract with individuals or other entities to provide  
163 administrative or professional services that may be appropriate  
164 to effectuate the plan. The corporation may borrow funds by  
165 issuing bonds or by incurring other indebtedness, and shall have  
166 other powers reasonably necessary to effectuate the requirements  
167 of this subsection, including, without limitation, the power to  
168 issue bonds and incur other indebtedness in order to refinance  
169 outstanding bonds or other indebtedness. The corporation may  
170 seek judicial validation of its bonds or other indebtedness  
171 under chapter 75. The corporation may issue bonds or incur other  
172 indebtedness, or have bonds issued on its behalf by a unit of  
173 local government pursuant to subparagraph (q)2. in the absence  
174 of a hurricane or other weather-related event, upon a  
175 determination by the corporation, subject to approval by the  
176 office, that such action would enable it to efficiently meet the

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177 financial obligations of the corporation and that such  
178 financings are reasonably necessary to effectuate the  
179 requirements of this subsection. The corporation may take all  
180 actions needed to facilitate tax-free status for such bonds or  
181 indebtedness, including formation of trusts or other affiliated  
182 entities. The corporation may pledge assessments, projected  
183 recoveries from the Florida Hurricane Catastrophe Fund, other  
184 reinsurance recoverables, policyholder surcharges and other  
185 surcharges, and other funds available to the corporation as  
186 security for bonds or other indebtedness. In recognition of s.  
187 10, Art. I of the State Constitution, prohibiting the impairment  
188 of obligations of contracts, it is the intent of the Legislature  
189 that no action be taken whose purpose is to impair any bond  
190 indenture or financing agreement or any revenue source committed  
191 by contract to such bond or other indebtedness.

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

201 a. The Governor, the Chief Financial Officer, the President  
202 of the Senate, and the Speaker of the House of Representatives  
203 shall each appoint two members of the board. At least one of the  
204 two members appointed by each appointing officer must have  
205 demonstrated expertise in insurance and be deemed to be within

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206 the scope of the exemption provided in s. 112.313(7)(b). The  
207 Chief Financial Officer shall designate one of the appointees as  
208 chair. All board members serve at the pleasure of the appointing  
209 officer. All members of the board are subject to removal at will  
210 by the officers who appointed them. All board members, including  
211 the chair, must be appointed to serve for 3-year terms beginning  
212 annually on a date designated by the plan. However, for the  
213 first term beginning on or after July 1, 2009, each appointing  
214 officer shall appoint one member of the board for a 2-year term  
215 and one member for a 3-year term. A board vacancy shall be  
216 filled for the unexpired term by the appointing officer. The  
217 Chief Financial Officer shall appoint a technical advisory group  
218 to provide information and advice to the board in connection  
219 with the board's duties under this subsection. The executive  
220 director and senior managers of the corporation shall be engaged  
221 by the board and serve at the pleasure of the board. Any  
222 executive director appointed on or after July 1, 2006, is  
223 subject to confirmation by the Senate. The executive director is  
224 responsible for employing other staff as the corporation may  
225 require, subject to review and concurrence by the board.

226 b. The board shall create a Market Accountability Advisory  
227 Committee to assist the corporation in developing awareness of  
228 its rates and its customer and agent service levels in  
229 relationship to the voluntary market insurers writing similar  
230 coverage.

231 (I) The members of the advisory committee consist of the  
232 following 11 persons, one of whom must be elected chair by the  
233 members of the committee: four representatives, one appointed by  
234 the Florida Association of Insurance Agents, one by the Florida



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235 Association of Insurance and Financial Advisors, one by the  
236 Professional Insurance Agents of Florida, and one by the Latin  
237 American Association of Insurance Agencies; three  
238 representatives appointed by the insurers with the three highest  
239 voluntary market share of residential property insurance  
240 business in the state; one representative from the Office of  
241 Insurance Regulation; one consumer appointed by the board who is  
242 insured by the corporation at the time of appointment to the  
243 committee; one representative appointed by the Florida  
244 Association of Realtors; and one representative appointed by the  
245 Florida Bankers Association. All members shall be appointed to  
246 3-year terms and may serve for consecutive terms.

247 (II) The committee shall report to the corporation at each  
248 board meeting on insurance market issues which may include rates  
249 and rate competition with the voluntary market; service,  
250 including policy issuance, claims processing, and general  
251 responsiveness to policyholders, applicants, and agents; and  
252 matters relating to depopulation.

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

255 a. Subject to s. 627.3517, with respect to personal lines  
256 residential risks, if the risk is offered coverage from an  
257 authorized insurer at the insurer's approved rate under a  
258 standard policy including wind coverage or, if consistent with  
259 the insurer's underwriting rules as filed with the office, a  
260 basic policy including wind coverage, for a new application to  
261 the corporation for coverage, the risk is not eligible for any  
262 policy issued by the corporation unless the premium for coverage  
263 from the authorized insurer is more than 15 percent greater than

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

283 (I) If the risk accepts an offer of coverage through the  
284 market assistance plan or through a mechanism established by the  
285 corporation other than a plan established by s. 627.3518, before  
286 a policy is issued to the risk by the corporation or during the  
287 first 30 days of coverage by the corporation, and the producing  
288 agent who submitted the application to the plan or to the  
289 corporation is not currently appointed by the insurer, the  
290 insurer shall:

291 (A) Pay to the producing agent of record of the policy for  
292 the first year, an amount that is the greater of the insurer's

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293 usual and customary commission for the type of policy written or  
294 a fee equal to the usual and customary commission of the  
295 corporation; or

296 (B) Offer to allow the producing agent of record of the  
297 policy to continue servicing the policy for at least 1 year and  
298 offer to pay the agent the greater of the insurer's or the  
299 corporation's usual and customary commission for the type of  
300 policy written.

301

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

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

309 (A) Pay to the producing agent of record, for the first  
310 year, an amount that is the greater of the insurer's usual and  
311 customary commission for the type of policy written or a fee  
312 equal to the usual and customary commission of the corporation;  
313 or

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

318

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

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

340           (I) If the risk accepts an offer of coverage through the  
341 market assistance plan or through a mechanism established by the  
342 corporation other than a plan established by s. 627.3518, before  
343 a policy is issued to the risk by the corporation or during the  
344 first 30 days of coverage by the corporation, and the producing  
345 agent who submitted the application to the plan or the  
346 corporation is not currently appointed by the insurer, the  
347 insurer shall:

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

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351 a fee equal to the usual and customary commission of the  
352 corporation; or

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

358

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

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

366 (A) Pay to the producing agent of record, for the first  
367 year, an amount that is the greater of the insurer's usual and  
368 customary commission for the type of policy written or a fee  
369 equal to the usual and customary commission of the corporation;  
370 or

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

375

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

379 c. For purposes of determining comparable coverage under

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380 sub-subparagraphs a. and b., the comparison must be based on  
381 those forms and coverages that are reasonably comparable. The  
382 corporation may rely on a determination of comparable coverage  
383 and premium made by the producing agent who submits the  
384 application to the corporation, made in the agent's capacity as  
385 the corporation's agent. A comparison may be made solely of the  
386 premium with respect to the main building or structure only on  
387 the following basis: the same coverage A or other building  
388 limits; the same percentage hurricane deductible that applies on  
389 an annual basis or that applies to each hurricane for commercial  
390 residential property; the same percentage of ordinance and law  
391 coverage, if the same limit is offered by both the corporation  
392 and the authorized insurer; the same mitigation credits, to the  
393 extent the same types of credits are offered both by the  
394 corporation and the authorized insurer; the same method for loss  
395 payment, such as replacement cost or actual cash value, if the  
396 same method is offered both by the corporation and the  
397 authorized insurer in accordance with underwriting rules; and  
398 any other form or coverage that is reasonably comparable as  
399 determined by the board. If an application is submitted to the  
400 corporation for wind-only coverage in the coastal account, the  
401 premium for the corporation's wind-only policy plus the premium  
402 for the ex-wind policy that is offered by an authorized insurer  
403 to the applicant must be compared to the premium for multiperil  
404 coverage offered by an authorized insurer, subject to the  
405 standards for comparison specified in this subparagraph. If the  
406 corporation or the applicant requests from the authorized  
407 insurer a breakdown of the premium of the offer by types of  
408 coverage so that a comparison may be made by the corporation or

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409 its agent and the authorized insurer refuses or is unable to  
410 provide such information, the corporation may treat the offer as  
411 not being an offer of coverage from an authorized insurer at the  
412 insurer's approved rate.

413 6. Must include rules for classifications of risks and  
414 rates.

415 7. Must provide that if premium and investment income for  
416 an account attributable to a particular calendar year are in  
417 excess of projected losses and expenses for the account  
418 attributable to that year, such excess shall be held in surplus  
419 in the account. Such surplus must be available to defray  
420 deficits in that account as to future years and used for that  
421 purpose before assessing assessable insurers and assessable  
422 insureds as to any calendar year.

423 8. Must provide objective criteria and procedures to be  
424 uniformly applied to all applicants in determining whether an  
425 individual risk is so hazardous as to be uninsurable. In making  
426 this determination and in establishing the criteria and  
427 procedures, the following must be considered:

428 a. Whether the likelihood of a loss for the individual risk  
429 is substantially higher than for other risks of the same class;  
430 and

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

433

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

437 9. Must provide that the corporation make its best efforts

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438 to procure catastrophe reinsurance at reasonable rates, to cover  
439 its projected 100-year probable maximum loss as determined by  
440 the board of governors.

441 10. The policies issued by the corporation must provide  
442 that if the corporation or the market assistance plan obtains an  
443 offer from an authorized insurer to cover the risk at its  
444 approved rates, the risk is no longer eligible for renewal  
445 through the corporation, except as otherwise provided in this  
446 subsection.

447 11. Corporation policies and applications must include a  
448 notice that the corporation policy could, under this section, be  
449 replaced with a policy issued by an authorized insurer which  
450 does not provide coverage identical to the coverage provided by  
451 the corporation. The notice must also specify that acceptance of  
452 corporation coverage creates a conclusive presumption that the  
453 applicant or policyholder is aware of this potential.

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



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467 if applicable, the lender.

468 13. Must provide that, with respect to the coastal account,  
469 any assessable insurer with a surplus as to policyholders of \$25  
470 million or less writing 25 percent or more of its total  
471 countrywide property insurance premiums in this state may  
472 petition the office, within the first 90 days of each calendar  
473 year, to qualify as a limited apportionment company. A regular  
474 assessment levied by the corporation on a limited apportionment  
475 company for a deficit incurred by the corporation for the  
476 coastal account may be paid to the corporation on a monthly  
477 basis as the assessments are collected by the limited  
478 apportionment company from its insureds, but a limited  
479 apportionment company must begin collecting the regular  
480 assessments not later than 90 days after the regular assessments  
481 are levied by the corporation, and the regular assessments must  
482 be paid in full within 15 months after being levied by the  
483 corporation. A limited apportionment company shall collect from  
484 its policyholders any emergency assessment imposed under sub-  
485 subparagraph (b)3.d. The plan must provide that, if the office  
486 determines that any regular assessment will result in an  
487 impairment of the surplus of a limited apportionment company,  
488 the office may direct that all or part of such assessment be  
489 deferred as provided in subparagraph (q)4. However, an emergency  
490 assessment to be collected from policyholders under sub-  
491 subparagraph (b)3.d. may not be limited or deferred.

492 14. Must provide that the corporation appoint as its  
493 licensed agents only those agents who throughout such  
494 appointments also hold an appointment as defined in s.  
495 626.015(3) by ~~with~~ an insurer who ~~at the time of the agent's~~

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496 ~~initial appointment by the corporation~~ is authorized to write  
497 and is actually writing or renewing personal lines residential  
498 property coverage, commercial residential property coverage, or  
499 commercial nonresidential property coverage within the state.

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

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

507 17. Must provide coverage for manufactured or mobile home  
508 dwellings. Such coverage must also include the following  
509 attached structures:

510 a. Screened enclosures that are aluminum framed or screened  
511 enclosures that are not covered by the same or substantially the  
512 same materials as those of the primary dwelling;

513 b. Carports that are aluminum or carports that are not  
514 covered by the same or substantially the same materials as those  
515 of the primary dwelling; and

516 c. Patios that have a roof covering that is constructed of  
517 materials that are not the same or substantially the same  
518 materials as those of the primary dwelling.

519  
520 The corporation shall make available a policy for mobile homes  
521 or manufactured homes for a minimum insured value of at least  
522 \$3,000.

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

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525           19. May require commercial property to meet specified  
526 hurricane mitigation construction features as a condition of  
527 eligibility for coverage.

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

537           21. As of January 1, 2012, must require that the agent  
538 obtain from an applicant for coverage from the corporation an  
539 acknowledgment signed by the applicant, which includes, at a  
540 minimum, the following statement:

541                           ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

542   AND ASSESSMENT LIABILITY:

543           1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
544 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
545 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
546 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
547 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
548 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
549 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
550 LEGISLATURE.

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

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554 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN  
555 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE  
556 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES  
557 ARE REGULATED AND APPROVED BY THE STATE.

558 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
559 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
560 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
561 FLORIDA LEGISLATURE.

562 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
563 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
564 STATE OF FLORIDA.

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

569 b. The signed acknowledgment form creates a conclusive  
570 presumption that the policyholder understood and accepted his or  
571 her potential surcharge and assessment liability as a  
572 policyholder of the corporation.

573 (n)1. Rates for coverage provided by the corporation must  
574 be actuarially sound and subject to s. 627.062, except as  
575 otherwise provided in this paragraph. The corporation shall file  
576 its recommended rates with the office at least annually. The  
577 corporation shall provide any additional information regarding  
578 the rates which the office requires. The office shall consider  
579 the recommendations of the board and issue a final order  
580 establishing the rates for the corporation within 45 days after  
581 the recommended rates are filed. The corporation may not pursue  
582 an administrative challenge or judicial review of the final

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583 order of the office.

584 2. In addition to the rates otherwise determined pursuant  
585 to this paragraph, the corporation shall impose and collect an  
586 amount equal to the premium tax provided in s. 624.509 to  
587 augment the financial resources of the corporation.

588 3. After the public hurricane loss-projection model under  
589 s. 627.06281 has been found to be accurate and reliable by the  
590 Florida Commission on Hurricane Loss Projection Methodology, the  
591 model shall be considered when establishing ~~serve as the minimum~~  
592 ~~benchmark for determining~~ the windstorm portion of the  
593 corporation's rates. The corporation may use the public model  
594 results in combination with the results of private models to  
595 calculate rates for the windstorm portion of the corporation's  
596 rates. This subparagraph does not require or allow the  
597 corporation to adopt rates lower than the rates otherwise  
598 required or allowed by this paragraph.

599 4. The rate filings for the corporation which were approved  
600 by the office and took effect January 1, 2007, are rescinded,  
601 except for those rates that were lowered. As soon as possible,  
602 the corporation shall begin using the lower rates that were in  
603 effect on December 31, 2006, and provide refunds to  
604 policyholders who paid higher rates as a result of that rate  
605 filing. The rates in effect on December 31, 2006, remain in  
606 effect for the 2007 and 2008 calendar years except for any rate  
607 change that results in a lower rate. The next rate change that  
608 may increase rates shall take effect pursuant to a new rate  
609 filing recommended by the corporation and established by the  
610 office, subject to this paragraph.

611 5. Beginning on July 15, 2009, and annually thereafter, the

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612 corporation must make a recommended actuarially sound rate  
613 filing for each personal and commercial line of business it  
614 writes, to be effective no earlier than January 1, 2010.

615 6. Beginning on or after January 1, 2010, and  
616 notwithstanding the board's recommended rates and the office's  
617 final order regarding the corporation's filed rates under  
618 subparagraph 1., the corporation shall annually implement a rate  
619 increase which, except for sinkhole coverage, does not exceed 10  
620 percent for any single policy issued by the corporation,  
621 excluding coverage changes and surcharges.

622 7. The corporation may also implement an increase to  
623 reflect the effect on the corporation of the cash buildup factor  
624 pursuant to s. 215.555(5)(b).

625 8. The corporation's implementation of rates as prescribed  
626 in subparagraph 6. shall cease for any line of business written  
627 by the corporation upon the corporation's implementation of  
628 actuarially sound rates. Thereafter, the corporation shall  
629 annually make a recommended actuarially sound rate filing for  
630 each commercial and personal line of business the corporation  
631 writes.

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

635 a. Underwriting files, except that a policyholder or an  
636 applicant shall have access to his or her own underwriting  
637 files. Confidential and exempt underwriting file records may  
638 also be released to other governmental agencies upon written  
639 request and demonstration of need; such records held by the  
640 receiving agency remain confidential and exempt as provided

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641 herein.

642 b. Claims files, until termination of all litigation and  
643 settlement of all claims arising out of the same incident,  
644 although portions of the claims files may remain exempt, as  
645 otherwise provided by law. Confidential and exempt claims file  
646 records may be released to other governmental agencies upon  
647 written request and demonstration of need; such records held by  
648 the receiving agency remain confidential and exempt as provided  
649 herein.

650 c. Records obtained or generated by an internal auditor  
651 pursuant to a routine audit, until the audit is completed, or if  
652 the audit is conducted as part of an investigation, until the  
653 investigation is closed or ceases to be active. An investigation  
654 is considered "active" while the investigation is being  
655 conducted with a reasonable, good faith belief that it could  
656 lead to the filing of administrative, civil, or criminal  
657 proceedings.

658 d. Matters reasonably encompassed in privileged attorney-  
659 client communications.

660 e. Proprietary information licensed to the corporation  
661 under contract and the contract provides for the confidentiality  
662 of such proprietary information.

663 f. All information relating to the medical condition or  
664 medical status of a corporation employee which is not relevant  
665 to the employee's capacity to perform his or her duties, except  
666 as otherwise provided in this paragraph. Information that is  
667 exempt shall include, but is not limited to, information  
668 relating to workers' compensation, insurance benefits, and  
669 retirement or disability benefits.

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670 g. Upon an employee's entrance into the employee assistance  
671 program, a program to assist any employee who has a behavioral  
672 or medical disorder, substance abuse problem, or emotional  
673 difficulty that ~~which~~ affects the employee's job performance,  
674 all records relative to that participation shall be confidential  
675 and exempt from the provisions of s. 119.07(1) and s. 24(a),  
676 Art. I of the State Constitution, except as otherwise provided  
677 in s. 112.0455(11).

678 h. Information relating to negotiations for financing,  
679 reinsurance, depopulation, or contractual services, until the  
680 conclusion of the negotiations.

681 i. Minutes of closed meetings regarding underwriting files,  
682 and minutes of closed meetings regarding an open claims file  
683 until termination of all litigation and settlement of all claims  
684 with regard to that claim, except that information otherwise  
685 confidential or exempt by law shall be redacted.

686 2. If an authorized insurer is considering underwriting a  
687 risk insured by the corporation, relevant underwriting files and  
688 confidential claims files may be released to the insurer  
689 provided the insurer agrees in writing, notarized and under  
690 oath, to maintain the confidentiality of such files. If a file  
691 is transferred to an insurer, that file is no longer a public  
692 record because it is not held by an agency subject to the  
693 provisions of the public records law. Underwriting files and  
694 confidential claims files may also be released to staff and the  
695 board of governors of the market assistance plan established  
696 pursuant to s. 627.3515, who must retain the confidentiality of  
697 such files, except such files may be released to authorized  
698 insurers that are considering assuming the risks to which the



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699 files apply, provided the insurer agrees in writing, notarized  
700 and under oath, to maintain the confidentiality of such files.  
701 Finally, the corporation or the board or staff of the market  
702 assistance plan may make the following information obtained from  
703 underwriting files and confidential claims files available to an  
704 entity that has obtained a permit to become an authorized  
705 insurer, a reinsurer that may provide reinsurance under s.  
706 624.610, a licensed reinsurance broker, a licensed rating  
707 organization, a modeling company, or a licensed general lines  
708 insurance agent ~~agents~~: name, address, and telephone number of  
709 the residential property owner or insured; location of the risk;  
710 rating information; loss history; and policy type. The receiving  
711 person ~~licensed general lines insurance agent~~ must retain the  
712 confidentiality of the information received and may use the  
713 information only for the purposes of developing a take-out plan  
714 or a rating plan to be submitted to the office for approval or  
715 otherwise analyzing the underwriting of a risk or risks insured  
716 by the corporation on behalf of the private insurance market. A  
717 licensed general lines insurance agent may not use such  
718 information for the direct solicitation of policyholders.

719 3. A policyholder who has filed suit against the  
720 corporation has the right to discover the contents of his or her  
721 own claims file to the same extent that discovery of such  
722 contents would be available from a private insurer in litigation  
723 as provided by the Florida Rules of Civil Procedure, the Florida  
724 Evidence Code, and other applicable law. Pursuant to subpoena, a  
725 third party has the right to discover the contents of an  
726 insured's or applicant's underwriting or claims file to the same  
727 extent that discovery of such contents would be available from a

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728 private insurer by subpoena as provided by the Florida Rules of  
729 Civil Procedure, the Florida Evidence Code, and other applicable  
730 law, and subject to any confidentiality protections requested by  
731 the corporation and agreed to by the seeking party or ordered by  
732 the court. The corporation may release confidential underwriting  
733 and claims file contents and information as it deems necessary  
734 and appropriate to underwrite or service insurance policies and  
735 claims, subject to any confidentiality protections deemed  
736 necessary and appropriate by the corporation.

737 4. Portions of meetings of the corporation are exempt from  
738 the provisions of s. 286.011 and s. 24(b), Art. I of the State  
739 Constitution wherein confidential underwriting files or  
740 confidential open claims files are discussed. All portions of  
741 corporation meetings which are closed to the public shall be  
742 recorded by a court reporter. The court reporter shall record  
743 the times of commencement and termination of the meeting, all  
744 discussion and proceedings, the names of all persons present at  
745 any time, and the names of all persons speaking. No portion of  
746 any closed meeting shall be off the record. Subject to the  
747 provisions hereof and s. 119.07(1)(d)-(f), the court reporter's  
748 notes of any closed meeting shall be retained by the corporation  
749 for a minimum of 5 years. A copy of the transcript, less any  
750 exempt matters, of any closed meeting wherein claims are  
751 discussed shall become public as to individual claims after  
752 settlement of the claim.

753 (ii) The corporation shall revise the programs adopted  
754 pursuant to sub-subparagraph (q)3.a. for personal lines  
755 residential policies to maximize policyholder options and  
756 encourage increased participation by insurers and agents. Such

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757 revisions must comply with this paragraph no later than January  
758 1, 2017.

759 1. The corporation must schedule no more than 6 cycles per  
760 year during which insurers may identify policies they wish to  
761 take out and may submit requests to take out such policies to  
762 the corporation in a form and manner prescribed by the  
763 corporation. An insurer's take-out request must include a  
764 description of the coverages offered and an estimated premium.  
765 In submitting any take-out request, an insurer must agree to  
766 offer comparable coverage to that offered by the corporation and  
767 that the initial premium of the insurer after assumption will  
768 not exceed its estimated premium by more than 10 percent,  
769 excluding coverage changes, surcharges, and assessments.

770 2. For each policy of the corporation identified under  
771 subparagraph 1., the corporation shall maintain and make  
772 available to the agent of record a consolidated list of all  
773 insurers requesting the policy. The list must contain the  
774 information described in subparagraph 1.

775 3. The corporation shall provide written notice to its  
776 policyholders and the agents of record informing them of their  
777 option to accept one of the take-out offers presented or to  
778 remain with the corporation. The notice must be in a format  
779 prescribed by the corporation and include the amount of the  
780 estimated premium for the coverage of each offering insurer, the  
781 amount of the premium for the coverage provided by the  
782 corporation, and a description of the coverage offered by each  
783 insurer and the coverage provided by the corporation, which  
784 includes an explanation of any differences among the coverage  
785 offered by each insurer and the coverage provided by the

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786 corporation.

787 Section 2. Subsection (5) of section 627.3518, Florida  
788 Statutes, is amended to read:

789 627.3518 Citizens Property Insurance Corporation  
790 policyholder eligibility clearinghouse program.—The purpose of  
791 this section is to provide a framework for the corporation to  
792 implement a clearinghouse program by January 1, 2014.

793 (5) Notwithstanding s. 627.3517, any applicant for new  
794 coverage from the corporation is not eligible for coverage from  
795 the corporation if provided an offer of coverage from an  
796 authorized insurer through the program at a premium that is at  
797 or below the eligibility threshold established in s.  
798 627.351(6)(c)5.a. Whenever an offer of coverage for a personal  
799 lines risk is received for a policyholder of the corporation at  
800 renewal from an authorized insurer through the program, if the  
801 offer is equal to or less than the corporation's renewal premium  
802 for comparable coverage, the risk is not eligible for coverage  
803 with the corporation. In the event an offer of coverage for a  
804 new applicant is received from an authorized insurer through the  
805 program, and the premium offered exceeds the eligibility  
806 threshold contained in s. 627.351(6)(c)5.a., the applicant or  
807 insured may elect to accept such coverage, or may elect to  
808 accept or continue coverage with the corporation. In the event  
809 an offer of coverage for a personal lines risk is received from  
810 an authorized insurer at renewal through the program, and the  
811 premium offered is more than the corporation's renewal premium  
812 for comparable coverage, the insured may elect to accept such  
813 coverage, or may elect to accept or continue coverage with the  
814 corporation. Section 627.351(6)(c)5.a.(I) does not apply to an

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815 offer of coverage from an authorized insurer obtained through  
816 the program. An applicant for coverage from the corporation who  
817 in the previous 36 months has been assumed through a take-out  
818 offer from an insurer or who was declared ineligible for  
819 coverage at renewal by the corporation in the previous 36 months  
820 due to an offer of coverage pursuant to this subsection shall be  
821 considered a renewal under this section if the corporation  
822 determines that the same authorized insurer making the offer of  
823 coverage ~~pursuant to this subsection~~ continues to insure the  
824 applicant and increased the rate on the policy in excess of the  
825 increase allowed for the corporation under s. 627.351(6)(n)6.

826 Section 3. This act shall take effect July 1, 2016.