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LEGISLATIVE ACTION

Senate

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House

The Committee on Judiciary (Perry) recommended the following:

Senate Amendment (with title amendment)

Delete lines 142 - 468

and insert:

audits for policies only if the estimated annual premium is \$10,000 or more. Payroll verification audit rules must include, but need not be limited to, the use of state and federal reports of employee income, payroll and other accounting records, certificates of insurance maintained by subcontractors, and duties of employees. At the completion of an audit, the employer or officer of the corporation and the auditor must print and



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12 sign their names on the audit document and attach proof of
13 identification to the audit document.

14 Section 3. Section 624.46227, Florida Statutes, is created
15 to read:

16 624.46227 Meeting requirements.—Any association, trust, or
17 pool authorized by state law and created for the purpose of
18 forming a risk management mechanism or providing self-insurance
19 for public entities in this state may use communications media
20 technology to establish a quorum and conduct public business.

21 Section 4. Paragraph (j) of subsection (2) of section
22 626.221, Florida Statutes, is amended to read:

23 626.221 Examination requirement; exemptions.—

24 (2) However, an examination is not necessary for any of the
25 following:

26 (j) An applicant for license as an all-lines adjuster who
27 has the designation of Accredited Claims Adjuster (ACA) from a
28 regionally accredited postsecondary institution in this state,
29 Associate in Claims (AIC) from the Insurance Institute of
30 America, Professional Claims Adjuster (PCA) from the
31 Professional Career Institute, Professional Property Insurance
32 Adjuster (PPIA) from the HurriClaim Training Academy, Certified
33 Adjuster (CA) from ALL LINES Training, Certified Claims Adjuster
34 (CCA) from AE21 Incorporated, Claims Adjuster Certified
35 Professional (CACP) from WebCE, Inc., Accredited Insurance
36 Claims Specialist (AICS) from Encore Claim Services, Certified
37 All Lines Adjuster (CALA) from Kaplan, or Universal Claims
38 Certification (UCC) from Claims and Litigation Management
39 Alliance (CLM) whose curriculum has been approved by the
40 department and which includes comprehensive analysis of basic



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41 property and casualty lines of insurance and testing at least
42 equal to that of standard department testing for the all-lines
43 adjuster license. The department shall adopt rules establishing
44 standards for the approval of curriculum.

45 Section 5. For the purpose of incorporating the amendment
46 made by this act to section 626.221, Florida Statutes, in a
47 reference thereto, paragraph (b) of subsection (1) of section
48 626.8734, Florida Statutes, is reenacted to read:

49 626.8734 Nonresident all-lines adjuster license
50 qualifications.—

51 (1) The department shall issue a license to an applicant
52 for a nonresident all-lines adjuster license upon determining
53 that the applicant has paid the applicable license fees required
54 under s. 624.501 and:

55 (b) Has passed to the satisfaction of the department a
56 written Florida all-lines adjuster examination of the scope
57 prescribed in s. 626.241(6); however, the requirement for the
58 examination does not apply to:

59 1. An applicant who is licensed as an all-lines adjuster in
60 his or her home state if that state has entered into a
61 reciprocal agreement with the department;

62 2. An applicant who is licensed as a nonresident all-lines
63 adjuster in a state other than his or her home state and a
64 reciprocal agreement with the appropriate official of the state
65 of licensure has been entered into with the department; or

66 3. An applicant who holds a certification set forth in s.
67 626.221(2)(j).

68 Section 6. Section 626.856, Florida Statutes, is amended to
69 read:



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70 626.856 "Company employee adjuster" defined.—A "company
71 employee adjuster" means a person licensed as an all-lines
72 adjuster who is appointed and employed on an insurer's staff of
73 adjusters, by an affiliate, or by a wholly owned subsidiary of
74 the insurer, and who undertakes on behalf of such insurer or
75 other insurers under common control or ownership to ascertain
76 and determine the amount of any claim, loss, or damage payable
77 under a contract of insurance, or undertakes to effect
78 settlement of such claim, loss, or damage.

79 Section 7. Paragraph (j) of subsection (2) of section
80 627.062, Florida Statutes, is amended to read:

81 627.062 Rate standards.—

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

83 (j) With respect to residential property insurance rate
84 filings, the rate filing:

85 1. Must account for mitigation measures undertaken by
86 policyholders to reduce hurricane losses.

87 2. May use a modeling indication that is the weighted or
88 straight average of two or more hurricane loss projection models
89 found by the commission to be accurate or reliable pursuant to
90 s. 627.0628.

91
92 The provisions of this subsection do not apply to workers'
93 compensation, employer's liability insurance, and motor vehicle
94 insurance.

95 Section 8. Subsection (9) is added to section 627.0629,
96 Florida Statutes, to read:

97 627.0629 Residential property insurance; rate filings.—

98 (9) An insurer may file with the office a personal lines



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99 residential property insurance rating plan that provides
100 justified premium discounts, credits, or other rate
101 differentials based on windstorm mitigation construction
102 standards developed by an independent, not-for-profit scientific
103 research organization, if such standards meet the requirements
104 of this section.

105 Section 9. Section 627.0665, Florida Statutes, is amended
106 to read:

107 627.0665 Automatic bank withdrawal agreements; notification
108 required.—Any insurer licensed to issue insurance in this the
109 state who has an automatic bank withdrawal agreement with an
110 insured party for the payment of insurance premiums for any type
111 of insurance shall give the named insured at least 15 days
112 advance written notice of any increase in policy premiums that
113 results in the next automatic bank withdrawal being increased by
114 more than \$10. Such notice must be provided before ~~prior to~~ any
115 automatic bank withdrawal containing the ~~of an~~ increased premium
116 amount.

117 Section 10. Paragraph (a) of subsection (6) of section
118 627.351, Florida Statutes, is amended to read:

119 627.351 Insurance risk apportionment plans.—

120 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

121 (a) The public purpose of this subsection is to ensure that
122 there is an orderly market for property insurance for residents
123 and businesses of this state.

124 1. The Legislature finds that private insurers are
125 unwilling or unable to provide affordable property insurance
126 coverage in this state to the extent sought and needed. The
127 absence of affordable property insurance threatens the public



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128 health, safety, and welfare and likewise threatens the economic
129 health of the state. The state therefore has a compelling public
130 interest and a public purpose to assist in assuring that
131 property in this ~~the~~ state is insured and that it is insured at
132 affordable rates so as to facilitate the remediation,
133 reconstruction, and replacement of damaged or destroyed property
134 in order to reduce or avoid the negative effects otherwise
135 resulting to the public health, safety, and welfare, to the
136 economy of the state, and to the revenues of the state and local
137 governments which are needed to provide for the public welfare.
138 It is necessary, therefore, to provide affordable property
139 insurance to applicants who are in good faith entitled to
140 procure insurance through the voluntary market but are unable to
141 do so. The Legislature intends, therefore, that affordable
142 property insurance be provided and that it continue to be
143 provided, as long as necessary, through Citizens Property
144 Insurance Corporation, a government entity that is an integral
145 part of the state, and that is not a private insurance company.
146 To that end, the corporation shall strive to increase the
147 availability of affordable property insurance in this state,
148 while achieving efficiencies and economies, and while providing
149 service to policyholders, applicants, and agents which is no
150 less than the quality generally provided in the voluntary
151 market, for the achievement of the foregoing public purposes.
152 Because it is essential for this government entity to have the
153 maximum financial resources to pay claims following a
154 catastrophic hurricane, it is the intent of the Legislature that
155 the corporation continue to be an integral part of the state and
156 that the income of the corporation be exempt from federal income



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157 taxation and that interest on the debt obligations issued by the
158 corporation be exempt from federal income taxation.

159 2. The Residential Property and Casualty Joint Underwriting
160 Association originally created by this statute shall be known as
161 the Citizens Property Insurance Corporation. The corporation
162 shall provide insurance for residential and commercial property,
163 for applicants who are entitled, but, in good faith, are unable
164 to procure insurance through the voluntary market. The
165 corporation shall operate pursuant to a plan of operation
166 approved by order of the Financial Services Commission. The plan
167 is subject to continuous review by the commission. The
168 commission may, by order, withdraw approval of all or part of a
169 plan if the commission determines that conditions have changed
170 since approval was granted and that the purposes of the plan
171 require changes in the plan. For the purposes of this
172 subsection, residential coverage includes both personal lines
173 residential coverage, which consists of the type of coverage
174 provided by homeowner, mobile home owner, dwelling, tenant,
175 condominium unit owner, and similar policies; and commercial
176 lines residential coverage, which consists of the type of
177 coverage provided by condominium association, apartment
178 building, and similar policies.

179 3. With respect to coverage for personal lines residential
180 structures:

181 a. Effective January 1, 2014, a structure that has a
182 dwelling replacement cost of \$1 million or more, or a single
183 condominium unit that has a combined dwelling and contents
184 replacement cost of \$1 million or more, is not eligible for
185 coverage by the corporation. Such dwellings insured by the



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186 corporation on December 31, 2013, may continue to be covered by
187 the corporation until the end of the policy term. The office
188 shall approve the method used by the corporation for valuing the
189 dwelling replacement cost for the purposes of this subparagraph.
190 If a policyholder is insured by the corporation before being
191 determined to be ineligible pursuant to this subparagraph and
192 such policyholder files a lawsuit challenging the determination,
193 the policyholder may remain insured by the corporation until the
194 conclusion of the litigation.

195 b. Effective January 1, 2015, a structure that has a
196 dwelling replacement cost of \$900,000 or more, or a single
197 condominium unit that has a combined dwelling and contents
198 replacement cost of \$900,000 or more, is not eligible for
199 coverage by the corporation. Such dwellings insured by the
200 corporation on December 31, 2014, may continue to be covered by
201 the corporation only until the end of the policy term.

202 c. Effective January 1, 2016, a structure that has a
203 dwelling replacement cost of \$800,000 or more, or a single
204 condominium unit that has a combined dwelling and contents
205 replacement cost of \$800,000 or more, is not eligible for
206 coverage by the corporation. Such dwellings insured by the
207 corporation on December 31, 2015, may continue to be covered by
208 the corporation until the end of the policy term.

209 d. Effective January 1, 2017, a structure that has a
210 dwelling replacement cost of \$700,000 or more, or a single
211 condominium unit that has a combined dwelling and contents
212 replacement cost of \$700,000 or more, is not eligible for
213 coverage by the corporation. Such dwellings insured by the
214 corporation on December 31, 2016, may continue to be covered by



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215 the corporation until the end of the policy term.

216

217 The requirements of sub-subparagraphs b.-d. do not apply in
218 counties where the office determines there is not a reasonable
219 degree of competition. In such counties a personal lines
220 residential structure that has a dwelling replacement cost of
221 less than \$1 million, or a single condominium unit that has a
222 combined dwelling and contents replacement cost of less than \$1
223 million, is eligible for coverage by the corporation.

224 4. It is the intent of the Legislature that policyholders,
225 applicants, and agents of the corporation receive service and
226 treatment of the highest possible level but never less than that
227 generally provided in the voluntary market. It is also intended
228 that the corporation be held to service standards no less than
229 those applied to insurers in the voluntary market by the office
230 with respect to responsiveness, timeliness, customer courtesy,
231 and overall dealings with policyholders, applicants, or agents
232 of the corporation.

233 5.a. Effective January 1, 2009, a personal lines
234 residential structure that is located in the "wind-borne debris
235 region," as defined in s. 1609.2, International Building Code
236 (2006), and that has an insured value on the structure of
237 \$750,000 or more is not eligible for coverage by the corporation
238 unless the structure has opening protections as required under
239 the Florida Building Code for a newly constructed residential
240 structure in that area. A residential structure is deemed to
241 comply with this sub-subparagraph if it has shutters or opening
242 protections on all openings and if such opening protections
243 complied with the Florida Building Code at the time they were



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244 installed.

245 b. Any major structure, as defined in s. 161.54(6)(a), that
246 is newly constructed, or rebuilt, repaired, restored, or
247 remodeled to increase the total square footage of finished area
248 by more than 25 percent, pursuant to a permit applied for after
249 July 1, 2015, is not eligible for coverage by the corporation if
250 the structure is seaward of the coastal construction control
251 line established pursuant to s. 161.053 or is within the Coastal
252 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
253 3510.

254 6. With respect to wind-only coverage for commercial lines
255 residential condominiums, ~~effective July 1, 2014,~~ a condominium
256 may shall be deemed ineligible for coverage when if 50 percent
257 or more of the units are rented more than eight times in a
258 calendar year for a rental agreement period of less than 30
259 days.

260 Section 11. Subsection (1) of section 627.421, Florida
261 Statutes, is amended to read:

262 627.421 Delivery of policy.—

263 (1) Subject to the insurer's requirement as to payment of
264 premium, every policy shall be mailed, delivered, or
265 electronically transmitted to the insured or to the person
266 entitled thereto not later than 60 days after the effectuation
267 of coverage. Notwithstanding any other provision of law, an
268 insurer may allow a policyholder of personal lines insurance to
269 affirmatively elect delivery of the policy documents, including,
270 but not limited to, policies, endorsements, notices, or
271 documents, by electronic means in lieu of delivery by mail.
272 Electronic transmission of a policy for commercial risks,



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273 including, but not limited to, workers' compensation and
274 employers' liability, commercial automobile liability,
275 commercial automobile physical damage, commercial lines
276 residential property, commercial nonresidential property,
277 farmowners insurance, and the types of commercial lines risks
278 set forth in s. 627.062(3)(d), constitutes delivery to the
279 insured or to the person entitled to delivery, unless the
280 insured or the person entitled to delivery communicates to the
281 insurer in writing or electronically that he or she does not
282 agree to delivery by electronic means. ~~Electronic transmission~~
283 ~~shall include a notice to the insured or to the person entitled~~
284 ~~to delivery of a policy of his or her right to receive the~~
285 ~~policy via United States mail rather than via electronic~~
286 ~~transmission. A paper copy of the policy shall be provided to~~
287 ~~the insured or to the person entitled to delivery at his or her~~
288 ~~request.~~

289 Section 12. Paragraph (d) of subsection (4) of section
290 627.701, Florida Statutes, is amended to read:

291 627.701 Liability of insureds; coinsurance; deductibles.-

292 (4)

293 (d)1. A personal lines residential property insurance
294 policy covering a risk valued at less than \$500,000 may not have
295 a hurricane deductible in excess of 10 percent of the policy
296 dwelling limits, unless the following conditions are met:

297 a. The policyholder must personally write or type and
298 provide to the insurer the following statement ~~in his or her own~~
299 ~~handwriting~~ and sign his or her name, which must also be signed
300 by every other named insured on the policy, and dated: "I do not
301 want the insurance on my home to pay for the first (specify



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302 dollar value) of damage from hurricanes. I will pay those costs.
303 My insurance will not.”

304 b. If the structure insured by the policy is subject to a
305 mortgage or lien, the policyholder must provide the insurer with
306 a written statement from the mortgageholder or lienholder
307 indicating that the mortgageholder or lienholder approves the
308 policyholder electing to have the specified deductible.

309 2. A deductible subject to the requirements of this
310 paragraph applies for the term of the policy and for each
311 renewal thereafter. Changes to the deductible percentage may be
312 implemented only as of the date of renewal.

313 3. An insurer shall keep the original copy of the signed
314 statement required by this paragraph, electronically or
315 otherwise, and provide a copy to the policyholder providing the
316 signed statement. A signed statement meeting the requirements of
317 this paragraph creates a presumption that there was an informed,
318 knowing election of coverage.

319 4. The commission shall adopt rules providing appropriate
320 alternative methods for providing the statements required by
321 this section for policyholders who have a handicapping or
322 disabling condition that prevents them from providing a
323 handwritten statement.

324 Section 13. Paragraph (a) of subsection (2) and subsection
325 (3) of section 627.712, Florida Statutes, are amended to read:

326 627.712 Residential windstorm coverage required;
327 availability of exclusions for windstorm or contents.—

328 (2) A property insurer must make available, at the option
329 of the policyholder, an exclusion of windstorm coverage.

330 (a) The coverage may be excluded only if:



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331 1. When the policyholder is a natural person, the
332 policyholder personally writes or types and provides to the
333 insurer the following statement ~~in his or her own handwriting~~
334 and signs his or her name, which must also be signed by every
335 other named insured on the policy, and dated: "I do not want the
336 insurance on my (home/mobile home/condominium unit) to pay for
337 damage from windstorms. I will pay those costs. My insurance
338 will not."

339 2. When the policyholder is other than a natural person,
340 the policyholder provides to the insurer on the policyholder's
341 letterhead the following statement that must be signed by the
342 policyholder's authorized representative and dated: "... (Name of
343 entity)... does not want the insurance on its ...(type of
344 structure)... to pay for damage from windstorms. ...(Name of
345 entity)... will be responsible for these costs. ...(Name of
346 entity's)... insurance will not."

347 (3) An insurer issuing a residential property insurance
348 policy, except for a condominium unit owner policy or a tenant
349 policy, must make available, at the option of the policyholder,
350 an exclusion of coverage for the contents. The coverage may be
351 excluded only if the policyholder personally writes or types and
352 provides to the insurer the following statement ~~in his or her~~
353 ~~own handwriting~~ and signs his or her signature, which must also
354 be signed by every other named insured on the policy, and dated:
355 "I do not want the insurance on my (home/mobile home) to pay for
356 the costs to repair or replace any contents that are damaged. I
357 will pay those costs. My insurance will not."

358 Section 14. Effective upon this act becoming a law,
359 paragraph (b) of subsection (1) and paragraph (a) of subsection



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360 (9) of section 627.7152, Florida Statutes, are amended to read:

361 627.7152 Assignment agreements.—

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

363 (b) "Assignment agreement" means any instrument by which
364 post-loss benefits under a residential property insurance policy
365 or commercial property insurance policy, as that term is defined
366 in s. 627.0625(1), are assigned or transferred, or acquired in
367 any manner, in whole or in part, to or from a person providing
368 services, including, but not limited to, services to

369

370 ===== T I T L E A M E N D M E N T =====

371 And the title is amended as follows:

372 Delete lines 7 - 16

373 and insert:

374 requirement for construction classes to apply to
375 policies having estimated annual premiums over a
376 specified threshold; creating s. 624.46227, F.S.;
377 authorizing any association, trust, or pool created
378 for the purpose of forming a risk management mechanism
379 or providing self-insurance for a public entity to use
380 communications media technology to establish a quorum
381 and conduct public business; amending s. 626.221,
382 F.S.; exempting certain applicants for licensure as an
383 all-lines adjuster from a required examination;
384 reenacting s. 626.8734(1)(b), F.S., relating to
385 nonresident all-lines adjuster license qualifications,
386 to incorporate the amendment made to s. 626.221, F.S.,
387 in a reference thereto; amending s. 626.856,