Senator Taddeo moved the following:

**Senate Amendment (with title amendment)**

Between lines 676 and 677 insert:

Section 12. Paragraph (c) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(c) The corporation’s plan of operation:

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

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

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

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

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

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

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

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

        h. Effective January 1, 2023, the corporation shall offer a
        personal lines policy with dwelling-only coverage which excludes
        coverage for personal property.

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

    a. As used in this subsection, the term:

        (I) “Quota share primary insurance” means an arrangement in
        which the primary hurricane coverage of an eligible risk is
        provided in specified percentages by the corporation and an
        authorized insurer. The corporation and authorized insurer are
        each solely responsible for a specified percentage of hurricane
        coverage of an eligible risk as set forth in a quota share
        primary insurance agreement between the corporation and an
        authorized insurer and the insurance contract. The
        responsibility of the corporation or authorized insurer to pay
        its specified percentage of hurricane losses of an eligible
        risk, as set forth in the agreement, may not be altered by the
        inability of the other party to pay its specified percentage of
        losses. Eligible risks that are provided hurricane coverage
        through a quota share primary insurance arrangement must be
provided policy forms that set forth the obligations of the
corporation and authorized insurer under the arrangement,
clearly specify the percentages of quota share primary insurance
provided by the corporation and authorized insurer, and
conspicuously and clearly state that the authorized insurer and
the corporation may not be held responsible beyond their
specified percentage of coverage of hurricane losses.

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

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

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

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

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

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

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

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

3. May provide that the corporation may employ or otherwise
contract with individuals or other entities to provide
administrative or professional services that may be appropriate
to effectuate the plan. The corporation may borrow funds by
issuing bonds or by incurring other indebtedness, and shall have
other powers reasonably necessary to effectuate the requirements
of this subsection, including, without limitation, the power to
issue bonds and incur other indebtedness in order to refinance
outstanding bonds or other indebtedness. The corporation may
seek judicial validation of its bonds or other indebtedness
under chapter 75. The corporation may issue bonds or incur other
indebtedness, or have bonds issued on its behalf by a unit of
local government pursuant to subparagraph (q)2. in the absence
of a hurricane or other weather-related event, upon a
determination by the corporation, subject to approval by the
office, that such action would enable it to efficiently meet the
financial obligations of the corporation and that such
financings are reasonably necessary to effectuate the
requirements of this subsection. The corporation may take all
actions needed to facilitate tax-free status for such bonds or
indebtedness, including formation of trusts or other affiliated
entities. The corporation may pledge assessments, projected
recoveries from the Florida Hurricane Catastrophe Fund, other
reinsurance recoverables, policyholder surcharges and other
surcharges, and other funds available to the corporation as
security for bonds or other indebtedness. In recognition of s. 157
10, Art. I of the State Constitution, prohibiting the impairment 158
of obligations of contracts, it is the intent of the Legislature 159
that no action be taken whose purpose is to impair any bond 160
indenture or financing agreement or any revenue source committed 161
by contract to such bond or other indebtedness.

4. Must require that the corporation operate subject to the 162
supervision and approval of a board of governors consisting of 163
nine individuals who are residents of this state and who are 164
from different geographical areas of the state, one of whom is 165
appointed by the Governor and serves solely to advocate on 166
behalf of the consumer. The appointment of a consumer 167
representative by the Governor is deemed to be within the scope 168
of the exemption provided in s. 112.313(7)(b) and is in addition 169
to the appointments authorized under sub-subparagraph a.

a. The Governor, the Chief Financial Officer, the President 170
of the Senate, and the Speaker of the House of Representatives 171
shall each appoint two members of the board. At least one of the 172
two members appointed by each appointing officer must have 173
demonstrated expertise in insurance and be deemed to be within 174
the scope of the exemption provided in s. 112.313(7)(b). The 175
Chief Financial Officer shall designate one of the appointees as 176
chair. All board members serve at the pleasure of the appointing 177
officer. All members of the board are subject to removal at will 178
by the officers who appointed them. All board members, including 179
the chair, must be appointed to serve for 3-year terms beginning 180
annually on a date designated by the plan. However, for the 181
first term beginning on or after July 1, 2009, each appointing 182
officer shall appoint one member of the board for a 2-year term
and one member for a 3-year term. A board vacancy shall be filled for the unexpired term by the appointing officer. The Chief Financial Officer shall appoint a technical advisory group to provide information and advice to the board in connection with the board’s duties under this subsection. The executive director and senior managers of the corporation shall be engaged by the board and serve at the pleasure of the board. Any executive director appointed on or after July 1, 2006, is subject to confirmation by the Senate. The executive director is responsible for employing other staff as the corporation may require, subject to review and concurrence by the board.

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

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

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

5. Must provide a procedure for determining the eligibility of a risk for coverage, as follows:
   a. Subject to s. 627.3517, with respect to personal lines residential risks, if the risk is offered coverage from an authorized insurer at the insurer’s approved rate under a standard policy including wind coverage or, if consistent with the insurer’s underwriting rules as filed with the office, a basic policy including wind coverage, for a new application to the corporation for coverage, the risk is not eligible for any policy issued by the corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the premium for comparable coverage from the corporation. Whenever an offer of coverage for a personal lines residential risk is received for a policyholder of the corporation at renewal from an authorized insurer, if the offer is equal to or less than the corporation’s renewal premium for comparable coverage, the risk is not eligible for coverage with the corporation. If the risk is not able to obtain such offer, the risk is eligible for a standard policy including wind coverage or a basic policy including wind coverage issued by the
corporation; however, if the risk could not be insured under a standard policy including wind coverage regardless of market conditions, the risk is eligible for a basic policy including wind coverage unless rejected under subparagraph 8. However, a policyholder removed from the corporation through an assumption agreement remains eligible for coverage from the corporation until the end of the assumption period. The corporation shall determine the type of policy to be provided on the basis of objective standards specified in the underwriting manual and based on generally accepted underwriting practices.

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

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

(B) Offer to allow the producing agent of record of the policy to continue servicing the policy for at least 1 year and offer to pay the agent the greater of the insurer’s or the corporation’s usual and customary commission for the type of policy written.
If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-sub-subparagraph (A).

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

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

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

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

b. With respect to commercial lines residential risks, for a new application to the corporation for coverage, if the risk is offered coverage under a policy including wind coverage from an authorized insurer at its approved rate, the risk is not eligible for a policy issued by the corporation unless the premium for coverage from the authorized insurer is more than 15 percent greater than the premium for comparable coverage from the corporation. Whenever an offer of coverage for a commercial lines residential risk is received for a policyholder of the
corporation at renewal from an authorized insurer, if the offer is equal to or less than the corporation’s renewal premium for comparable coverage, the risk is not eligible for coverage with the corporation. If the risk is not able to obtain any such offer, the risk is eligible for a policy including wind coverage issued by the corporation. However, a policyholder removed from the corporation through an assumption agreement remains eligible for coverage from the corporation until the end of the assumption period.

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

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

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

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

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

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

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

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

c. For purposes of determining comparable coverage under sub-subparagraphs a. and b., the comparison must be based on those forms and coverages that are reasonably comparable. The corporation may rely on a determination of comparable coverage and premium made by the producing agent who submits the application to the corporation, made in the agent’s capacity as the corporation’s agent. A comparison may be made solely of the premium with respect to the main building or structure only on the following basis: the same coverage A or other building limits; the same percentage hurricane deductible that applies on
an annual basis or that applies to each hurricane for commercial residential property; the same percentage of ordinance and law coverage, if the same limit is offered by both the corporation and the authorized insurer; the same mitigation credits, to the extent the same types of credits are offered both by the corporation and the authorized insurer; the same method for loss payment, such as replacement cost or actual cash value, if the same method is offered both by the corporation and the authorized insurer in accordance with underwriting rules; and any other form or coverage that is reasonably comparable as determined by the board. If an application is submitted to the corporation for wind-only coverage in the coastal account, the premium for the corporation’s wind-only policy plus the premium for the ex-wind policy that is offered by an authorized insurer to the applicant must be compared to the premium for multiperil coverage offered by an authorized insurer, subject to the standards for comparison specified in this subparagraph. If the corporation or the applicant requests from the authorized insurer a breakdown of the premium of the offer by types of coverage so that a comparison may be made by the corporation or its agent and the authorized insurer refuses or is unable to provide such information, the corporation may treat the offer as not being an offer of coverage from an authorized insurer at the insurer’s approved rate.

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

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

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

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

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

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

9. Must provide that the corporation make its best efforts
to procure catastrophe reinsurance at reasonable rates, to cover
its projected 100-year probable maximum loss as determined by
the board of governors. If catastrophe reinsurance is not
available at reasonable rates, the corporation need not purchase
it, but the corporation shall include the costs of reinsurance
to cover its projected 100-year probable maximum loss in its
rate calculations even if it does not purchase catastrophe
reinsurance.

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

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

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

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

14. Must provide that the corporation appoint as its licensed agents only those agents who throughout such appointments also hold an appointment as defined in s. 626.015 by an insurer who is authorized to write and is actually writing or renewing personal lines residential property coverage, commercial residential property coverage, or commercial nonresidential property coverage within the state.

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

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

17. Must provide coverage for manufactured or mobile home dwellings. Such coverage must also include the following attached structures:
   a. Screened enclosures that are aluminum framed or screened enclosures that are not covered by the same or substantially the same materials as those of the primary dwelling;
   b. Carports that are aluminum or carports that are not covered by the same or substantially the same materials as those of the primary dwelling; and
   c. Patios that have a roof covering that is constructed of materials that are not the same or substantially the same materials as those of the primary dwelling.

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

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

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

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

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

ACKNOWLEDGMENT OF POTENTIAL SURCHARGE AND ASSESSMENT LIABILITY:

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

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

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

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

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

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

-------------------- T I T L E    A M E N D M E N T -------------------
And the title is amended as follows:

Between lines 82 and 83 insert:

amending s. 627.351, F.S.; requiring the Citizens Property Insurance Corporation to offer dwelling-only coverage;