

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; prohibiting a policy,
9 after a specified date, from being taken out from the
10 corporation unless an agent of record receives certain
11 information; requiring that all offers of coverage be
12 provided to such agent; providing policyholder
13 procedures for accepting or rejecting take-out offers;
14 requiring the corporation to develop uniform formats
15 for certain information; allowing a policyholder to
16 elect to limit the frequency of solicitations for
17 take-out offers; providing circumstances under which a
18 policyholder whose policy was taken out to be
19 considered a renewal policyholder for certain rate
20 increase purposes; providing an effective date.

21
22 Be It Enacted by the Legislature of the State of Florida:

23
24 Section 1. Paragraph (c) of subsection (6) of section
25 627.351, Florida Statutes, is amended and paragraph (ii) is
26 added to that subsection, to read:

27 | 627.351 Insurance risk apportionment plans.—

28 | (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

29 | (c) The corporation's plan of operation:

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

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

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

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

49 | d. Personal lines and commercial lines residential
50 | property insurance forms that cover the peril of wind only. The
51 | forms are applicable only to residential properties located in
52 | areas eligible for coverage under the coastal account referred

53 to in sub-subparagraph (b)2.a.

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

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

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

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

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

73 (I) "Quota share primary insurance" means an arrangement
74 in which the primary hurricane coverage of an eligible risk is
75 provided in specified percentages by the corporation and an
76 authorized insurer. The corporation and authorized insurer are
77 each solely responsible for a specified percentage of hurricane
78 coverage of an eligible risk as set forth in a quota share

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

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

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

102 c. If the corporation determines that additional coverage
103 levels are necessary to maximize participation in quota share
104 primary insurance agreements by authorized insurers, the

105 corporation may establish additional coverage levels. However,
106 the corporation's quota share primary insurance coverage level
107 may not exceed 90 percent.

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

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

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

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

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

150 3. May provide that the corporation may employ or
151 otherwise contract with individuals or other entities to provide
152 administrative or professional services that may be appropriate
153 to effectuate the plan. The corporation may borrow funds by
154 issuing bonds or by incurring other indebtedness, and shall have
155 other powers reasonably necessary to effectuate the requirements
156 of this subsection, including, without limitation, the power to

157 | issue bonds and incur other indebtedness in order to refinance
158 | outstanding bonds or other indebtedness. The corporation may
159 | seek judicial validation of its bonds or other indebtedness
160 | under chapter 75. The corporation may issue bonds or incur other
161 | indebtedness, or have bonds issued on its behalf by a unit of
162 | local government pursuant to subparagraph (q)2. in the absence
163 | of a hurricane or other weather-related event, upon a
164 | determination by the corporation, subject to approval by the
165 | office, that such action would enable it to efficiently meet the
166 | financial obligations of the corporation and that such
167 | financings are reasonably necessary to effectuate the
168 | requirements of this subsection. The corporation may take all
169 | actions needed to facilitate tax-free status for such bonds or
170 | indebtedness, including formation of trusts or other affiliated
171 | entities. The corporation may pledge assessments, projected
172 | recoveries from the Florida Hurricane Catastrophe Fund, other
173 | reinsurance recoverables, policyholder surcharges and other
174 | surcharges, and other funds available to the corporation as
175 | security for bonds or other indebtedness. In recognition of s.
176 | 10, Art. I of the State Constitution, prohibiting the impairment
177 | of obligations of contracts, it is the intent of the Legislature
178 | that no action be taken whose purpose is to impair any bond
179 | indenture or financing agreement or any revenue source committed
180 | by contract to such bond or other indebtedness.

181 | 4. Must require that the corporation operate subject to
182 | the supervision and approval of a board of governors consisting

183 of nine individuals who are residents of this state and who are
184 from different geographical areas of the state, one of whom is
185 appointed by the Governor and serves solely to advocate on
186 behalf of the consumer. The appointment of a consumer
187 representative by the Governor is deemed to be within the scope
188 of the exemption provided in s. 112.313(7)(b) and is in addition
189 to the appointments authorized under sub-subparagraph a.

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

209 subsection. The executive director and senior managers of the
210 corporation shall be engaged by the board and serve at the
211 pleasure of the board. Any executive director appointed on or
212 after July 1, 2006, is subject to confirmation by the Senate.
213 The executive director is responsible for employing other staff
214 as the corporation may require, subject to review and
215 concurrence by the board.

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

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

235 Florida Bankers Association. All members shall be appointed to
236 3-year terms and may serve for consecutive terms.

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

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

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

255 Whenever an offer of coverage for a personal lines residential
256 risk is received for a policyholder of the corporation at
257 renewal from an authorized insurer, if the offer is equal to or
258 less than the corporation's renewal premium for comparable
259 coverage, the risk is not eligible for coverage with the
260 corporation. If the risk is not able to obtain such offer, the

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

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

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

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

287 | policy to continue servicing the policy for at least 1 year and
 288 | offer to pay the agent the greater of the insurer's or the
 289 | corporation's usual and customary commission for the type of
 290 | policy written.

291 |
 292 | If the producing agent is unwilling or unable to accept
 293 | appointment, the new insurer shall pay the agent in accordance
 294 | with sub-sub-sub-subparagraph (A).

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

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

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

308 |
 309 | If the producing agent is unwilling or unable to accept
 310 | appointment, the new insurer shall pay the agent in accordance
 311 | with sub-sub-sub-subparagraph (A).

312 | b. With respect to commercial lines residential risks, for

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

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

338 (A) Pay to the producing agent of record of the policy,

339 | for the first year, an amount that is the greater of the
 340 | insurer's usual and customary commission for the type of policy
 341 | written or a fee equal to the usual and customary commission of
 342 | the corporation; or

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

348 |

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

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

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

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

365
366 If the producing agent is unwilling or unable to accept
367 appointment, the new insurer shall pay the agent in accordance
368 with sub-sub-sub-subparagraph (A).

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

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

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

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

413 8. Must provide objective criteria and procedures to be
414 uniformly applied to all applicants in determining whether an
415 individual risk is so hazardous as to be uninsurable. In making
416 this determination and in establishing the criteria and

417 | procedures, the following must be considered:

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

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

423 |

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

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

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

437 | 11. Corporation policies and applications must include a
438 | notice that the corporation policy could, under this section, be
439 | replaced with a policy issued by an authorized insurer which
440 | does not provide coverage identical to the coverage provided by
441 | the corporation. The notice must also specify that acceptance of
442 | corporation coverage creates a conclusive presumption that the

443 applicant or policyholder is aware of this potential.

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

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

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

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

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

493 | 16. Must limit coverage on mobile homes or manufactured
494 | homes built before 1994 to actual cash value of the dwelling

495 rather than replacement costs of the dwelling.

496 17. Must provide coverage for manufactured or mobile home
497 dwellings. Such coverage must also include the following
498 attached structures:

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

503 b. Carports that are aluminum or carports that are not
504 covered by the same or substantially the same materials as those
505 of the primary dwelling; and

506 c. Patios that have a roof covering that is constructed of
507 materials that are not the same or substantially the same
508 materials as those of the primary dwelling.

509

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

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

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

518 20. Must provide that new or renewal policies issued by
519 the corporation on or after January 1, 2012, which cover
520 sinkhole loss do not include coverage for any loss to

521 appurtenant structures, driveways, sidewalks, decks, or patios
522 that are directly or indirectly caused by sinkhole activity. The
523 corporation shall exclude such coverage using a notice of
524 coverage change, which may be included with the policy renewal,
525 and not by issuance of a notice of nonrenewal of the excluded
526 coverage upon renewal of the current policy.

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

531 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

532 AND ASSESSMENT LIABILITY:

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

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

547 ARE REGULATED AND APPROVED BY THE STATE.

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

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

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

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

563 (ii) For the depopulation programs adopted pursuant to
564 sub-subparagraph (q)3.a:

565 1. After January 1, 2016, a policy may not be taken out
566 from the corporation unless the agent of record receives an
567 offer of insurance containing the amount of the estimated
568 premium, a description of the coverage, and a comparison of the
569 premium and coverage offered by the insurer to the premium and
570 coverage provided by the corporation. If more than one insurer
571 makes an offer for coverage, all offers shall be provided to the
572 agent of record. The agent of record shall communicate to the

573 policyholder all offers received. The policyholder may accept an
574 offer or reject all offers. If the policyholder takes no action,
575 the policy may be taken out by an insurer according to the
576 depopulation procedure. The corporation shall develop a uniform
577 format for the premium and coverage information required by this
578 subparagraph.

579 2. Effective July 1, 2015, a policyholder may elect to not
580 be solicited for take-out offers more than once in a 6-month
581 period. A policyholder whose policy was taken out by an insurer
582 in the previous 36 months is considered a renewal policyholder
583 under s. 627.3518 if the corporation determines that the insurer
584 continues to insure the policyholder and that the first offer
585 exceeded the estimated premium by more than 10 percent or the
586 insurer has increased the rate on the policy in excess of the
587 increase allowed for the corporation under s. 627.351(6)(n)6.

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