

1 A bill to be entitled

2 An act relating to insurance; amending s. 554.1021,  
3 F.S.; defining the term "authorized inspection  
4 agency"; amending s. 554.107, F.S.; requiring the  
5 chief inspector of the state boiler inspection program  
6 to issue a certificate of competency as a special  
7 inspector to certain individuals; specifying the  
8 duration of such certificate; amending s. 554.109,  
9 F.S.; authorizing specified insurers to contract with  
10 an authorized inspection agency for boiler  
11 inspections; requiring such insurers to annually  
12 report the identity of contracted authorized  
13 inspection agencies to the Department of Financial  
14 Services; amending s. 624.4625, F.S.; revising  
15 requirements for corporation not for profit self-  
16 insurance funds; amending s. 624.501, F.S.; revising  
17 original appointment and renewal fees related to  
18 certain insurance representatives; amending s.  
19 626.015, F.S.; prohibiting new limited customer  
20 representative licenses from being issued after a  
21 specified date; defining the term "unaffiliated  
22 insurance agent"; amending s. 626.0428, F.S.; revising  
23 prohibitions relating to binding insurance and  
24 soliciting insurance; requiring a branch place of  
25 business to have an agent in charge; authorizing an  
26 agent to be in charge of more than one branch office

27 | under certain circumstances; providing requirements  
28 | relating to the designation of an agent in charge;  
29 | providing that the agent in charge is accountable for  
30 | misconduct and violations committed by the licensee,  
31 | agent, and any person under his or her supervision;  
32 | prohibiting an insurance agency from conducting  
33 | insurance business at a location without a designated  
34 | agent in charge; amending s. 626.112, F.S.; providing  
35 | licensure exemptions that allow specified individuals  
36 | or entities to conduct insurance business at specified  
37 | locations under certain circumstances; revising  
38 | licensure requirements and penalties with respect to  
39 | registered insurance agencies; providing that the  
40 | registration of an approved registered insurance  
41 | agency automatically converts to an insurance agency  
42 | license on a specified date; amending s. 626.172,  
43 | F.S.; revising requirements relating to applications  
44 | for insurance agency licenses; conforming provisions  
45 | to changes made by the act; amending s. 626.311, F.S.;  
46 | limiting the types of business that may be transacted  
47 | by certain agents; amending s. 626.321, F.S.;  
48 | providing that a limited license to offer motor  
49 | vehicle rental insurance issued to a business that  
50 | rents or leases motor vehicles encompasses the  
51 | employees and authorized representatives of such  
52 | business; amending s. 626.382, F.S.; providing that an

53 insurance agency license continues in force until  
54 canceled, suspended, revoked, or terminated or  
55 expired; amending s. 626.601, F.S.; revising  
56 terminology relating to investigations conducted by  
57 the Department of Financial Services and the Office of  
58 Insurance Regulation with respect to individuals and  
59 entities involved in the insurance industry; revising  
60 a confidentiality provision; repealing s. 626.747,  
61 F.S., relating to branch agencies, agents in charge,  
62 and the payment of additional county tax under certain  
63 circumstances; amending s. 626.8411, F.S.; conforming  
64 a cross-reference; amending s. 626.8805, F.S.;  
65 revising insurance administrator application  
66 requirements; amending s. 626.8817, F.S.; authorizing  
67 an insurer's designee to provide certain coverage  
68 information to an insurance administrator; authorizing  
69 an insurer to subcontract the review of an insurance  
70 administrator; amending s. 626.882, F.S.; prohibiting  
71 a person from acting as an insurance administrator  
72 without a specific written agreement; amending s.  
73 626.883, F.S.; requiring an insurance administrator to  
74 furnish fiduciary account records to an insurer;  
75 requiring administrator withdrawals from a fiduciary  
76 account to be made according to a specific written  
77 agreement; providing that an insurer's designee may  
78 authorize payment of claims; amending s. 626.884,

79 F.S.; revising an insurer's right of access to certain  
80 administrator records; amending s. 626.89, F.S.;  
81 revising the deadline for filing certain financial  
82 statements; amending s. 626.931, F.S.; deleting  
83 provisions requiring a surplus lines agent to file a  
84 quarterly affidavit with the Florida Surplus Lines  
85 Service Office; amending s. 626.932, F.S.; revising  
86 the due date of surplus lines tax; amending ss.  
87 626.935 and 626.936, F.S.; conforming provisions to  
88 changes made by the act; amending s. 627.062, F.S.;  
89 requiring the Office of Insurance Regulation to use  
90 certain models or methods, or a straight average of  
91 model results or output ranges, to estimate hurricane  
92 losses when determining whether the rates in a rate  
93 filing are excessive, inadequate, or unfairly  
94 discriminatory; amending s. 627.0628, F.S.; increasing  
95 the length of time during which an insurer must adhere  
96 to certain findings made by the Commission on  
97 Hurricane Loss Projection Methodology with respect to  
98 certain methods, principles, standards, models, or  
99 output ranges used in a rate filing; providing that  
100 the requirement to adhere to such findings does not  
101 prohibit an insurer from using a straight average of  
102 model results or output ranges under specified  
103 circumstances; amending s. 627.0651, F.S.; revising  
104 provisions for making and use of rates for motor

105 vehicle insurance; amending s. 627.072, F.S.;

106 authorizing retrospective rating plans relating to

107 workers' compensation and employer's liability

108 insurance to allow negotiations between certain

109 employers and insurers with respect to premiums;

110 amending ss. 627.281 and 627.3518, F.S.; conforming

111 cross-references; amending s. 627.311, F.S.; providing

112 that certain dividends shall be retained by the joint

113 underwriting plan for future use; repealing s.

114 627.3519, F.S., relating to an annual report on the

115 aggregate net probable maximum losses of the Florida

116 Hurricane Catastrophe Fund and Citizens Property

117 Insurance Corporation; amending s. 627.409, F.S.;

118 providing that a claim for residential property

119 insurance may not be denied based on certain credit

120 information; amending s. 627.4133, F.S.; increasing

121 the amount of prior notice required with respect to

122 the nonrenewal, cancellation, or termination of

123 certain insurance policies; deleting certain

124 provisions that require extended periods of prior

125 notice with respect to the nonrenewal, cancellation,

126 or termination of certain insurance policies;

127 prohibiting the cancellation of certain policies that

128 have been in effect for a specified amount of time

129 except under certain circumstances; providing that a

130 policy or contract may not be cancelled based on

131 certain credit information; amending s. 627.4137,  
132 F.S.; adding licensed company adjusters to the list of  
133 persons who may respond to a claimant's written  
134 request for information relating to liability  
135 insurance coverage; amending s. 627.421, F.S.;  
136 authorizing a policyholder of personal lines insurance  
137 to affirmatively elect delivery of policy documents by  
138 electronic means; amending s. 627.43141, F.S.;  
139 authorizing a notice of change in policy terms to be  
140 sent in a separate mailing to an insured under certain  
141 circumstances; requiring an insurer to provide such  
142 notice to insured's insurance agent; creating s.  
143 627.4553, F.S.; providing requirements for the  
144 recommendation to surrender an annuity or life  
145 insurance policy; amending s. 627.7015, F.S.; revising  
146 the rulemaking authority of the department with  
147 respect to qualifications and specified types of  
148 penalties covered under the property insurance  
149 mediation program; creating s. 627.70151, F.S.;  
150 providing criteria for an insurer or policyholder to  
151 challenge the impartiality of a loss appraisal umpire  
152 for purposes of disqualifying such umpire; amending s.  
153 627.706, F.S.; revising the definition of the term  
154 "neutral evaluator"; amending s. 627.7074, F.S.;  
155 revising notification requirements for participation  
156 in the neutral evaluation program; providing grounds

157 for the department to deny an application, or suspend  
158 or revoke certification, of a neutral evaluator;  
159 requiring the department to adopt rules relating to  
160 certification of neutral evaluators; amending s.  
161 627.711, F.S.; revising verification requirements for  
162 uniform mitigation verification forms; amending s.  
163 627.736, F.S.; revising the time period for  
164 applicability of certain Medicare fee schedules or  
165 payment limitations; amending s. 627.744, F.S.;  
166 revising preinsurance inspection requirements for  
167 private passenger motor vehicles; amending s. 627.745,  
168 F.S.; revising qualifications for approval as a  
169 mediator by the department; providing grounds for the  
170 department to deny an application, or suspend or  
171 revoke approval, of a mediator; authorizing the  
172 department to adopt rules; amending s. 627.782, F.S.;  
173 revising the date by which title insurance agencies  
174 and certain insurers must annually submit specified  
175 information to the Office of Insurance Regulation;  
176 amending s. 627.841, F.S.; providing that an insurance  
177 premium finance company may impose a charge for  
178 payments returned, declined, or unable to be processed  
179 due to insufficient funds; amending s. 628.461, F.S.;  
180 revising filing requirements relating to the  
181 acquisition of controlling stock; revising the amount  
182 of outstanding voting securities of a domestic stock

183 insurer or a controlling company that a person is  
 184 prohibited from acquiring unless certain requirements  
 185 have been met; prohibiting persons acquiring a certain  
 186 percentage of voting securities from acquiring certain  
 187 securities; providing that a presumption of control  
 188 may be rebutted by filing a disclaimer of control;  
 189 providing filing requirements for the divestiture of  
 190 controlling interest in a domestic insurer; deleting a  
 191 definition; amending s. 634.406, F.S.; revising  
 192 criteria authorizing premiums of certain service  
 193 warranty associations to exceed their specified net  
 194 assets limitations; revising requirements relating to  
 195 contractual liability policies that insure warranty  
 196 associations; providing effective dates.

197  
 198 Be It Enacted by the Legislature of the State of Florida:

199  
 200 Section 1. Subsection (8) is added to section 554.1021,  
 201 Florida Statutes, to read:

202 554.1021 Definitions.—As used in ss. 554.1011-554.115:

203 (8) "Authorized inspection agency" means:

204 (a) A county, city, town, or other governmental  
 205 subdivision that has adopted and administers, at a minimum,  
 206 Section I of the A.S.M.E. Boiler and Pressure Vessel Code as a  
 207 legal requirement and whose inspectors hold valid certificates  
 208 of competency in accordance with s. 554.113; or



209           (b) An insurance company that is licensed or registered by  
 210 an appropriate authority of any state of the United States or  
 211 province of Canada and whose inspectors hold valid certificates  
 212 of competency in accordance with s. 554.113.

213           Section 2. Section 554.107, Florida Statutes, is amended  
 214 to read:

215           554.107 Special inspectors.—

216           (1) Upon application by an authorized inspection agency  
 217 ~~any company licensed to insure boilers in this state,~~ the chief  
 218 inspector shall issue a certificate of competency as a special  
 219 inspector to an any inspector employed by the agency if he or  
 220 she company, ~~provided that such inspector~~ satisfies the  
 221 competency requirements for inspectors as provided in s.  
 222 554.113.

223           (2) The certificate of competency of a special inspector  
 224 remains ~~shall remain~~ in effect only so long as the special  
 225 inspector is employed by an authorized inspection agency ~~a~~  
 226 ~~company licensed to insure boilers in this state.~~ Upon  
 227 termination of employment with such agency company, a special  
 228 inspector shall, in writing, notify the chief inspector of such  
 229 termination. Such notice shall be given within 15 days following  
 230 the date of termination.

231           Section 3. Subsection (1) of section 554.109, Florida  
 232 Statutes, is amended to read:

233           554.109 Exemptions.—

234           (1) An ~~Any~~ insurance company that insures ~~insuring~~ a

235 boiler located in a public assembly location in this state shall  
 236 inspect or contract with an authorized inspection agency to  
 237 inspect such boiler ~~so insured~~, and shall annually report to the  
 238 department the identity of any authorized inspection agency that  
 239 performs a required boiler inspection on behalf of the company.  
 240 A any county, city, town, or other governmental subdivision that  
 241 ~~which~~ has adopted into law the Boiler and Pressure Vessel Code  
 242 of the American Society of Mechanical Engineers and the National  
 243 Board Inspection Code for the construction, installation,  
 244 inspection, maintenance, and repair of boilers, regulating such  
 245 boilers in public assembly locations, shall inspect such boilers  
 246 so regulated. ~~; provided that~~ Such inspection shall be conducted  
 247 by a special inspector licensed pursuant to ss. 554.1011-  
 248 554.115. Upon filing of a report of satisfactory inspection with  
 249 the department, such boiler is exempt from inspection by the  
 250 department.

251 Section 4. Paragraph (b) of subsection (1) of section  
 252 624.4625, Florida Statutes, is amended to read:

253 624.4625 Corporation not for profit self-insurance funds.-

254 (1) Notwithstanding any other provision of law, any two or  
 255 more corporations not for profit located in and organized under  
 256 the laws of this state may form a self-insurance fund for the  
 257 purpose of pooling and spreading liabilities of its group  
 258 members in any one or combination of property or casualty risk,  
 259 provided the corporation not for profit self-insurance fund that  
 260 is created:

261 (b) Requires for qualification that each participating  
 262 member receive at least 75 percent of its revenues from local,  
 263 state, or federal governmental sources or a combination of such  
 264 sources, or qualify as a publicly supported organization that  
 265 normally receives a substantial part of its support from a  
 266 governmental unit or from the general public as evidenced on the  
 267 organization's most recently filed Internal Revenue Service Form  
 268 990 or 990EZ, Schedule A.

269 Section 5. Paragraphs (a) and (c) of subsection (6) and  
 270 subsections (7) and (8) of section 624.501, Florida Statutes,  
 271 are amended to read:

272 624.501 Filing, license, appointment, and miscellaneous  
 273 fees.—The department, commission, or office, as appropriate,  
 274 shall collect in advance, and persons so served shall pay to it  
 275 in advance, fees, licenses, and miscellaneous charges as  
 276 follows:

277 (6) Insurance representatives, property, marine, casualty,  
 278 and surety insurance.

279 (a) Agent's original appointment and biennial renewal or  
 280 continuation thereof, each insurer or unaffiliated agent making  
 281 an appointment:

282	Appointment fee.....	\$42.00
283	State tax.....	12.00
284	County tax.....	6.00
285	Total.....	\$60.00

286 (c) Nonresident agent's original appointment and biennial

287 renewal or continuation thereof, appointment fee, each insurer  
 288 or unaffiliated agent making an appointment.....\$60.00

289 (7) Life insurance agents.

290 (a) Agent's original appointment and biennial renewal or  
 291 continuation thereof, each insurer or unaffiliated agent making  
 292 an appointment:

293 Appointment fee.....\$42.00  
 294 State tax.....12.00  
 295 County tax.....6.00  
 296 Total.....\$60.00

297 (b) Nonresident agent's original appointment and biennial  
 298 renewal or continuation thereof, appointment fee, each insurer  
 299 or unaffiliated agent making an appointment.....\$60.00

300 (8) Health insurance agents.

301 (a) Agent's original appointment and biennial renewal or  
 302 continuation thereof, each insurer or unaffiliated agent making  
 303 an appointment:

304 Appointment fee.....\$42.00  
 305 State tax.....12.00  
 306 County tax.....6.00  
 307 Total.....\$60.00

308 (b) Nonresident agent's original appointment and biennial  
 309 renewal or continuation thereof, appointment fee, each insurer  
 310 or unaffiliated agent making an appointment..... \$60.00

311 Section 6. Subsection (11) of section 626.015, Florida  
 312 Statutes, is amended, subsection (18) of that section is

313 renumbered as subsection (19), and a new subsection (18) is  
314 added to that section, to read:

315 626.015 Definitions.—As used in this part:

316 (11) "Limited customer representative" means a customer  
317 representative appointed by a general lines agent or agency to  
318 assist that agent or agency in transacting only the business of  
319 private passenger motor vehicle insurance from the office of  
320 that agent or agency. A limited customer representative is  
321 subject to the Florida Insurance Code in the same manner as a  
322 customer representative, unless otherwise specified. Effective  
323 October 1, 2014, a new limited customer representative license  
324 may not be issued.

325 (18) "Unaffiliated insurance agent" means a licensed  
326 insurance agent, except a limited lines agent, who is self-  
327 appointed and who practices as an independent consultant in the  
328 business of analyzing or abstracting insurance policies,  
329 providing insurance advice or counseling, or making specific  
330 recommendations or comparisons of insurance products for a fee  
331 established in advance by written contract signed by the  
332 parties. An unaffiliated insurance agent may not be affiliated  
333 with an insurer, insurer-appointed insurance agent, or insurance  
334 agency contracted with or employing insurer-appointed insurance  
335 agents.

336 Section 7. Effective January 1, 2015, subsections (2) and  
337 (3) of section 626.0428, Florida Statutes, are amended, and  
338 subsection (4) is added to that section, to read:

339 626.0428 Agency personnel powers, duties, and  
 340 limitations.-

341 (2) An employee or an authorized representative located at  
 342 a designated branch of an agent or agency may not bind insurance  
 343 coverage unless licensed and appointed as an agent or customer  
 344 representative.

345 (3) An employee or an authorized representative located at  
 346 a designated branch of an agent or agency may not initiate  
 347 contact with any person for the purpose of soliciting insurance  
 348 unless licensed and appointed as an agent or customer  
 349 representative. As to title insurance, an employee of an agent  
 350 or agency may not initiate contact with any individual proposed  
 351 insured for the purpose of soliciting title insurance unless  
 352 licensed as a title insurance agent or exempt from such  
 353 licensure pursuant to s. 626.8417(4).

354 (4) (a) Each place of business established by an agent or  
 355 agency, firm, corporation, or association must be in the active  
 356 full-time charge of a licensed and appointed agent holding the  
 357 required agent licenses to transact the lines of insurance being  
 358 handled at the location.

359 (b) Notwithstanding paragraph (a), the licensed agent in  
 360 charge of an insurance agency may also be the agent in charge of  
 361 additional branch office locations of the agency if insurance  
 362 activities requiring licensure as an insurance agent do not  
 363 occur at any location when an agent is not physically present  
 364 and unlicensed employees at the location do not engage in

365 insurance activities requiring licensure as an insurance agent  
366 or customer representative.

367 (c) An insurance agency and each branch place of business  
368 of an insurance agency shall designate an agent in charge and  
369 file the name and license number of the agent in charge and the  
370 physical address of the insurance agency location with the  
371 department at the department's designated website. The  
372 designation of the agent in charge may be changed at the option  
373 of the agency. A change of the designated agent in charge is  
374 effective upon notice to the department. Notice to the  
375 department must be provided within 30 days after such change.

376 (d) For purposes of this subsection, an "agent in charge"  
377 is the licensed and appointed agent who is responsible for the  
378 supervision of all individuals within an insurance agency  
379 location, regardless of whether the agent in charge handles a  
380 specific transaction or deals with the general public in the  
381 solicitation or negotiation of insurance contracts or the  
382 collection or accounting of money.

383 (e) An agent in charge of an insurance agency is  
384 accountable for the wrongful acts, misconduct, or violations of  
385 this code committed by the licensee or agent or by any person  
386 under his or her supervision while acting on behalf of the  
387 agency. However, an agent in charge is not criminally liable for  
388 any act unless the agent in charge personally committed the act  
389 or knew or should have known of the act and of the facts  
390 constituting a violation of this chapter.

391 (f) An insurance agency location may not conduct the  
 392 business of insurance unless an agent in charge is designated  
 393 by, and providing services to, the agency at all times. If the  
 394 agent in charge designated by the agency and whose name is filed  
 395 with the department ends his or her affiliation with the agency  
 396 for any reason and the agency fails to designate another agent  
 397 in charge within 30 days as provided in paragraph (c) and such  
 398 failure continues for 90 days, the agency license shall  
 399 automatically expire on the 91st day after the date that the  
 400 designated agent in charge ended his or her affiliation with the  
 401 agency.

402 Section 8. Effective January 1, 2015, subsection (7) of  
 403 section 626.112, Florida Statutes, is amended to read:

404 626.112 License and appointment required; agents, customer  
 405 representatives, adjusters, insurance agencies, service  
 406 representatives, managing general agents.—

407 (7) (a) An ~~Effective October 1, 2006,~~ no individual, firm,  
 408 partnership, corporation, association, or ~~any~~ other entity shall  
 409 not act in its own name or under a trade name, directly or  
 410 indirectly, as an insurance agency~~,~~ unless it complies with s.  
 411 626.172 with respect to possessing an insurance agency license  
 412 for each place of business at which it engages in an ~~any~~  
 413 activity that ~~which~~ may be performed only by a licensed  
 414 insurance agent. However, an insurance agency that is owned and  
 415 operated by a single licensed agent conducting business in his  
 416 or her individual name and not employing or otherwise using the



417 services of or appointing other licensees is exempt from the  
418 agency licensing requirements of this subsection.

419 (b) A branch place of business that is established by a  
420 licensed agency is considered a branch agency and is not  
421 required to be licensed so long as it transacts business under  
422 the same name and federal tax identification number as the  
423 licensed agency, has designated a licensed agent in charge of  
424 the branch location as required by s. 626.0428, and has  
425 submitted the address and telephone number of the branch  
426 location to the department for inclusion in the licensing record  
427 of the licensed agency within 30 days after insurance  
428 transactions begin at the branch location ~~Each agency engaged in~~  
429 ~~business in this state before January 1, 2003, which is wholly~~  
430 ~~owned by insurance agents currently licensed and appointed under~~  
431 ~~this chapter, each incorporated agency whose voting shares are~~  
432 ~~traded on a securities exchange, each agency designated and~~  
433 ~~subject to supervision and inspection as a branch office under~~  
434 ~~the rules of the National Association of Securities Dealers, and~~  
435 ~~each agency whose primary function is offering insurance as a~~  
436 ~~service or member benefit to members of a nonprofit corporation~~  
437 ~~may file an application for registration in lieu of licensure in~~  
438 ~~accordance with s. 626.172(3). Each agency engaged in business~~  
439 ~~before October 1, 2006, shall file an application for licensure~~  
440 ~~or registration on or before October 1, 2006.~~

441 (c)1. If an agency is required to be licensed but fails to  
442 file an application for licensure in accordance with this

443 section, the department shall impose on the agency an  
444 administrative penalty ~~in an amount~~ of up to \$10,000.

445 ~~2. If an agency is eligible for registration but fails to~~  
446 ~~file an application for registration or an application for~~  
447 ~~licensure in accordance with this section, the department shall~~  
448 ~~impose on the agency an administrative penalty in an amount of~~  
449 ~~up to \$5,000.~~

450 (d) (b) Effective October 1, 2015, the department must  
451 automatically convert the registration of an approved a  
452 registered insurance agency to shall, as a condition precedent  
453 to continuing business, obtain an insurance agency license if  
454 the department finds that, with respect to any majority owner,  
455 partner, manager, director, officer, or other person who manages  
456 or controls the agency, any person has:

457 ~~1. Been found guilty of, or has pleaded guilty or nolo~~  
458 ~~contendere to, a felony in this state or any other state~~  
459 ~~relating to the business of insurance or to an insurance agency,~~  
460 ~~without regard to whether a judgment of conviction has been~~  
461 ~~entered by the court having jurisdiction of the cases.~~

462 ~~2. Employed any individual in a managerial capacity or in~~  
463 ~~a capacity dealing with the public who is under an order of~~  
464 ~~revocation or suspension issued by the department. An insurance~~  
465 ~~agency may request, on forms prescribed by the department,~~  
466 ~~verification of any person's license status. If a request is~~  
467 ~~mailed within 5 working days after an employee is hired, and the~~  
468 ~~employee's license is currently suspended or revoked, the agency~~

469 ~~shall not be required to obtain a license, if the unlicensed~~  
470 ~~person's employment is immediately terminated.~~

471 ~~3. Operated the agency or permitted the agency to be~~  
472 ~~operated in violation of s. 626.747.~~

473 ~~4. With such frequency as to have made the operation of~~  
474 ~~the agency hazardous to the insurance-buying public or other~~  
475 ~~persons:~~

476 ~~a. Solicited or handled controlled business. This~~  
477 ~~subparagraph shall not prohibit the licensing of any lending or~~  
478 ~~financing institution or creditor, with respect to insurance~~  
479 ~~only, under credit life or disability insurance policies of~~  
480 ~~borrowers from the institutions, which policies are subject to~~  
481 ~~part IX of chapter 627.~~

482 ~~b. Misappropriated, converted, or unlawfully withheld~~  
483 ~~moneys belonging to insurers, insureds, beneficiaries, or others~~  
484 ~~and received in the conduct of business under the license.~~

485 ~~c. Unlawfully rebated, attempted to unlawfully rebate, or~~  
486 ~~unlawfully divided or offered to divide commissions with~~  
487 ~~another.~~

488 ~~d. Misrepresented any insurance policy or annuity~~  
489 ~~contract, or used deception with regard to any policy or~~  
490 ~~contract, done either in person or by any form of dissemination~~  
491 ~~of information or advertising.~~

492 ~~e. Violated any provision of this code or any other law~~  
493 ~~applicable to the business of insurance in the course of dealing~~  
494 ~~under the license.~~

- 495 ~~f. Violated any lawful order or rule of the department.~~
- 496 ~~g. Failed or refused, upon demand, to pay over to any~~
- 497 ~~insurer he or she represents or has represented any money coming~~
- 498 ~~into his or her hands belonging to the insurer.~~
- 499 ~~h. Violated the provision against twisting as defined in~~
- 500 ~~s. 626.9541(1)(1).~~
- 501 ~~i. In the conduct of business, engaged in unfair methods~~
- 502 ~~of competition or in unfair or deceptive acts or practices, as~~
- 503 ~~prohibited under part IX of this chapter.~~
- 504 ~~j. Willfully overinsured any property insurance risk.~~
- 505 ~~k. Engaged in fraudulent or dishonest practices in the~~
- 506 ~~conduct of business arising out of activities related to~~
- 507 ~~insurance or the insurance agency.~~
- 508 ~~l. Demonstrated lack of fitness or trustworthiness to~~
- 509 ~~engage in the business of insurance arising out of activities~~
- 510 ~~related to insurance or the insurance agency.~~
- 511 ~~m. Authorized or knowingly allowed individuals to transact~~
- 512 ~~insurance who were not then licensed as required by this code.~~
- 513 ~~5. Knowingly employed any person who within the preceding~~
- 514 ~~3 years has had his or her relationship with an agency~~
- 515 ~~terminated in accordance with paragraph (d).~~
- 516 ~~6. Willfully circumvented the requirements or prohibitions~~
- 517 ~~of this code.~~

518 Section 9. Subsections (2), (3), and (4) of section  
 519 626.172, Florida Statutes, are amended to read:

520 626.172 Application for insurance agency license.—

521           (2) An application for an insurance agency license must  
522 ~~shall~~ be signed by an individual required to be listed in the  
523 application under paragraph (a) the owner or owners of the  
524 agency. If the agency is incorporated, the application shall be  
525 signed by the president and secretary of the corporation. An  
526 insurance agency may permit a third party to complete, submit,  
527 and sign an application on the insurance agency's behalf, but  
528 the insurance agency is responsible for ensuring that the  
529 information on the application is true and correct and is  
530 accountable for any misstatements or misrepresentations. The  
531 application for an insurance agency license must ~~shall~~ include:

532           (a) The name of each ~~majority~~ owner, partner, officer, ~~and~~  
533 director, president, senior vice president, secretary,  
534 treasurer, and limited liability company member who directs or  
535 participates in the management or control of the insurance  
536 agency, whether through ownership of voting securities, by  
537 contract, by ownership of any agency bank account, or otherwise.

538           (b) The residence address of each person required to be  
539 listed in the application under paragraph (a).

540           (c) The name, principal business street address, and valid  
541 e-mail address of the insurance agency and the name, address,  
542 and e-mail address of the agency's registered agent or person or  
543 company authorized to accept service on behalf of the agency ~~its~~  
544 principal business address.

545           (d) The physical address ~~location~~ of each branch agency,  
546 including its name, e-mail address, and telephone number, and

547 the date that the branch location began transacting insurance  
548 ~~office and the name under which each agency office conducts or~~  
549 ~~will conduct business.~~

550 (e) The name of each agent to be in full-time charge of an  
551 agency office and specification of which office, including  
552 branch locations.

553 (f) The fingerprints of each of the following:

554 1. A sole proprietor;

555 2. Each individual required to be listed in the  
556 application under paragraph (a) partner; and

557 ~~3. Each owner of an unincorporated agency;~~

558 3.4. Each individual owner who directs or participates in  
559 the management or control of an incorporated agency whose shares  
560 are not traded on a securities exchange;

561 ~~5. The president, senior vice presidents, treasurer,~~  
562 ~~secretary, and directors of the agency; and~~

563 ~~6. Any other person who directs or participates in the~~  
564 ~~management or control of the agency, whether through the~~  
565 ~~ownership of voting securities, by contract, or otherwise.~~

566  
567 Fingerprints must be taken by a law enforcement agency or other  
568 entity approved by the department and must be accompanied by the  
569 fingerprint processing fee specified in s. 624.501. Fingerprints  
570 must ~~shall~~ be processed in accordance with s. 624.34. However,  
571 fingerprints need not be filed for an ~~any~~ individual who is  
572 currently licensed and appointed under this chapter. This

573 paragraph does not apply to corporations whose voting shares are  
574 traded on a securities exchange.

575 (g) Such additional information as the department requires  
576 by rule to ascertain the trustworthiness and competence of  
577 persons required to be listed on the application and to  
578 ascertain that such persons meet the requirements of this code.  
579 However, the department may not require that credit or character  
580 reports be submitted for persons required to be listed on the  
581 application.

582 (3) ~~(h)~~ Beginning October 1, 2005, The department must  
583 ~~shall~~ accept the uniform application for nonresident agency  
584 licensure. The department may adopt by rule revised versions of  
585 the uniform application.

586 ~~(3)~~ The department shall issue a registration as an  
587 insurance agency to any agency that files a written application  
588 with the department and qualifies for registration. The  
589 application for registration shall require the agency to provide  
590 the same information required for an agency licensed under  
591 subsection (2), the agent identification number for each owner  
592 who is a licensed agent, proof that the agency qualifies for  
593 registration as provided in s. 626.112(7), and any other  
594 additional information that the department determines is  
595 necessary in order to demonstrate that the agency qualifies for  
596 registration. The application must be signed by the owner or  
597 owners of the agency. If the agency is incorporated, the  
598 application must be signed by the president and the secretary of

599 ~~the corporation. An agent who owns the agency need not file~~  
 600 ~~fingerprints with the department if the agent obtained a license~~  
 601 ~~under this chapter and the license is currently valid.~~

602 ~~(a) If an application for registration is denied, the~~  
 603 ~~agency must file an application for licensure no later than 30~~  
 604 ~~days after the date of the denial of registration.~~

605 ~~(b) A registered insurance agency must file an application~~  
 606 ~~for licensure no later than 30 days after the date that any~~  
 607 ~~person who is not a licensed and appointed agent in this state~~  
 608 ~~acquires any ownership interest in the agency. If an agency~~  
 609 ~~fails to file an application for licensure in compliance with~~  
 610 ~~this paragraph, the department shall impose an administrative~~  
 611 ~~penalty in an amount of up to \$5,000 on the agency.~~

612 ~~(c) Sections 626.6115 and 626.6215 do not apply to~~  
 613 ~~agencies registered under this subsection.~~

614 (4) The department must ~~shall~~ issue a license ~~or~~  
 615 ~~registration~~ to each agency upon approval of the application,  
 616 and each agency location must ~~shall~~ display the license ~~or~~  
 617 ~~registration~~ prominently in a manner that makes it clearly  
 618 visible to any customer or potential customer who enters the  
 619 agency location.

620 Section 10. Subsection (6) of section 626.311, Florida  
 621 Statutes, is renumbered as subsection (7), and a new subsection

622 (6) is added to that section to read:

623 626.311 Scope of license.—

624 (6) An agent who appoints his or her license as an



625 unaffiliated insurance agent may not hold an appointment from an  
 626 insurer for any license he or she holds; transact, solicit, or  
 627 service an insurance contract on behalf of an insurer; interfere  
 628 with commissions received or to be received by an insurer-  
 629 appointed insurance agent or an insurance agency contracted with  
 630 or employing insurer-appointed insurance agents; or receive  
 631 compensation or any other thing of value from an insurer, an  
 632 insurer-appointed insurance agent, or an insurance agency  
 633 contracted with or employing insurer-appointed insurance agents  
 634 for any transaction or referral occurring after the date of  
 635 appointment as an unaffiliated insurance agent. An unaffiliated  
 636 insurance agent may continue to receive commissions on sales  
 637 that occurred before the date of appointment as an unaffiliated  
 638 insurance agent if the receipt of such commissions is disclosed  
 639 when making recommendations or evaluating products for a client  
 640 that involve products of the entity from which the commissions  
 641 are received.

642 Section 11. Paragraph (d) of subsection (1) of section  
 643 626.321, Florida Statutes, is amended to read:

644 626.321 Limited licenses.—

645 (1) The department shall issue to a qualified applicant a  
 646 license as agent authorized to transact a limited class of  
 647 business in any of the following categories of limited lines  
 648 insurance:

649 (d) Motor vehicle rental insurance.—

650 1. License covering only insurance of the risks set forth

651 in this paragraph when offered, sold, or solicited with and  
652 incidental to the rental or lease of a motor vehicle and which  
653 applies only to the motor vehicle that is the subject of the  
654 lease or rental agreement and the occupants of the motor  
655 vehicle:

656 a. Excess motor vehicle liability insurance providing  
657 coverage in excess of the standard liability limits provided by  
658 the lessor in the lessor's lease to a person renting or leasing  
659 a motor vehicle from the licensee's employer for liability  
660 arising in connection with the negligent operation of the leased  
661 or rented motor vehicle.

662 b. Insurance covering the liability of the lessee to the  
663 lessor for damage to the leased or rented motor vehicle.

664 c. Insurance covering the loss of or damage to baggage,  
665 personal effects, or travel documents of a person renting or  
666 leasing a motor vehicle.

667 d. Insurance covering accidental personal injury or death  
668 of the lessee and any passenger who is riding or driving with  
669 the covered lessee in the leased or rented motor vehicle.

670 2. Insurance under a motor vehicle rental insurance  
671 license may be issued only if the lease or rental agreement is  
672 for no more than 60 days, the lessee is not provided coverage  
673 for more than 60 consecutive days per lease period, and the  
674 lessee is given written notice that his or her personal  
675 insurance policy providing coverage on an owned motor vehicle  
676 may provide coverage of such risks and that the purchase of the

677 insurance is not required in connection with the lease or rental  
678 of a motor vehicle. If the lease is extended beyond 60 days, the  
679 coverage may be extended one time only for a period not to  
680 exceed an additional 60 days. Insurance may be provided to the  
681 lessee as an additional insured on a policy issued to the  
682 licensee's employer.

683 3. The license may be issued only to the full-time  
684 salaried employee of a licensed general lines agent or to a  
685 business entity that offers motor vehicles for rent or lease if  
686 insurance sales activities authorized by the license are in  
687 connection with and incidental to the rental or lease of a motor  
688 vehicle.

689 a. A license issued to a business entity that offers motor  
690 vehicles for rent or lease encompasses each office, branch  
691 office, employee, authorized representative located at a  
692 designated branch, or place of business making use of the  
693 entity's business name in order to offer, solicit, and sell  
694 insurance pursuant to this paragraph.

695 b. The application for licensure must list the name,  
696 address, and phone number for each office, branch office, or  
697 place of business that is to be covered by the license. The  
698 licensee shall notify the department of the name, address, and  
699 phone number of any new location that is to be covered by the  
700 license before the new office, branch office, or place of  
701 business engages in the sale of insurance pursuant to this  
702 paragraph. The licensee must notify the department within 30

703 days after closing or terminating an office, branch office, or  
704 place of business. Upon receipt of the notice, the department  
705 shall delete the office, branch office, or place of business  
706 from the license.

707 c. A licensed and appointed entity is directly responsible  
708 and accountable for all acts of the licensee's employees.

709 Section 12. Effective January 1, 2015, section 626.382,  
710 Florida Statutes, is amended to read:

711 626.382 Continuation, expiration of license; insurance  
712 agencies.—The license of an ~~any~~ insurance agency ~~shall be issued~~  
713 ~~for a period of 3 years and~~ shall continue in force until  
714 canceled, suspended, or ~~revoked,~~ or until it is otherwise  
715 terminated or becomes expired by operation of law. ~~A license may~~  
716 ~~be renewed by submitting a renewal request to the department on~~  
717 ~~a form adopted by department rule.~~

718 Section 13. Section 626.601, Florida Statutes, is amended  
719 to read:

720 626.601 Improper conduct; inquiry; fingerprinting.—

721 (1) The department or office may, upon its own motion or  
722 upon a written complaint signed by any interested person and  
723 filed with the department or office, inquire into any alleged  
724 improper conduct of any licensed, approved, or certified  
725 licensee, insurance agency, agent, adjuster, service  
726 representative, managing general agent, customer representative,  
727 title insurance agent, title insurance agency, mediator, neutral  
728 evaluator, navigator, continuing education course provider,

729 instructor, school official, or monitor group under this code.  
730 The department or office may thereafter initiate an  
731 investigation of any such individual or entity ~~licensee~~ if it  
732 has reasonable cause to believe that the individual or entity  
733 ~~licensee~~ has violated any provision of the insurance code.  
734 During the course of its investigation, the department or office  
735 shall contact the individual or entity ~~licensee~~ being  
736 investigated unless it determines that contacting such  
737 individual or entity ~~person~~ could jeopardize the successful  
738 completion of the investigation or cause injury to the public.

739 (2) In the investigation by the department or office of  
740 the alleged misconduct, the individual or entity ~~licensee~~ shall,  
741 whenever so required by the department or office, cause the  
742 individual's or entity's ~~his or her~~ books and records to be open  
743 for inspection for the purpose of such investigation ~~inquiries~~.

744 (3) ~~The~~ Complaints against any individual or entity  
745 ~~licensee~~ may be informally alleged and are not required to  
746 include ~~need not be in any such~~ language as is necessary to  
747 charge a crime on an indictment or information.

748 (4) The expense for any hearings or investigations  
749 conducted under this law, as well as the fees and mileage of  
750 witnesses, may be paid out of the appropriate fund.

751 (5) If the department or office, after investigation, has  
752 reason to believe that an individual ~~a licensee~~ may have been  
753 found guilty of or pleaded guilty or nolo contendere to a felony  
754 or a crime related to the business of insurance in this or any

755 other state or jurisdiction, the department or office may  
756 require the individual licensee to file with the department or  
757 office a complete set of his or her fingerprints, which shall be  
758 accompanied by the fingerprint processing fee set forth in s.  
759 624.501. The fingerprints shall be taken by an authorized law  
760 enforcement agency or other department-approved entity.

761 (6) The complaint and any information obtained pursuant to  
762 the investigation by the department or office are confidential  
763 and are exempt from ~~the provisions of~~ s. 119.07, unless the  
764 department or office files a formal administrative complaint,  
765 emergency order, or consent order against the individual or  
766 entity licensee. ~~Nothing in~~ This subsection does not shall be  
767 ~~construed to~~ prevent the department or office from disclosing  
768 the complaint or such information as it deems necessary to  
769 conduct the investigation, to update the complainant as to the  
770 status and outcome of the complaint, or to share such  
771 information with any law enforcement agency or other regulatory  
772 body.

773 Section 14. Effective January 1, 2015, section 626.747,  
774 Florida Statutes, is repealed.

775 Section 15. Effective January 1, 2015, subsection (1) of  
776 section 626.8411, Florida Statutes, is amended to read:

777 626.8411 Application of Florida Insurance Code provisions  
778 to title insurance agents or agencies.-

779 (1) The following provisions ~~of part II~~ applicable to  
780 general lines agents or agencies also apply to title insurance

781 agents or agencies:

782 (a) Section 626.734, relating to liability of certain  
783 agents.

784 (b) Section 626.0428(4)(a) and (b) ~~626.747~~, relating to  
785 branch agencies.

786 (c) Section 626.749, relating to place of business in  
787 residence.

788 (d) Section 626.753, relating to sharing of commissions.

789 (e) Section 626.754, relating to rights of agent following  
790 termination of appointment.

791 Section 16. Paragraph (c) of subsection (2) and subsection  
792 (3) of section 626.8805, Florida Statutes, are amended to read:

793 626.8805 Certificate of authority to act as  
794 administrator.—

795 (2) The administrator shall file with the office an  
796 application for a certificate of authority upon a form to be  
797 adopted by the commission and furnished by the office, which  
798 application shall include or have attached the following  
799 information and documents:

800 (c) The names, addresses, official positions, and  
801 professional qualifications of the individuals employed or  
802 retained by the administrator and who are responsible for the  
803 conduct of the affairs of the administrator, including all  
804 members of the board of directors, board of trustees, executive  
805 committee, or other governing board or committee, and the  
806 principal officers in the case of a corporation or, the partners

807 or members in the case of a partnership or association, ~~and any~~  
 808 ~~other person who exercises control or influence over the affairs~~  
 809 of the administrator.

810 (3) The applicant shall make available for inspection by  
 811 the office copies of all contracts relating to services provided  
 812 by the administrator to ~~with~~ insurers or other persons using  
 813 ~~utilizing~~ the services of the administrator.

814 Section 17. Subsections (1) and (3) of section 626.8817,  
 815 Florida Statutes, are amended to read:

816 626.8817 Responsibilities of insurance company with  
 817 respect to administration of coverage insured.—

818 (1) If an insurer uses the services of an administrator,  
 819 the insurer is responsible for determining the benefits, premium  
 820 rates, underwriting criteria, and claims payment procedures  
 821 applicable to the coverage and for securing reinsurance, if any.  
 822 The rules pertaining to these matters shall be provided, in  
 823 writing, by the insurer or its designee to the administrator.  
 824 The responsibilities of the administrator as to any of these  
 825 matters shall be set forth in a ~~the~~ written agreement binding  
 826 upon ~~between~~ the administrator and the insurer.

827 (3) In cases in which an administrator administers  
 828 benefits for more than 100 certificateholders on behalf of an  
 829 insurer, the insurer shall, at least semiannually, conduct a  
 830 review of the operations of the administrator. At least one such  
 831 review must be an onsite audit of the operations of the  
 832 administrator. The insurer may contract with a qualified third



833 party to conduct such review.

834 Section 18. Subsections (1) and (4) of section 626.882,  
835 Florida Statutes, is amended to read:

836 626.882 Agreement between administrator and insurer;  
837 required provisions; maintenance of records.—

838 (1) A ~~No~~ person may not act as an administrator without a  
839 written agreement, as required under s. 626.8817, that specifies  
840 the rights, duties, and obligations of the ~~between such person~~  
841 ~~as~~ administrator and ~~an~~ insurer.

842 (4) If a policy is issued to a trustee or trustees, a copy  
843 of the trust agreement and any amendments to that agreement  
844 shall be furnished to the insurer or its designee by the  
845 administrator and shall be retained as part of the official  
846 records of both the administrator and the insurer for the  
847 duration of the policy and for 5 years thereafter.

848 Section 19. Subsections (3), (4), and (5) of section  
849 626.883, Florida Statutes, are amended to read:

850 626.883 Administrator as intermediary; collections held in  
851 fiduciary capacity; establishment of account; disbursement;  
852 payments on behalf of insurer.—

853 (3) If charges or premiums deposited in a fiduciary  
854 account have been collected on behalf of or for more than one  
855 insurer, the administrator shall keep records clearly recording  
856 the deposits in and withdrawals from such account on behalf of  
857 or for each insurer. The administrator shall, upon request of an  
858 insurer or its designee, furnish such insurer or designee with

859 copies of records pertaining to deposits and withdrawals on  
 860 behalf of or for such insurer.

861 (4) The administrator may not pay any claim by withdrawals  
 862 from a fiduciary account. Withdrawals from such account shall be  
 863 made as provided in the written agreement required under ss.  
 864 626.8817 and 626.882 ~~between the administrator and the insurer~~  
 865 for any of the following:

866 (a) Remittance to an insurer entitled to such remittance.

867 (b) Deposit in an account maintained in the name of such  
 868 insurer.

869 (c) Transfer to and deposit in a claims-paying account,  
 870 with claims to be paid as provided by such insurer.

871 (d) Payment to a group policyholder for remittance to the  
 872 insurer entitled to such remittance.

873 (e) Payment to the administrator of the commission, fees,  
 874 or charges of the administrator.

875 (f) Remittance of return premium to the person or persons  
 876 entitled to such return premium.

877 (5) All claims paid by the administrator from funds  
 878 collected on behalf of the insurer shall be paid only on drafts  
 879 of, and as authorized by, such insurer or its designee.

880 Section 20. Subsection (3) of section 626.884, Florida  
 881 Statutes, is amended to read:

882 626.884 Maintenance of records by administrator; access;  
 883 confidentiality.-

884 (3) The insurer shall retain the right of continuing

885 access to books and records maintained by the administrator  
 886 sufficient to permit the insurer to fulfill all of its  
 887 contractual obligations to insured persons, subject to any  
 888 restrictions in the written agreement pertaining to ~~between the~~  
 889 ~~insurer and the administrator on~~ the proprietary rights of the  
 890 parties in such books and records.

891 Section 21. Subsections (1) and (2) of section 626.89,  
 892 Florida Statutes, are amended to read:

893 626.89 Annual financial statement and filing fee; notice  
 894 of change of ownership.—

895 (1) Each authorized administrator shall file with the  
 896 office a full and true statement of its financial condition,  
 897 transactions, and affairs. The statement shall be filed annually  
 898 on or before April ~~March~~ 1 or within such extension of time  
 899 therefor as the office for good cause may have granted and shall  
 900 be for the preceding calendar year or for the preceding fiscal  
 901 year if the administrator's accounting is on a fiscal-year  
 902 basis. The statement shall be in such form and contain such  
 903 matters as the commission prescribes and shall be verified by at  
 904 least two officers of such administrator. ~~An administrator whose~~  
 905 ~~sole stockholder is an association representing health care~~  
 906 ~~providers which is not an affiliate of an insurer, an~~  
 907 ~~administrator of a pooled governmental self-insurance program,~~  
 908 ~~or an administrator that is a university may submit the~~  
 909 ~~preceding fiscal year's statement within 2 months after its~~  
 910 ~~fiscal year end.~~

911 (2) Each authorized administrator shall also file an  
 912 audited financial statement performed by an independent  
 913 certified public accountant. The audited financial statement  
 914 shall be filed with the office on or before July ~~June~~ 1 for the  
 915 preceding calendar or fiscal year ~~ending December 31~~. An  
 916 ~~administrator whose sole stockholder is an association~~  
 917 ~~representing health care providers which is not an affiliate of~~  
 918 ~~an insurer, an administrator of a pooled governmental self-~~  
 919 ~~insurance program, or an administrator that is a university may~~  
 920 ~~submit the preceding fiscal year's audited financial statement~~  
 921 ~~within 5 months after the end of its fiscal year.~~ An audited  
 922 financial statement prepared on a consolidated basis must  
 923 include a columnar consolidating or combining worksheet that  
 924 must be filed with the statement and must comply with the  
 925 following:

- 926 (a) Amounts shown on the consolidated audited financial
- 927 statement must be shown on the worksheet;
- 928 (b) Amounts for each entity must be stated separately; and
- 929 (c) Explanations of consolidating and eliminating entries
- 930 must be included.

931 Section 22. Section 626.931, Florida Statutes, is amended  
 932 to read:

933 626.931 ~~Agent affidavit and~~ Insurer reporting  
 934 requirements.-

935 ~~(1) Each surplus lines agent shall on or before the 45th~~  
 936 ~~day following each calendar quarter file with the Florida~~

937 ~~Surplus Lines Service Office an affidavit, on forms as~~  
938 ~~prescribed and furnished by the Florida Surplus Lines Service~~  
939 ~~Office, stating that all surplus lines insurance transacted by~~  
940 ~~him or her during such calendar quarter has been submitted to~~  
941 ~~the Florida Surplus Lines Service Office as required.~~

942 ~~(2) The affidavit of the surplus lines agent shall include~~  
943 ~~efforts made to place coverages with authorized insurers and the~~  
944 ~~results thereof.~~

945 (1)~~(3)~~ Each foreign insurer accepting premiums shall, on  
946 or before the end of the month following each calendar quarter,  
947 file with the Florida Surplus Lines Service Office a verified  
948 report of all surplus lines insurance transacted by such insurer  
949 for insurance risks located in this state during such calendar  
950 quarter.

951 (2)~~(4)~~ Each alien insurer accepting premiums shall, on or  
952 before June 30 of each year, file with the Florida Surplus Lines  
953 Service Office a verified report of all surplus lines insurance  
954 transacted by such insurer for insurance risks located in this  
955 state during the preceding calendar year.

956 (3)~~(5)~~ The department may waive the filing requirements  
957 described in subsections (1) ~~(3)~~ and (2) ~~(4)~~.

958 (4)~~(6)~~ Each insurer's report and supporting information  
959 shall be in a computer-readable format as determined by the  
960 Florida Surplus Lines Service Office or shall be submitted on  
961 forms prescribed by the Florida Surplus Lines Service Office and  
962 shall show for each applicable agent:

963 (a) A listing of all policies, certificates, cover notes,  
 964 or other forms of confirmation of insurance coverage or any  
 965 substitutions thereof or endorsements thereto and the  
 966 identifying number; and

967 (b) Any additional information required by the department  
 968 or Florida Surplus Lines Service Office.

969 Section 23. Paragraph (a) of subsection (2) of section  
 970 626.932, Florida Statutes, is amended to read:

971 626.932 Surplus lines tax.—

972 (2) (a) The surplus lines agent shall make payable to the  
 973 department the tax related to each calendar quarter's business  
 974 as reported to the Florida Surplus Lines Service Office, and  
 975 remit the tax to the Florida Surplus Lines Service Office on or  
 976 before the 45th day following each calendar quarter ~~at the same~~  
 977 ~~time as provided for the filing of the quarterly affidavit,~~  
 978 ~~under s. 626.931.~~ The Florida Surplus Lines Service Office shall  
 979 forward to the department the taxes and any interest collected  
 980 pursuant to paragraph (b), within 10 days after ~~of~~ receipt.

981 Section 24. Subsection (1) of section 626.935, Florida  
 982 Statutes, is amended to read:

983 626.935 Suspension, revocation, or refusal of surplus  
 984 lines agent's license.—

985 (1) The department shall deny an application for, suspend,  
 986 revoke, or refuse to renew the appointment of a surplus lines  
 987 agent and all other licenses and appointments held by the  
 988 licensee under this code, on any of the following grounds:

989 (a) Removal of the licensee's office from the licensee's  
 990 state of residence.

991 (b) Removal of the accounts and records of his or her  
 992 surplus lines business from this state or the licensee's state  
 993 of residence during the period when such accounts and records  
 994 are required to be maintained under s. 626.930.

995 (c) Closure of the licensee's office for more than 30  
 996 consecutive days.

997 ~~(d) Failure to make and file his or her affidavit or~~  
 998 ~~reports when due as required by s. 626.931.~~

999 (d)(e) Failure to pay the tax or service fee on surplus  
 1000 lines premiums, as provided in the Surplus Lines Law.

1001 (e)(f) Suspension, revocation, or refusal to renew or  
 1002 continue the license or appointment as a general lines agent,  
 1003 service representative, or managing general agent.

1004 (f)(g) Lack of qualifications as for an original surplus  
 1005 lines agent's license.

1006 (g)(h) Violation of this Surplus Lines Law.

1007 (h)(i) ~~For~~ Any other applicable cause for which the  
 1008 license of a general lines agent could be suspended, revoked, or  
 1009 refused under s. 626.611 or s. 626.621.

1010 Section 25. Subsection (1) of section 626.936, Florida  
 1011 Statutes, is amended to read:

1012 626.936 Failure to file reports or pay tax or service fee;  
 1013 administrative penalty.—

1014 (1) A Any licensed surplus lines agent who neglects to

1015 file a report ~~or an affidavit~~ in the form and within the time  
 1016 required or provided for in the Surplus Lines Law may be fined  
 1017 up to \$50 per day for each day the neglect continues, beginning  
 1018 the day after the report ~~or affidavit~~ was due until the date the  
 1019 report ~~or affidavit~~ is received. All sums collected under this  
 1020 section shall be deposited into the Insurance Regulatory Trust  
 1021 Fund.

1022 Section 26. Paragraph (b) of subsection (2) of section  
 1023 627.062, Florida Statutes, is amended to read:

1024 627.062 Rate standards.—

1025 (2) As to all such classes of insurance:

1026 (b) Upon receiving a rate filing, the office shall review  
 1027 the filing to determine whether ~~if~~ a rate is excessive,  
 1028 inadequate, or unfairly discriminatory. In making that  
 1029 determination, the office shall, in accordance with generally  
 1030 accepted and reasonable actuarial techniques, consider the  
 1031 following factors:

1032 1. Past and prospective loss experience within and without  
 1033 this state.

1034 2. Past and prospective expenses.

1035 3. The degree of competition among insurers for the risk  
 1036 insured.

1037 4. Investment income reasonably expected by the insurer,  
 1038 consistent with the insurer's investment practices, from  
 1039 investable premiums anticipated in the filing, plus any other  
 1040 expected income from currently invested assets representing the



1041 amount expected on unearned premium reserves and loss reserves.  
1042 The commission may adopt rules using reasonable techniques of  
1043 actuarial science and economics to specify the manner in which  
1044 insurers calculate investment income attributable to classes of  
1045 insurance written in this state and the manner in which  
1046 investment income is used to calculate insurance rates. Such  
1047 manner must contemplate allowances for an underwriting profit  
1048 factor and full consideration of investment income that ~~which~~  
1049 produce a reasonable rate of return; however, investment income  
1050 from invested surplus may not be considered.

1051 5. The reasonableness of the judgment reflected in the  
1052 filing.

1053 6. Dividends, savings, or unabsorbed premium deposits  
1054 allowed or returned to Florida policyholders, members, or  
1055 subscribers.

1056 7. The adequacy of loss reserves.

1057 8. The cost of reinsurance. The office may not disapprove  
1058 a rate as excessive solely due to the insurer's ~~insurer~~ having  
1059 obtained catastrophic reinsurance to cover the insurer's  
1060 estimated 250-year probable maximum loss or any lower level of  
1061 loss.

1062 9. Trend factors, including trends in actual losses per  
1063 insured unit for the insurer making the filing.

1064 10. Conflagration and catastrophe hazards, if applicable.

1065 11. Projected hurricane losses, if applicable, which must  
1066 be estimated using a model or method, or a straight average of

1067 model results or output ranges, independently found to be  
 1068 acceptable or reliable by the Florida Commission on Hurricane  
 1069 Loss Projection Methodology, and as further provided in s.  
 1070 627.0628.

1071 12. A reasonable margin for underwriting profit and  
 1072 contingencies.

1073 13. The cost of medical services, if applicable.

1074 14. Other relevant factors that affect the frequency or  
 1075 severity of claims or expenses.

1076 Section 27. Paragraph (d) of subsection (3) of section  
 1077 627.0628, Florida Statutes, is amended to read:

1078 627.0628 Florida Commission on Hurricane Loss Projection  
 1079 Methodology; public records exemption; public meetings  
 1080 exemption.—

1081 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

1082 (d) With respect to a rate filing under s. 627.062, an  
 1083 insurer shall employ and may not modify or adjust actuarial  
 1084 methods, principles, standards, models, or output ranges found  
 1085 by the commission to be accurate or reliable in determining  
 1086 hurricane loss factors for use in a rate filing under s.

1087 627.062. An insurer shall employ and may not modify or adjust  
 1088 models found by the commission to be accurate or reliable in  
 1089 determining probable maximum loss levels pursuant to paragraph

1090 (b) with respect to a rate filing under s. 627.062 made more  
 1091 than 180 ~~60~~ days after the commission has made such findings.

1092 This paragraph does not prohibit an insurer from using a

1093 straight average of model results or output ranges or using  
 1094 straight averages for the purposes of a rate filing under s.  
 1095 627.062.

1096 Section 28. Subsection (8) of section 627.0651, Florida  
 1097 Statutes, is amended to read:

1098 627.0651 Making and use of rates for motor vehicle  
 1099 insurance.—

1100 (8) Rates are not unfairly discriminatory if averaged  
 1101 broadly among members of a group; nor are rates unfairly  
 1102 discriminatory even though they are lower than rates for  
 1103 nonmembers of the group. However, such rates are unfairly  
 1104 discriminatory if they are not actuarially measurable and  
 1105 credible and sufficiently related to actual or expected loss and  
 1106 expense experience of the group so as to ensure ~~assure~~ that  
 1107 nonmembers of the group are not unfairly discriminated against.  
 1108 New programs or changes to existing programs that result in at  
 1109 least use of a single United States Postal Service zip code  
 1110 being used as a rating territory shall be deemed submitted  
 1111 pursuant to paragraph (1) (a) unfairly discriminatory. Any rating  
 1112 territory shall incorporate sufficient actual or expected loss  
 1113 and loss adjustment expense experience so as to be actuarially  
 1114 measurable and credible and not unfairly discriminatory.

1115 Section 29. Subsections (2), (3), and (4) of section  
 1116 627.072, Florida Statutes, are renumbered as subsections (3),  
 1117 (4), and (5), respectively, and a new subsection (2) is added to  
 1118 that section to read:

1119 627.072 Making and use of rates.-

1120 (2) A retrospective rating plan may contain a provision  
 1121 that allows for negotiation of a premium between the employer  
 1122 and the insurer for employers having exposure in more than one  
 1123 state and an estimated annual standard premium in this state of  
 1124 \$175,000 and an estimated annual countrywide standard premium of  
 1125 \$1 million or more for workers' compensation.

1126 Section 30. Subsection (2) of section 627.281, Florida  
 1127 Statutes, is amended to read:

1128 627.281 Appeal from rating organization; workers'  
 1129 compensation and employer's liability insurance filings.-

1130 (2) If such appeal is based upon the failure of the rating  
 1131 organization to make a filing on behalf of such member or  
 1132 subscriber which is based on a system of expense provisions  
 1133 which differs, in accordance with the right granted in s.  
 1134 627.072(3) ~~627.072(2)~~, from the system of expense provisions  
 1135 included in a filing made by the rating organization, the office  
 1136 shall, if it grants the appeal, order the rating organization to  
 1137 make the requested filing for use by the appellant. In deciding  
 1138 such appeal, the office shall apply the applicable standards set  
 1139 forth in ss. 627.062 and 627.072.

1140 Section 31. Paragraph (h) of subsection (5) of section  
 1141 627.311, Florida Statutes, is amended to read:

1142 627.311 Joint underwriters and joint reinsurers; public  
 1143 records and public meetings exemptions.-

1144 (5)

1145 (h) Any premium or assessments collected by the plan in  
1146 excess of the amount necessary to fund projected ultimate  
1147 incurred losses and expenses of the plan and not paid to  
1148 insureds of the plan in conjunction with loss prevention or  
1149 dividend programs shall be retained by the plan for future use.  
1150 Any state funds received by the plan in excess of the amount  
1151 necessary to fund deficits in subplan D or any tier shall be  
1152 returned to the state. Any dividend that cannot be paid to a  
1153 former insured of the plan because the former insured cannot be  
1154 reasonably located shall be retained by the plan for future use.

1155 Section 32. Subsection (9) of section 627.3518, Florida  
1156 Statutes, is amended to read:

1157 627.3518 Citizens Property Insurance Corporation  
1158 policyholder eligibility clearinghouse program.—The purpose of  
1159 this section is to provide a framework for the corporation to  
1160 implement a clearinghouse program by January 1, 2014.

1161 (9) The 45-day notice of nonrenewal requirement set forth  
1162 in s. 627.4133(2)(b)5. ~~627.4133(2)(b)4.b.~~ applies when a policy  
1163 is nonrenewed by the corporation because the risk has received  
1164 an offer of coverage pursuant to this section which renders the  
1165 risk ineligible for coverage by the corporation.

1166 Section 33. Section 627.3519, Florida Statutes, is  
1167 repealed.

1168 Section 34. Section 627.409, Florida Statutes, is amended  
1169 to read:

1170 627.409 Representations in applications; warranties.—

1171 (1) Any statement or description made by or on behalf of  
1172 an insured or annuitant in an application for an insurance  
1173 policy or annuity contract, or in negotiations for a policy or  
1174 contract, is a representation and ~~is~~ not a warranty. Except as  
1175 provided in subsection (3), a misrepresentation, omission,  
1176 concealment of fact, or incorrect statement may prevent recovery  
1177 under the contract or policy only if any of the following apply:

1178 (a) The misrepresentation, omission, concealment, or  
1179 statement is fraudulent or is material ~~either~~ to the acceptance  
1180 of the risk or to the hazard assumed by the insurer.

1181 (b) If the true facts had been known to the insurer  
1182 pursuant to a policy requirement or other requirement, the  
1183 insurer in good faith would not have issued the policy or  
1184 contract, would not have issued it at the same premium rate,  
1185 would not have issued a policy or contract in as large an  
1186 amount, or would not have provided coverage with respect to the  
1187 hazard resulting in the loss.

1188 (2) A breach or violation by the insured of a any  
1189 warranty, condition, or provision of a any wet marine or  
1190 transportation insurance policy, contract of insurance,  
1191 endorsement, or application ~~therefor~~ does not void the policy or  
1192 contract, or constitute a defense to a loss thereon, unless such  
1193 breach or violation increased the hazard by any means within the  
1194 control of the insured.

1195 (3) For residential property insurance, if a policy or  
1196 contract is in effect for more than 90 days, a claim filed by

1197 the insured may not be denied based on credit information  
1198 available in public records.

1199 Section 35. Paragraph (b) of subsection (2) of section  
1200 627.4133, Florida Statutes, is amended to read:

1201 627.4133 Notice of cancellation, nonrenewal, or renewal  
1202 premium.—

1203 (2) With respect to any personal lines or commercial  
1204 residential property insurance policy, including, but not  
1205 limited to, any homeowner's, mobile home owner's, farmowner's,  
1206 condominium association, condominium unit owner's, apartment  
1207 building, or other policy covering a residential structure or  
1208 its contents:

1209 (b) The insurer shall give the first-named insured written  
1210 notice of nonrenewal, cancellation, or termination at least 120  
1211 ~~100~~ days before the effective date of the nonrenewal,  
1212 cancellation, or termination. ~~However, the insurer shall give at~~  
1213 ~~least 100 days' written notice, or written notice by June 1,~~  
1214 ~~whichever is earlier, for any nonrenewal, cancellation, or~~  
1215 ~~termination that would be effective between June 1 and November~~  
1216 ~~30.~~ The notice must include the reason or reasons for the  
1217 nonrenewal, cancellation, or termination, except that:

1218 ~~1. The insurer shall give the first-named insured written~~  
1219 ~~notice of nonrenewal, cancellation, or termination at least 120~~  
1220 ~~days prior to the effective date of the nonrenewal,~~  
1221 ~~cancellation, or termination for a first-named insured whose~~  
1222 ~~residential structure has been insured by that insurer or an~~

1223 ~~affiliated insurer for at least a 5-year period immediately~~  
 1224 ~~prior to the date of the written notice.~~

1225 1.2. If cancellation is for nonpayment of premium, at  
 1226 least 10 days' written notice of cancellation accompanied by the  
 1227 reason therefor must be given. As used in this subparagraph, the  
 1228 term "nonpayment of premium" means failure of the named insured  
 1229 to discharge when due her or his obligations for ~~in connection~~  
 1230 ~~with~~ the payment of premiums on a policy or any installment of  
 1231 such premium, whether the premium is payable directly to the  
 1232 insurer or its agent or indirectly under any premium finance  
 1233 plan or extension of credit, or failure to maintain membership  
 1234 in an organization if such membership is a condition precedent  
 1235 to insurance coverage. The term also means the failure of a  
 1236 financial institution to honor an insurance applicant's check  
 1237 after delivery to a licensed agent for payment of a premium,  
 1238 even if the agent has previously delivered or transferred the  
 1239 premium to the insurer. If a dishonored check represents the  
 1240 initial premium payment, the contract and all contractual  
 1241 obligations are void ab initio unless the nonpayment is cured  
 1242 within the earlier of 5 days after actual notice by certified  
 1243 mail is received by the applicant or 15 days after notice is  
 1244 sent to the applicant by certified mail or registered mail, ~~and~~  
 1245 If the contract is void, any premium received by the insurer  
 1246 from a third party must be refunded to that party in full.

1247 2.3. If ~~such~~ cancellation or termination occurs during the  
 1248 first 90 days the insurance is in force and the insurance is



1249 canceled or terminated for reasons other than nonpayment of  
 1250 premium, at least 20 days' written notice of cancellation or  
 1251 termination accompanied by the reason therefor must be given  
 1252 unless there has been a material misstatement or  
 1253 misrepresentation or failure to comply with the underwriting  
 1254 requirements established by the insurer.

1255 3. After the policy has been in effect for 90 days, the  
 1256 policy may not be canceled by the insurer unless there has been  
 1257 a material misstatement, a nonpayment of premium, a failure to  
 1258 comply with underwriting requirements established by the insurer  
 1259 within 90 days after the date of effectuation of coverage, or a  
 1260 substantial change in the risk covered by the policy or unless  
 1261 the cancellation is for all insureds under such policies for a  
 1262 given class of insureds. This paragraph does not apply to  
 1263 individually rated risks that have a policy term of less than 90  
 1264 days.

1265 4. After a policy or contract is in effect for 90 days,  
 1266 the insurer may not cancel or terminate the policy or contract  
 1267 based on credit information available in public records. The  
 1268 ~~requirement for providing written notice by June 1 of any~~  
 1269 ~~nonrenewal that would be effective between June 1 and November~~  
 1270 ~~30 does not apply to the following situations, but the insurer~~  
 1271 ~~remains subject to the requirement to provide such notice at~~  
 1272 ~~least 100 days before the effective date of nonrenewal:~~

1273 ~~a. A policy that is nonrenewed due to a revision in the~~  
 1274 ~~coverage for sinkhole losses and catastrophic ground cover~~

1275 ~~collapse pursuant to s. 627.706.~~

1276 5.4. A policy that is nonrenewed by Citizens Property  
1277 Insurance Corporation, pursuant to s. 627.351(6), for a policy  
1278 that has been assumed by an authorized insurer offering  
1279 replacement coverage to the policyholder is exempt from the  
1280 notice requirements of paragraph (a) and this paragraph. In such  
1281 cases, the corporation must give the named insured written  
1282 notice of nonrenewal at least 45 days before the effective date  
1283 of the nonrenewal.

1284  
1285 ~~After the policy has been in effect for 90 days, the policy may~~  
1286 ~~not be canceled by the insurer unless there has been a material~~  
1287 ~~misstatement, a nonpayment of premium, a failure to comply with~~  
1288 ~~underwriting requirements established by the insurer within 90~~  
1289 ~~days after the date of effectuation of coverage, or a~~  
1290 ~~substantial change in the risk covered by the policy or if the~~  
1291 ~~cancellation is for all insureds under such policies for a given~~  
1292 ~~class of insureds. This paragraph does not apply to individually~~  
1293 ~~rated risks having a policy term of less than 90 days.~~

1294 6.5. Notwithstanding any other provision of law, an  
1295 insurer may cancel or nonrenew a property insurance policy after  
1296 at least 45 days' notice if the office finds that the early  
1297 cancellation of some or all of the insurer's policies is  
1298 necessary to protect the best interests of the public or  
1299 policyholders and the office approves the insurer's plan for  
1300 early cancellation or nonrenewal of some or all of its policies.

1301 The office may base such finding upon the financial condition of  
 1302 the insurer, lack of adequate reinsurance coverage for hurricane  
 1303 risk, or other relevant factors. The office may condition its  
 1304 finding on the consent of the insurer to be placed under  
 1305 administrative supervision pursuant to s. 624.81 or to the  
 1306 appointment of a receiver under chapter 631.

1307 ~~7.6.~~ A policy covering both a home and a motor vehicle may  
 1308 be nonrenewed for any reason applicable to ~~either~~ the property  
 1309 or motor vehicle insurance after providing 90 days' notice.

1310 Section 36. Subsection (1) of section 627.4137, Florida  
 1311 Statutes, is amended to read:

1312 627.4137 Disclosure of certain information required.—

1313 (1) Each insurer that provides ~~which does~~ or may provide  
 1314 liability insurance coverage to pay all or a portion of a ~~any~~  
 1315 claim that ~~which~~ might be made shall provide, within 30 days  
 1316 after ~~of~~ the written request of the claimant, a statement, under  
 1317 oath, of a corporate officer or the insurer's claims manager, ~~or~~  
 1318 superintendent, or licensed company adjuster setting forth the  
 1319 following information with regard to each known policy of  
 1320 insurance, including excess or umbrella insurance:

- 1321 (a) The name of the insurer.
- 1322 (b) The name of each insured.
- 1323 (c) The limits of the liability coverage.
- 1324 (d) A statement of any policy or coverage defense that the  
 1325 ~~which such~~ insurer reasonably believes is available to the ~~such~~  
 1326 insurer at the time of filing such statement.

1327 (e) A copy of the policy.

1328

1329 In addition, the insured, or her or his insurance agent, upon  
 1330 written request of the claimant or the claimant's attorney,  
 1331 shall disclose the name and coverage of each known insurer to  
 1332 the claimant and shall forward such request for information as  
 1333 required by this subsection to all affected insurers. The  
 1334 insurer shall then supply the information required in this  
 1335 subsection to the claimant within 30 days after ~~of~~ receipt of  
 1336 such request.

1337 Section 37. Subsection (1) of section 627.421, Florida  
 1338 Statutes, is amended to read:

1339 627.421 Delivery of policy.—

1340 (1) Subject to the insurer's requirement as to payment of  
 1341 premium, every policy shall be mailed, delivered, or  
 1342 electronically transmitted to the insured or to the person  
 1343 entitled thereto not later than 60 days after the effectuation  
 1344 of coverage. Notwithstanding any other provision of law, an  
 1345 insurer may allow a policyholder of personal lines insurance to  
 1346 affirmatively elect delivery of the policy documents, including,  
 1347 but not limited to, policies, endorsements, notices, or  
 1348 documents, by electronic means in lieu of delivery by mail.

1349 Electronic transmission of a policy for commercial risks,  
 1350 including, but not limited to, workers' compensation and  
 1351 employers' liability, commercial automobile liability,  
 1352 commercial automobile physical damage, commercial lines

1353 residential property, commercial nonresidential property, farm  
1354 owners' insurance, and the types of commercial lines risks set  
1355 forth in s. 627.062(3)(d), constitutes ~~shall constitute~~ delivery  
1356 to the insured or to the person entitled to delivery, unless the  
1357 insured or the person entitled to delivery communicates to the  
1358 insurer in writing or electronically that he or she does not  
1359 agree to delivery by electronic means. Electronic transmission  
1360 shall include a notice to the insured or to the person entitled  
1361 to delivery of a policy of his or her right to receive the  
1362 policy via United States mail rather than via electronic  
1363 transmission. A paper copy of the policy shall be provided to  
1364 the insured or to the person entitled to delivery at his or her  
1365 request.

1366 Section 38. Subsection (2) of section 627.43141, Florida  
1367 Statutes, is amended to read:

1368 627.43141 Notice of change in policy terms.—

1369 (2) A renewal policy may contain a change in policy terms.  
1370 If a renewal policy contains ~~does contain~~ such change, the  
1371 insurer must give the named insured written notice of the  
1372 change, which may ~~must~~ be enclosed along with the written notice  
1373 of renewal premium required by ss. 627.4133 and 627.728 or be  
1374 sent in a separate notice that complies with the nonrenewal  
1375 mailing time requirement for that particular line of business.  
1376 The insurer must also provide a sample copy of the notice to the  
1377 insured's insurance agent before or at the same time that notice  
1378 is given to the insured. Such notice shall be entitled "Notice

1379 of Change in Policy Terms."

1380 Section 39. Section 627.4553, Florida Statutes, is created  
1381 to read:

1382 627.4553 Recommendations to surrender.—If an insurance  
1383 agent recommends the surrender of an annuity or life insurance  
1384 policy containing a cash value and does not recommend that the  
1385 proceeds from the surrender be used to fund or purchase another  
1386 annuity or life insurance policy, before execution of the  
1387 surrender, the insurance agent, or the insurance company if no  
1388 agent is involved, shall provide, on a form that satisfies the  
1389 requirements of the rule adopted by the department, information  
1390 relating to the annuity or policy to be surrendered. Such  
1391 information shall include, but is not limited to, the amount of  
1392 any surrender charge, the loss of any minimum interest rate  
1393 guarantees, the amount of any tax consequences resulting from  
1394 the transaction, the amount of any forfeited death benefit, and  
1395 the value of any other investment performance guarantees being  
1396 forfeited as a result of the transaction. This section also  
1397 applies to a person performing insurance agent activities  
1398 pursuant to an exemption from licensure under this part.

1399 Section 40. Paragraph (b) of subsection (4) of section  
1400 627.7015, Florida Statutes, is amended to read:

1401 627.7015 Alternative procedure for resolution of disputed  
1402 property insurance claims.—

1403 (4) The department shall adopt by rule a property  
1404 insurance mediation program to be administered by the department

1405 or its designee. The department may also adopt special rules  
1406 which are applicable in cases of an emergency within the state.  
1407 The rules shall be modeled after practices and procedures set  
1408 forth in mediation rules of procedure adopted by the Supreme  
1409 Court. The rules shall provide for:

1410 (b) Qualifications, denial of application, suspension,  
1411 revocation of approval, and other penalties for ~~of~~ mediators as  
1412 provided in s. 627.745 and in the Florida Rules of Certified and  
1413 Court Appointed Mediators, ~~and for such other individuals as are~~  
1414 ~~qualified by education, training, or experience as the~~  
1415 ~~department determines to be appropriate.~~

1416 Section 41. Section 627.70151, Florida Statutes, is  
1417 created to read:

1418 627.70151 Appraisal; conflicts of interest.—An insurer  
1419 that offers residential coverage, as defined in s. 627.4025, or  
1420 a policyholder that uses an appraisal clause in the property  
1421 insurance contract to establish a process of estimating or  
1422 evaluating the amount of the loss through the use of an  
1423 impartial umpire may challenge the umpire's impartiality and  
1424 disqualify the proposed umpire only if:

1425 (1) A familial relationship within the third degree exists  
1426 between the umpire and any party or a representative of any  
1427 party;

1428 (2) The umpire has previously represented any party or a  
1429 representative of any party in a professional capacity in the  
1430 same or a substantially related matter;

1431           (3) The umpire has represented another person in a  
 1432 professional capacity on the same or a substantially related  
 1433 matter, which includes the claim, same property, or an adjacent  
 1434 property and that other person's interests are materially  
 1435 adverse to the interests of any party; or

1436           (4) The umpire has worked as an employer or employee of  
 1437 any party within the preceding 5 years.

1438           Section 42. Paragraph (c) of subsection (2) of section  
 1439 627.706, Florida Statutes, is amended to read:

1440           627.706 Sinkhole insurance; catastrophic ground cover  
 1441 collapse; definitions.—

1442           (2) As used in ss. 627.706-627.7074, and as used in  
 1443 connection with any policy providing coverage for a catastrophic  
 1444 ground cover collapse or for sinkhole losses, the term:

1445           (c) "Neutral evaluator" means a professional engineer or a  
 1446 professional geologist who has completed a course of study in  
 1447 alternative dispute resolution designed or approved by the  
 1448 department for use in the neutral evaluation process, ~~and~~ who is  
 1449 determined by the department to be fair and impartial, and who  
 1450 is not otherwise ineligible for certification as provided in s.  
 1451 627.7074.

1452           Section 43. Subsections (3), (7), and (18) of section  
 1453 627.7074, Florida Statutes, are amended to read:

1454           627.7074 Alternative procedure for resolution of disputed  
 1455 sinkhole insurance claims.—

1456           (3) Following the receipt of the report provided under s.



1457 627.7073 or the denial of a claim for a sinkhole loss, the  
1458 insurer shall notify the policyholder of his or her right to  
1459 participate in the neutral evaluation program under this  
1460 section, if there is coverage available under the policy and the  
1461 claim was submitted within the timeframe provided in s.  
1462 627.706(5). Neutral evaluation supersedes the alternative  
1463 dispute resolution process under s. 627.7015 but does not  
1464 invalidate the appraisal clause of the insurance policy. The  
1465 insurer shall provide to the policyholder the consumer  
1466 information pamphlet prepared by the department pursuant to  
1467 subsection (1) electronically or by United States mail.

1468 (7) Upon receipt of a request for neutral evaluation, the  
1469 department shall provide the parties a list of certified neutral  
1470 evaluators. The department shall allow the parties to submit  
1471 requests to disqualify evaluators on the list for cause.

1472 (a) The department shall disqualify neutral evaluators for  
1473 cause based only on any of the following grounds:

1474 1. A familial relationship exists between the neutral  
1475 evaluator and either party or a representative of either party  
1476 within the third degree.

1477 2. The proposed neutral evaluator has, in a professional  
1478 capacity, previously represented either party or a  
1479 representative of either party, in the same or a substantially  
1480 related matter.

1481 3. The proposed neutral evaluator has, in a professional  
1482 capacity, represented another person in the same or a

1483 substantially related matter and that person's interests are  
 1484 materially adverse to the interests of the parties. The term  
 1485 "substantially related matter" means participation by the  
 1486 neutral evaluator on the same claim, property, or adjacent  
 1487 property.

1488 4. The proposed neutral evaluator has, within the  
 1489 preceding 5 years, worked as an employer or employee of any  
 1490 party to the case.

1491 (b) The department shall deny an application, or suspend  
 1492 or revoke its certification, of a neutral evaluator to serve in  
 1493 such capacity if the department finds that one or more of the  
 1494 following grounds exist:

1495 1. Lack of one or more of the qualifications for  
 1496 certification specified in this section.

1497 2. Material misstatement, misrepresentation, or fraud in  
 1498 obtaining or attempting to obtain the certification.

1499 3. Demonstrated lack of fitness or trustworthiness to act  
 1500 as a neutral evaluator.

1501 4. Fraudulent or dishonest practices in the conduct of an  
 1502 evaluation or in the conduct of business in the financial  
 1503 services industry.

1504 5. Violation of any provision of this code or of a lawful  
 1505 order or rule of the department or aiding, instructing, or  
 1506 encouraging another party to commit such a violation.

1507 (c) ~~(b)~~ The parties shall appoint a neutral evaluator from  
 1508 the department list and promptly inform the department. If the

1509 parties cannot agree to a neutral evaluator within 14 business  
 1510 days, the department shall appoint a neutral evaluator from the  
 1511 list of certified neutral evaluators. The department shall allow  
 1512 each party to disqualify two neutral evaluators without cause.  
 1513 Upon selection or appointment, the department shall promptly  
 1514 refer the request to the neutral evaluator.

1515 (d)~~(e)~~ Within 14 business days after the referral, the  
 1516 neutral evaluator shall notify the policyholder and the insurer  
 1517 of the date, time, and place of the neutral evaluation  
 1518 conference. The conference may be held by telephone, if feasible  
 1519 and desirable. The neutral evaluator shall make reasonable  
 1520 efforts to hold the conference within 90 days after the receipt  
 1521 of the request by the department. Failure of the neutral  
 1522 evaluator to hold the conference within 90 days does not  
 1523 invalidate either party's right to neutral evaluation or to a  
 1524 neutral evaluation conference held outside this timeframe.

1525 (18) The department shall adopt rules of procedure for the  
 1526 neutral evaluation process and adopt rules for certifying,  
 1527 denying certification of, suspending certification of, and  
 1528 revoking certification as a neutral evaluator.

1529 Section 44. Subsection (8) of section 627.711, Florida  
 1530 Statutes, is amended to read:

1531 627.711 Notice of premium discounts for hurricane loss  
 1532 mitigation; uniform mitigation verification inspection form.—

1533 (8) At its expense, the insurer may require that a uniform  
 1534 mitigation verification form provided by a policyholder, a

1535 policyholder's agent, or an authorized mitigation inspector or  
 1536 inspection company be independently verified by an inspector, an  
 1537 inspection company, or an independent third-party quality  
 1538 assurance provider which possesses a quality assurance program  
 1539 before accepting the uniform mitigation verification form as  
 1540 valid. At its option, the insurer may exempt from additional  
 1541 independent verification any uniform mitigation verification  
 1542 form provided by a policyholder, a policyholder's agent, an  
 1543 authorized mitigation inspector, or an inspection company that  
 1544 possesses a quality assurance program that meets standards  
 1545 established by the insurer. A uniform mitigation verification  
 1546 form provided by a policyholder, a policyholder's agent, an  
 1547 authorized mitigation inspector, or an inspection company to  
 1548 Citizens Property Insurance Corporation is not subject to such  
 1549 additional verification and the property is not subject to  
 1550 reinspection by the corporation, absent material changes to the  
 1551 structure for the term stated on the form, if the form signed by  
 1552 a qualified inspector was submitted to, reviewed, and verified  
 1553 by a quality assurance program approved by the corporation  
 1554 before submission of the form to the corporation.

1555 Section 45. Paragraph (a) of subsection (5) of section  
 1556 627.736, Florida Statutes, is amended to read:

1557 627.736 Required personal injury protection benefits;  
 1558 exclusions; priority; claims.—

1559 (5) CHARGES FOR TREATMENT OF INJURED PERSONS.—

1560 (a) A physician, hospital, clinic, or other person or

1561 institution lawfully rendering treatment to an injured person  
1562 for a bodily injury covered by personal injury protection  
1563 insurance may charge the insurer and injured party only a  
1564 reasonable amount pursuant to this section for the services and  
1565 supplies rendered, and the insurer providing such coverage may  
1566 pay for such charges directly to such person or institution  
1567 lawfully rendering such treatment if the insured receiving such  
1568 treatment or his or her guardian has countersigned the properly  
1569 completed invoice, bill, or claim form approved by the office  
1570 upon which such charges are to be paid for as having actually  
1571 been rendered, to the best knowledge of the insured or his or  
1572 her guardian. However, such a charge may not exceed the amount  
1573 the person or institution customarily charges for like services  
1574 or supplies. In determining whether a charge for a particular  
1575 service, treatment, or otherwise is reasonable, consideration  
1576 may be given to evidence of usual and customary charges and  
1577 payments accepted by the provider involved in the dispute,  
1578 reimbursement levels in the community and various federal and  
1579 state medical fee schedules applicable to motor vehicle and  
1580 other insurance coverages, and other information relevant to the  
1581 reasonableness of the reimbursement for the service, treatment,  
1582 or supply.

1583 1. The insurer may limit reimbursement to 80 percent of  
1584 the following schedule of maximum charges:

1585 a. For emergency transport and treatment by providers  
1586 licensed under chapter 401, 200 percent of Medicare.

1587           b. For emergency services and care provided by a hospital  
 1588 licensed under chapter 395, 75 percent of the hospital's usual  
 1589 and customary charges.

1590           c. For emergency services and care as defined by s.  
 1591 395.002 provided in a facility licensed under chapter 395  
 1592 rendered by a physician or dentist, and related hospital  
 1593 inpatient services rendered by a physician or dentist, the usual  
 1594 and customary charges in the community.

1595           d. For hospital inpatient services, other than emergency  
 1596 services and care, 200 percent of the Medicare Part A  
 1597 prospective payment applicable to the specific hospital  
 1598 providing the inpatient services.

1599           e. For hospital outpatient services, other than emergency  
 1600 services and care, 200 percent of the Medicare Part A Ambulatory  
 1601 Payment Classification for the specific hospital providing the  
 1602 outpatient services.

1603           f. For all other medical services, supplies, and care, 200  
 1604 percent of the allowable amount under:

1605           (I) The participating physicians fee schedule of Medicare  
 1606 Part B, except as provided in sub-sub-subparagraphs (II) and  
 1607 (III).

1608           (II) Medicare Part B, in the case of services, supplies,  
 1609 and care provided by ambulatory surgical centers and clinical  
 1610 laboratories.

1611           (III) The Durable Medical Equipment Prosthetics/Orthotics  
 1612 and Supplies fee schedule of Medicare Part B, in the case of

1613 durable medical equipment.

1614

1615 However, if such services, supplies, or care is not reimbursable  
1616 under Medicare Part B, as provided in this sub-subparagraph, the  
1617 insurer may limit reimbursement to 80 percent of the maximum  
1618 reimbursable allowance under workers' compensation, as  
1619 determined under s. 440.13 and rules adopted thereunder which  
1620 are in effect at the time such services, supplies, or care is  
1621 provided. Services, supplies, or care that is not reimbursable  
1622 under Medicare or workers' compensation is not required to be  
1623 reimbursed by the insurer.

1624         2. For purposes of subparagraph 1., the applicable fee  
1625 schedule or payment limitation under Medicare is the fee  
1626 schedule or payment limitation in effect on March 1 of the year  
1627 in which the services, supplies, or care is rendered and for the  
1628 area in which such services, supplies, or care is rendered, and  
1629 the applicable fee schedule or payment limitation applies from  
1630 March 1 until the last day of February ~~throughout the remainder~~  
1631 ~~of the following~~ that year, notwithstanding any subsequent  
1632 change made to the fee schedule or payment limitation, except  
1633 that it may not be less than the allowable amount under the  
1634 applicable schedule of Medicare Part B for 2007 for medical  
1635 services, supplies, and care subject to Medicare Part B.

1636         3. Subparagraph 1. does not allow the insurer to apply any  
1637 limitation on the number of treatments or other utilization  
1638 limits that apply under Medicare or workers' compensation. An

1639 insurer that applies the allowable payment limitations of  
1640 subparagraph 1. must reimburse a provider who lawfully provided  
1641 care or treatment under the scope of his or her license,  
1642 regardless of whether such provider is entitled to reimbursement  
1643 under Medicare due to restrictions or limitations on the types  
1644 or discipline of health care providers who may be reimbursed for  
1645 particular procedures or procedure codes. However, subparagraph  
1646 1. does not prohibit an insurer from using the Medicare coding  
1647 policies and payment methodologies of the federal Centers for  
1648 Medicare and Medicaid Services, including applicable modifiers,  
1649 to determine the appropriate amount of reimbursement for medical  
1650 services, supplies, or care if the coding policy or payment  
1651 methodology does not constitute a utilization limit.

1652 4. If an insurer limits payment as authorized by  
1653 subparagraph 1., the person providing such services, supplies,  
1654 or care may not bill or attempt to collect from the insured any  
1655 amount in excess of such limits, except for amounts that are not  
1656 covered by the insured's personal injury protection coverage due  
1657 to the coinsurance amount or maximum policy limits.

1658 5. ~~Effective July 1, 2012,~~ An insurer may limit payment as  
1659 authorized by this paragraph only if the insurance policy  
1660 includes a notice at the time of issuance or renewal that the  
1661 insurer may limit payment pursuant to the schedule of charges  
1662 specified in this paragraph. A policy form approved by the  
1663 office satisfies this requirement. If a provider submits a  
1664 charge for an amount less than the amount allowed under



1665 subparagraph 1., the insurer may pay the amount of the charge  
 1666 submitted.

1667 Section 46. Subsection (1) and paragraphs (a) and (b) of  
 1668 subsection (2) of section 627.744, Florida Statutes, are amended  
 1669 to read:

1670 627.744 Required preinsurance inspection of private  
 1671 passenger motor vehicles.—

1672 (1) A private passenger motor vehicle insurance policy  
 1673 providing physical damage coverage, including collision or  
 1674 comprehensive coverage, may not be issued in this state unless  
 1675 the insurer has inspected the motor vehicle in accordance with  
 1676 this section. Physical damage coverage on a motor vehicle may  
 1677 not be suspended during the term of the policy due to the  
 1678 applicant's failure to provide required documents. However,  
 1679 payment of a claim may be conditioned upon the insurer's receipt  
 1680 of the required documents, and physical damage loss occurring  
 1681 after the effective date of coverage is not payable until the  
 1682 documents are provided to the insurer.

1683 (2) This section does not apply:

1684 (a) To a policy for a policyholder who has been insured  
 1685 for 2 years or longer, without interruption, under a private  
 1686 passenger motor vehicle policy that ~~which~~ provides physical  
 1687 damage coverage for any vehicle, if the agent of the insurer  
 1688 verifies the previous coverage.

1689 (b) To a new, unused motor vehicle purchased or leased  
 1690 from a licensed motor vehicle dealer or leasing company, if the

1691 insurer is provided with:

1692 1. A bill of sale, ~~or~~ buyer's order, or lease agreement  
1693 that ~~which~~ contains a full description of the motor vehicle,  
1694 ~~including all options and accessories; or~~

1695 2. A copy of the title or registration ~~that~~ ~~which~~  
1696 establishes transfer of ownership from the dealer or leasing  
1697 company to the customer and a copy of the window sticker ~~or the~~  
1698 ~~dealer invoice showing the itemized options and equipment and~~  
1699 ~~the total retail price of the vehicle.~~

1700  
1701 ~~For the purposes of this paragraph, the physical damage coverage~~  
1702 ~~on the motor vehicle may not be suspended during the term of the~~  
1703 ~~policy due to the applicant's failure to provide the required~~  
1704 ~~documents. However, payment of a claim is conditioned upon the~~  
1705 ~~receipt by the insurer of the required documents, and no~~  
1706 ~~physical damage loss occurring after the effective date of the~~  
1707 ~~coverage is payable until the documents are provided to the~~  
1708 ~~insurer.~~

1709 Section 47. Paragraph (b) of subsection (3) of section  
1710 627.745, Florida Statutes, is amended, present subsections (4)  
1711 and (5) of that section are renumbered as subsections (5) and  
1712 (6), respectively, and a new subsection (4) is added to that  
1713 section, to read:

1714 627.745 Mediation of claims.—

1715 (3)

1716 (b) To qualify for approval as a mediator, an individual a

1717 ~~person~~ must meet one of the following qualifications:

1718       1. Possess an active certification as a Florida Supreme  
1719 Court certified circuit court mediator. A circuit court mediator  
1720 whose certification is in a lapsed, suspended, sanctioned, or  
1721 decertified status is not eligible to participate in the program  
1722 ~~a masters or doctorate degree in psychology, counseling,~~  
1723 ~~business, accounting, or economics, be a member of The Florida~~  
1724 ~~Bar, be licensed as a certified public accountant, or~~  
1725 ~~demonstrate that the applicant for approval has been actively~~  
1726 ~~engaged as a qualified mediator for at least 4 years prior to~~  
1727 ~~July 1, 1990.~~

1728       2. Be an approved department mediator as of July 1, 2014,  
1729 and have conducted at least one mediation on behalf of the  
1730 department within 4 years immediately preceding that the date  
1731 ~~the application for approval is filed with the department, have~~  
1732 ~~completed a minimum of a 40-hour training program approved by~~  
1733 ~~the department and successfully passed a final examination~~  
1734 ~~included in the training program and approved by the department.~~  
1735 ~~The training program shall include and address all of the~~  
1736 ~~following:~~

- 1737       a. ~~Mediation theory.~~
- 1738       b. ~~Mediation process and techniques.~~
- 1739       c. ~~Standards of conduct for mediators.~~
- 1740       d. ~~Conflict management and intervention skills.~~
- 1741       e. ~~Insurance nomenclature.~~

1742       (4) The department shall deny an application, or suspend

1743 or revoke its approval, of a mediator to serve in such capacity  
 1744 if the department finds that one or more of the following  
 1745 grounds exist:

1746 (a) Lack of one or more of the qualifications for approval  
 1747 specified in this section.

1748 (b) Material misstatement, misrepresentation, or fraud in  
 1749 obtaining or attempting to obtain the approval.

1750 (c) Demonstrated lack of fitness or trustworthiness to act  
 1751 as a mediator.

1752 (d) Fraudulent or dishonest practices in the conduct of  
 1753 mediation or in the conduct of business in the financial  
 1754 services industry.

1755 (e) Violation of any provision of this code or of a lawful  
 1756 order or rule of the department, violation of the Florida Rules  
 1757 of Certified and Court Appointed Mediators, or aiding,  
 1758 instructing, or encouraging another party to commit such a  
 1759 violation.

1761 The department may adopt rules to administer this subsection.

1762 Section 48. Subsection (8) of section 627.782, Florida  
 1763 Statutes, is amended to read:

1764 627.782 Adoption of rates.—

1765 (8) Each title insurance agency and insurer licensed to do  
 1766 business in this state and each insurer's direct or retail  
 1767 business in this state shall maintain and submit information,  
 1768 including revenue, loss, and expense data, as the office

1769 determines necessary to assist in the analysis of title  
 1770 insurance premium rates, title search costs, and the condition  
 1771 of the title insurance industry in this state. This information  
 1772 must be transmitted to the office annually by May ~~March~~ 31 of  
 1773 the year after the reporting year. The commission shall adopt  
 1774 rules regarding the collection and analysis of the data from the  
 1775 title insurance industry.

1776 Section 49. Subsection (4) of section 627.841, Florida  
 1777 Statutes, is amended to read:

1778 627.841 Delinquency, collection, cancellation, and payment  
 1779 ~~check~~ return charge ~~charges~~; attorney ~~attorney's~~ fees.—

1780 (4) In the event that a payment is made to a premium  
 1781 finance company by debit, credit, electronic funds transfer,  
 1782 check, or draft and such payment ~~the instrument~~ is returned,  
 1783 declined, or cannot be processed due to ~~because of~~ insufficient  
 1784 funds ~~to pay it,~~ the premium finance company may, if the premium  
 1785 finance agreement so provides, impose a return payment charge of  
 1786 \$15.

1787 Section 50. Subsections (1), (3), (10), and (12) of  
 1788 section 628.461, Florida Statutes, are amended to read:

1789 628.461 Acquisition of controlling stock.—

1790 (1) A person may not, individually or in conjunction with  
 1791 any affiliated person of such person, acquire directly or  
 1792 indirectly, conclude a tender offer or exchange offer for, enter  
 1793 into any agreement to exchange securities for, or otherwise  
 1794 finally acquire 10 ~~5~~ percent or more of the outstanding voting

1795 securities of a domestic stock insurer or of a controlling  
 1796 company~~7~~ unless:

1797 (a) The person or affiliated person has filed with the  
 1798 office and sent to the insurer and controlling company a letter  
 1799 of notification regarding the transaction or proposed  
 1800 transaction within ~~no later than~~ 5 days after any form of tender  
 1801 offer or exchange offer is proposed~~7~~, or within ~~no later than~~ 5  
 1802 days after the acquisition of the securities if no tender offer  
 1803 or exchange offer is involved. The notification must be provided  
 1804 on forms prescribed by the commission containing information  
 1805 determined necessary to understand the transaction and identify  
 1806 all purchasers and owners involved;

1807 (b) The person or affiliated person has filed with the  
 1808 office a statement as specified in subsection (3). The statement  
 1809 must be completed and filed within 30 days after:

- 1810 1. Any definitive acquisition agreement is entered;
- 1811 2. Any form of tender offer or exchange offer is proposed;
- 1812 or

1813 3. The acquisition of the securities~~7~~ if no definitive  
 1814 acquisition agreement, tender offer, or exchange offer is  
 1815 involved; and

1816 (c) The office has approved the tender or exchange offer,  
 1817 or acquisition if no tender offer or exchange offer is involved,  
 1818 and approval is in effect.

1819  
 1820 ~~In lieu of a filing as required under this subsection, a party~~

1821 ~~acquiring less than 10 percent of the outstanding voting~~  
1822 ~~securities of an insurer may file a disclaimer of affiliation~~  
1823 ~~and control. The disclaimer shall fully disclose all material~~  
1824 ~~relationships and basis for affiliation between the person and~~  
1825 ~~the insurer as well as the basis for disclaiming the affiliation~~  
1826 ~~and control. After a disclaimer has been filed, the insurer~~  
1827 ~~shall be relieved of any duty to register or report under this~~  
1828 ~~section which may arise out of the insurer's relationship with~~  
1829 ~~the person unless and until the office disallows the disclaimer.~~  
1830 ~~The office shall disallow a disclaimer only after furnishing all~~  
1831 ~~parties in interest with notice and opportunity to be heard and~~  
1832 ~~after making specific findings of fact to support the~~  
1833 ~~disallowance. A filing as required under this subsection must be~~  
1834 ~~made as to any acquisition that equals or exceeds 10 percent of~~  
1835 ~~the outstanding voting securities.~~

1836 (3) The statement to be filed with the office under  
1837 subsection (1) and furnished to the insurer and controlling  
1838 company shall contain the following information and any  
1839 additional information as the office deems necessary to  
1840 determine the character, experience, ability, and other  
1841 qualifications of the person or affiliated person of such person  
1842 for the protection of the policyholders and shareholders of the  
1843 insurer and the public:

1844 (a) The identity of, and the background information  
1845 specified in subsection (4) on, each natural person by whom, or  
1846 on whose behalf, the acquisition is to be made; and, if the

1847 acquisition is to be made by, or on behalf of, a corporation,  
 1848 association, or trust, as to the corporation, association, or  
 1849 trust and as to any person who controls either directly or  
 1850 indirectly the corporation, association, or trust, the identity  
 1851 of, and the background information specified in subsection (4)  
 1852 on, each director, officer, trustee, or other natural person  
 1853 performing duties similar to those of a director, officer, or  
 1854 trustee for the corporation, association, or trust;

1855 (b) The source and amount of the funds or other  
 1856 consideration used, or to be used, in making the acquisition;

1857 (c) Any plans or proposals which such persons may have  
 1858 made to liquidate such insurer, to sell any of its assets or  
 1859 merge or consolidate it with any person, or to make any other  
 1860 major change in its business or corporate structure or  
 1861 management; and any plans or proposals which such persons may  
 1862 have made to liquidate any controlling company of such insurer,  
 1863 to sell any of its assets or merge or consolidate it with any  
 1864 person, or to make any other major change in its business or  
 1865 corporate structure or management;

1866 (d) The number of shares or other securities which the  
 1867 person or affiliated person of such person proposes to acquire,  
 1868 the terms of the proposed acquisition, and the manner in which  
 1869 the securities are to be acquired; ~~and~~

1870 (e) Information as to any contract, arrangement, or  
 1871 understanding with any party with respect to any of the  
 1872 securities of the insurer or controlling company, including, but



1873 not limited to, information relating to the transfer of any of  
1874 the securities, option arrangements, puts or calls, or the  
1875 giving or withholding of proxies, which information names the  
1876 party with whom the contract, arrangement, or understanding has  
1877 been entered into and gives the details thereof;

1878 (f) Effective January 1, 2015, an agreement by the person  
1879 required to file the statement that the person will provide the  
1880 annual report specified in s. 628.801(2) if control exists; and

1881 (g) Effective January 1, 2015, an acknowledgement by the  
1882 person required to file the statement that the person and all  
1883 subsidiaries within the person's control in the insurance  
1884 holding company system will provide, as necessary, information  
1885 to the office upon request to evaluate enterprise risk to the  
1886 insurer.

1887 (10) Upon notification to the office by the domestic stock  
1888 insurer or a controlling company that any person or any  
1889 affiliated person of such person has acquired 10 ~~5~~ percent or  
1890 more of the outstanding voting securities of the domestic stock  
1891 insurer or controlling company without complying with ~~the~~  
1892 ~~provisions of~~ this section, the office shall order that the  
1893 person and any affiliated person of such person cease  
1894 acquisition of any further securities of the domestic stock  
1895 insurer or controlling company; however, the person or any  
1896 affiliated person of such person may request a proceeding, which  
1897 proceeding shall be convened within 7 days after the rendering  
1898 of the order for the sole purpose of determining whether the

1899 person, individually or in connection with any affiliated person  
1900 of such person, has acquired 10 ~~5~~ percent or more of the  
1901 outstanding voting securities of a domestic stock insurer or  
1902 controlling company. Upon the failure of the person or  
1903 affiliated person to request a hearing within 7 days, or upon a  
1904 determination at a hearing convened pursuant to this subsection  
1905 that the person or affiliated person has acquired voting  
1906 securities of a domestic stock insurer or controlling company in  
1907 violation of this section, the office may order the person and  
1908 affiliated person to divest themselves of any voting securities  
1909 so acquired.

1910 (12) (a) A presumption of control may be rebutted by filing  
1911 a disclaimer of control. Any person may file a disclaimer of  
1912 control with the office. The disclaimer must fully disclose all  
1913 material relationships and bases for affiliation between the  
1914 person and the insurer as well as the basis for disclaiming the  
1915 affiliation. The disclaimer of control shall be filed on a form  
1916 prescribed by the office, or a person or acquiring party may  
1917 file a disclaimer of control by filing with the office a copy of  
1918 a Schedule 13G on file with the Securities and Exchange  
1919 Commission pursuant to Rules 13d-1(b) or 13d-1(c) under the  
1920 Securities Exchange Act of 1934, as amended. After a disclaimer  
1921 is filed, the insurer is relieved of any duty to register or  
1922 report under this section which may arise out of the insurer's  
1923 relationship with the person unless the office disallows the  
1924 disclaimer. ~~For the purpose of this section, the term~~

1925 ~~"affiliated person" of another person means:~~

1926 ~~1. The spouse of such other person;~~

1927 ~~2. The parents of such other person and their lineal~~

1928 ~~descendants and the parents of such other person's spouse and~~

1929 ~~their lineal descendants;~~

1930 ~~3. Any person who directly or indirectly owns or controls,~~

1931 ~~or holds with power to vote, 5 percent or more of the~~

1932 ~~outstanding voting securities of such other person;~~

1933 ~~4. Any person 5 percent or more of the outstanding voting~~

1934 ~~securities of which are directly or indirectly owned or~~

1935 ~~controlled, or held with power to vote, by such other person;~~

1936 ~~5. Any person or group of persons who directly or~~

1937 ~~indirectly control, are controlled by, or are under common~~

1938 ~~control with such other person;~~

1939 ~~6. Any officer, director, partner, copartner, or employee~~

1940 ~~of such other person;~~

1941 ~~7. If such other person is an investment company, any~~

1942 ~~investment adviser of such company or any member of an advisory~~

1943 ~~board of such company;~~

1944 ~~8. If such other person is an unincorporated investment~~

1945 ~~company not having a board of directors, the depositor of such~~

1946 ~~company; or~~

1947 ~~9. Any person who has entered into an agreement, written~~

1948 ~~or unwritten, to act in concert with such other person in~~

1949 ~~acquiring or limiting the disposition of securities of a~~

1950 ~~domestic stock insurer or controlling company.~~

1951           (b) Any controlling person of a domestic insurer who seeks  
 1952 to divest the person's controlling interest in the domestic  
 1953 insurer in any manner shall file with the office, with a copy to  
 1954 the insurer, confidential notice, not subject to public  
 1955 inspection as provided under s. 624.4212, of the person's  
 1956 proposed divestiture at least 30 days before the cessation of  
 1957 control. The office shall determine those instances in which the  
 1958 party seeking to divest or to acquire a controlling interest in  
 1959 an insurer must file for and obtain approval of the transaction.  
 1960 The information remains confidential until the conclusion of the  
 1961 transaction unless the office, in its discretion, determines  
 1962 that confidential treatment interferes with enforcement of this  
 1963 section. If the statement required under subsection (1) is  
 1964 otherwise filed, this paragraph does not apply. ~~For the purposes~~  
 1965 of this section, the term "controlling company" means any  
 1966 corporation, trust, or association owning, directly or  
 1967 indirectly, 25 percent or more of the voting securities of one  
 1968 or more domestic stock insurance companies.

1969           Section 51. Subsections (6) and (7) of section 634.406,  
 1970 Florida Statutes, are amended to read:

1971           634.406 Financial requirements.—

1972           (6) An association that ~~which~~ holds a license under this  
 1973 part and ~~which does not hold any other license under this~~  
 1974 ~~chapter~~ may allow its premiums for service warranties written  
 1975 under this part to exceed the ratio to net assets limitations of  
 1976 this section if the association meets all of the following:

1977 (a) Maintains net assets of at least \$750,000.

1978 (b) Uses ~~Utilizes~~ a contractual liability insurance policy

1979 approved by the office that: ~~which~~

1980 1. Reimburses the service warranty association for 100

1981 percent of its claims liability and is issued by an insurer that

1982 maintains a policyholder surplus of at least \$100 million; or

1983 2. Complies with the requirements of subsection (3) and is

1984 issued by an insurer that maintains a policyholder surplus of at

1985 least \$200 million.

1986 (c) The insurer issuing the contractual liability

1987 insurance policy:

1988 ~~1.~~ ~~Maintains a policyholder surplus of at least \$100~~

1989 ~~million.~~

1990 ~~1.2.~~ Is rated "A" or higher by A.M. Best Company or an

1991 equivalent rating by another national rating service acceptable

1992 to the office.

1993 ~~3.~~ ~~Is in no way affiliated with the warranty association.~~

1994 ~~2.4.~~ In conjunction with the warranty association's filing

1995 of the quarterly and annual reports, provides, on a form

1996 prescribed by the commission, a statement certifying the gross

1997 written premiums in force reported by the warranty association

1998 and a statement that all of the warranty association's gross

1999 written premium in force is covered under the contractual

2000 liability policy, regardless of whether ~~or not~~ it has been

2001 reported.

2002 ~~(7) A contractual liability policy must insure 100 percent~~

2003 ~~of an association's claims exposure under all of the~~  
 2004 ~~association's service warranty contracts, wherever written,~~  
 2005 ~~unless all of the following are satisfied:~~

2006 ~~(a) The contractual liability policy contains a clause~~  
 2007 ~~that specifically names the service warranty contract holders as~~  
 2008 ~~sole beneficiaries of the contractual liability policy and~~  
 2009 ~~claims are paid directly to the person making a claim under the~~  
 2010 ~~contract;~~

2011 ~~(b) The contractual liability policy meets all other~~  
 2012 ~~requirements of this part, including subsection (3) of this~~  
 2013 ~~section, which are not inconsistent with this subsection;~~

2014 ~~(c) The association has been in existence for at least 5~~  
 2015 ~~years or the association is a wholly owned subsidiary of a~~  
 2016 ~~corporation that has been in existence and has been licensed as~~  
 2017 ~~a service warranty association in the state for at least 5~~  
 2018 ~~years, and:~~

2019 ~~1. Is listed and traded on a recognized stock exchange; is~~  
 2020 ~~listed in NASDAQ (National Association of Security Dealers~~  
 2021 ~~Automated Quotation system) and publicly traded in the over-the-~~  
 2022 ~~counter securities market; is required to file either of Form~~  
 2023 ~~10-K, Form 100, or Form 20-C with the United States Securities~~  
 2024 ~~and Exchange Commission; or has American Depositary Receipts~~  
 2025 ~~listed on a recognized stock exchange and publicly traded or is~~  
 2026 ~~the wholly owned subsidiary of a corporation that is listed and~~  
 2027 ~~traded on a recognized stock exchange; is listed in NASDAQ~~  
 2028 ~~(National Association of Security Dealers Automated Quotation~~

2029 ~~system) and publicly traded in the over-the-counter securities~~  
 2030 ~~market; is required to file Form 10-K, Form 100, or Form 20-G~~  
 2031 ~~with the United States Securities and Exchange Commission; or~~  
 2032 ~~has American Depository Receipts listed on a recognized stock~~  
 2033 ~~exchange and is publicly traded;~~

2034 ~~2. Maintains outstanding debt obligations, if any, rated~~  
 2035 ~~in the top four rating categories by a recognized rating~~  
 2036 ~~service;~~

2037 ~~3. Has and maintains at all times a minimum net worth of~~  
 2038 ~~not less than \$10 million as evidenced by audited financial~~  
 2039 ~~statements prepared by an independent certified public~~  
 2040 ~~accountant in accordance with generally accepted accounting~~  
 2041 ~~principles and submitted to the office annually; and~~

2042 ~~4. Is authorized to do business in this state; and~~

2043 ~~(d) The insurer issuing the contractual liability policy:~~

2044 ~~1. Maintains and has maintained for the preceding 5 years,~~  
 2045 ~~policyholder surplus of at least \$100 million and is rated "A"~~  
 2046 ~~or higher by A.M. Best Company or has an equivalent rating by~~  
 2047 ~~another rating company acceptable to the office;~~

2048 ~~2. Holds a certificate of authority to do business in this~~  
 2049 ~~state and is approved to write this type of coverage; and~~

2050 ~~3. Acknowledges to the office quarterly that it insures~~  
 2051 ~~all of the association's claims exposure under contracts~~  
 2052 ~~delivered in this state.~~

2053  
 2054 ~~If all the preceding conditions are satisfied, then the scope of~~

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2055 | ~~coverage under a contractual liability policy shall not be~~  
2056 | ~~required to exceed an association's claims exposure under~~  
2057 | ~~service warranty contracts delivered in this state.~~

2058 |       Section 52. Except as otherwise provided in this act, this  
2059 | act shall take effect July 1, 2014.