

1 A bill to be entitled
 2 An act relating to operations of Citizens Property
 3 Insurance Corporation; amending s. 627.351, F.S.;
 4 providing that an appointee of a consumer
 5 representative by the Governor is not prohibited from
 6 practicing in a certain profession if required or
 7 permitted by law or ordinance; requiring the
 8 corporation, by a specified date, to provide a
 9 property insurance agent of record specified
 10 information; authorizing certain actions of a
 11 policyholder when multiple offers for coverage are
 12 offered; requiring the corporation to develop uniform
 13 standards for required communications; allowing a
 14 policyholder to limit solicitations of a policyholder
 15 during a six month period; providing eligibility for
 16 renewal in the corporation for specified premium or
 17 rate increases; providing an effective date.

18
 19 Be It Enacted by the Legislature of the State of Florida:
 20

21 Section 1. Paragraph (c) of subsection (6) of section
 22 627.351, Florida Statutes, is amended and paragraph (ii) is
 23 created to read:

24 627.351 Insurance risk apportionment plans.—

25 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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

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

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

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

51 | e. Commercial lines nonresidential property insurance
52 | forms that cover the peril of wind only. The forms are

53 applicable only to nonresidential properties located in areas
 54 eligible for coverage under the coastal account referred to in
 55 sub-subparagraph (b)2.a.

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

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

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

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

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

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

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

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

99 | c. If the corporation determines that additional coverage
100 | levels are necessary to maximize participation in quota share
101 | primary insurance agreements by authorized insurers, the
102 | corporation may establish additional coverage levels. However,
103 | the corporation's quota share primary insurance coverage level
104 | may not exceed 90 percent.

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

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

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

128 g. The corporation board shall establish in its plan of
 129 operation standards for quota share agreements which ensure that
 130 there is no discriminatory application among insurers as to the

131 terms of the agreements, pricing of the agreements, incentive
 132 provisions if any, and consideration paid for servicing policies
 133 or adjusting claims.

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

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

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

178 | 4. Must require that the corporation operate subject to
 179 | the supervision and approval of a board of governors consisting
 180 | of nine individuals who are residents of this state and who are
 181 | from different geographical areas of the state, one of whom is
 182 | appointed by the Governor and serves solely to advocate on

183 | behalf of the consumer. The appointment of a consumer
 184 | representative by the Governor is deemed to be within the scope
 185 | of the exemption provided in s. 112.313(7) (b) and is in addition
 186 | to the appointments authorized under sub-subparagraph a.

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

209 after July 1, 2006, is subject to confirmation by the Senate.
 210 The executive director is responsible for employing other staff
 211 as the corporation may require, subject to review and
 212 concurrence by the board.

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

218 (I) The members of the advisory committee consist of the
 219 following 11 persons, one of whom must be elected chair by the
 220 members of the committee: four representatives, one appointed by
 221 the Florida Association of Insurance Agents, one by the Florida
 222 Association of Insurance and Financial Advisors, one by the
 223 Professional Insurance Agents of Florida, and one by the Latin
 224 American Association of Insurance Agencies; three
 225 representatives appointed by the insurers with the three highest
 226 voluntary market share of residential property insurance
 227 business in the state; one representative from the Office of
 228 Insurance Regulation; one consumer appointed by the board who is
 229 insured by the corporation at the time of appointment to the
 230 committee; one representative appointed by the Florida
 231 Association of Realtors; and one representative appointed by the
 232 Florida Bankers Association. All members shall be appointed to
 233 3-year terms and may serve for consecutive terms.

234 (II) The committee shall report to the corporation at each

235 board meeting on insurance market issues which may include rates
 236 and rate competition with the voluntary market; service,
 237 including policy issuance, claims processing, and general
 238 responsiveness to policyholders, applicants, and agents; and
 239 matters relating to depopulation.

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

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

252 Whenever an offer of coverage for a personal lines residential
 253 risk is received for a policyholder of the corporation at
 254 renewal from an authorized insurer, if the offer is equal to or
 255 less than the corporation's renewal premium for comparable
 256 coverage, the risk is not eligible for coverage with the
 257 corporation. If the risk is not able to obtain such offer, the
 258 risk is eligible for a standard policy including wind coverage
 259 or a basic policy including wind coverage issued by the
 260 corporation; however, if the risk could not be insured under a

261 standard policy including wind coverage regardless of market
 262 conditions, the risk is eligible for a basic policy including
 263 wind coverage unless rejected under subparagraph 8. However, a
 264 policyholder removed from the corporation through an assumption
 265 agreement remains eligible for coverage from the corporation
 266 until the end of the assumption period. The corporation shall
 267 determine the type of policy to be provided on the basis of
 268 objective standards specified in the underwriting manual and
 269 based on generally accepted underwriting practices.

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

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

283 (B) Offer to allow the producing agent of record of the
 284 policy to continue servicing the policy for at least 1 year and
 285 offer to pay the agent the greater of the insurer's or the
 286 corporation's usual and customary commission for the type of

287 policy written.

288

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

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

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

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

305

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

309 b. With respect to commercial lines residential risks, for
 310 a new application to the corporation for coverage, if the risk
 311 is offered coverage under a policy including wind coverage from
 312 an authorized insurer at its approved rate, the risk is not

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

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

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

339 the corporation; or

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

345

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

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

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

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

362

363 If the producing agent is unwilling or unable to accept
 364 appointment, the new insurer shall pay the agent in accordance

365 with sub-sub-sub-subparagraph (A).

366 c. For purposes of determining comparable coverage under

367 sub-subparagraphs a. and b., the comparison must be based on

368 those forms and coverages that are reasonably comparable. The

369 corporation may rely on a determination of comparable coverage

370 and premium made by the producing agent who submits the

371 application to the corporation, made in the agent's capacity as

372 the corporation's agent. A comparison may be made solely of the

373 premium with respect to the main building or structure only on

374 the following basis: the same coverage A or other building

375 limits; the same percentage hurricane deductible that applies on

376 an annual basis or that applies to each hurricane for commercial

377 residential property; the same percentage of ordinance and law

378 coverage, if the same limit is offered by both the corporation

379 and the authorized insurer; the same mitigation credits, to the

380 extent the same types of credits are offered both by the

381 corporation and the authorized insurer; the same method for loss

382 payment, such as replacement cost or actual cash value, if the

383 same method is offered both by the corporation and the

384 authorized insurer in accordance with underwriting rules; and

385 any other form or coverage that is reasonably comparable as

386 determined by the board. If an application is submitted to the

387 corporation for wind-only coverage in the coastal account, the

388 premium for the corporation's wind-only policy plus the premium

389 for the ex-wind policy that is offered by an authorized insurer

390 to the applicant must be compared to the premium for multiperil

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

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

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

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

415 a. Whether the likelihood of a loss for the individual
 416 risk is substantially higher than for other risks of the same

417 class; and

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

420

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

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

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

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

441 12. May establish, subject to approval by the office,
442 different eligibility requirements and operational procedures

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

455 13. Must provide that, with respect to the coastal
456 account, any assessable insurer with a surplus as to
457 policyholders of \$25 million or less writing 25 percent or more
458 of its total countrywide property insurance premiums in this
459 state may petition the office, within the first 90 days of each
460 calendar year, to qualify as a limited apportionment company. A
461 regular assessment levied by the corporation on a limited
462 apportionment company for a deficit incurred by the corporation
463 for the coastal account may be paid to the corporation on a
464 monthly basis as the assessments are collected by the limited
465 apportionment company from its insureds, but a limited
466 apportionment company must begin collecting the regular
467 assessments not later than 90 days after the regular assessments
468 are levied by the corporation, and the regular assessments must

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

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

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

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

493 17. Must provide coverage for manufactured or mobile home
494 dwellings. Such coverage must also include the following

495 attached structures:

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

500 b. Carports that are aluminum or carports that are not
 501 covered by the same or substantially the same materials as those
 502 of the primary dwelling; and

503 c. Patios that have a roof covering that is constructed of
 504 materials that are not the same or substantially the same
 505 materials as those of the primary dwelling.

506

507 The corporation shall make available a policy for mobile homes
 508 or manufactured homes for a minimum insured value of at least
 509 \$3,000.

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

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

515 20. Must provide that new or renewal policies issued by
 516 the corporation on or after January 1, 2012, which cover
 517 sinkhole loss do not include coverage for any loss to
 518 appurtenant structures, driveways, sidewalks, decks, or patios
 519 that are directly or indirectly caused by sinkhole activity. The
 520 corporation shall exclude such coverage using a notice of

521 coverage change, which may be included with the policy renewal,
 522 and not by issuance of a notice of nonrenewal of the excluded
 523 coverage upon renewal of the current policy.

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

528 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
 529 AND ASSESSMENT LIABILITY:

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

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

545 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY

546 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
547 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
548 FLORIDA LEGISLATURE.

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

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

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

560 (ii) For the depopulation programs adopted pursuant to
561 subsection (6)(q)3.a:

562 1. After January 1, 2016, a policy may not be taken out
563 from the corporation, unless the agent of record receives an
564 offer of insurance containing the amount of the estimated
565 premium, a description of the coverage, and a comparison of the
566 premium and coverage offered by the insurer to the premium and
567 coverage provided by the corporation. If more than one insurer
568 makes an offer for coverage, all offers shall be provided to the
569 agent of record. The agent of record shall communicate to the
570 policyholder any offer received. The policyholder may accept an
571 offer or reject all offers. If the policyholder takes no action,

572 the policy may be taken out by an insurer according to the
573 depopulation procedure. The corporation shall develop a uniform
574 format for premium and coverage information required by this
575 subparagraph.

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

585 Section 3. This act shall take effect July 1, 2015.