

## Summary of FMAP Plan of Operation Changes

FMAP's Plan of Operation (plan) has not been updated since 1997. When the 1997 plan was created and adopted by the Department of Insurance (DOI), the Florida Residential Property and Casualty Joint Underwriting Association existed, and its board of governors became the board of governors of FMAP. Moreover, the Office of Insurance Regulation did not exist as a separate regulatory entity at that time. The updates to the Plan of Operation were prepared to address the following concerns:

- Incongruity between the operable statutes and the existing plan;
- Incongruity between the plan and the operations of FMAP;
- The relationship between FMAP and Citizens;
- The due date for the annual report such that it may be prepared and approved by the board each year before being filed with OIR.
- The provisions of Section 627.3515(3)(a), Florida Statutes, requiring a business plan for the creation of a database to determine eligibility with Citizens.

The current draft also collapses two previous documents (the Articles of the Plan and the plan) into one document (the plan). The aforementioned concerns were addressed as set forth below:

**SECTION 1:** This was redrafted so as to refer to the Florida Market Assistance Plan as "FMAP" throughout the plan rather than as "the Plan." This avoids confusion in that the Florida Market Assistance Plan is colloquially known as "FMAP" and makes clear that when "the Plan" is used throughout the document, it actually refers to the actual plan of operation.

**SECTION 2:** Per Section 627.3515, Florida Statutes, the Office must adopt FMAP. This section was redrafted to clarify that the plan does not become effective until the Office has approved it by way or order. It also clarified that amendments to the plan must be by majority vote of the board.

**SECTION 3:** Although many of the definitions were reused in the update version of the plan, many were removed as changes in FMAP's operations have rendered old definitions obsolete. Further clarity on this point is addressed below in Section 5.

**SECTION 4:** This makes only slight edits to the stated purpose of FMAP (in Section 1 of the current plan) so as to bring the purposes of FMAP squarely in line with what Section 627.3515, Florida Statutes, states.

**SECTION 5:** The section regarding FMAP's powers was heavily edited to clarify that FMAP's powers are tied to FMAP's stated purposes as set forth in Section 4. FMAP shall carry out certain functions and has the necessary powers to carry out its stated purposes. It also has some limitations as set forth in Section 5.D, 5.E, 5.G, 5.H. These limitations are **not** new limitations, but they have been edited to be clearer than in the existing version. One major distinction here is the carrying out of what is termed FMAP Service Programs. The current plan spells out in immense detail the processing of "Requests for Assistance." However, it presupposes that these requests for assistance are largely coming to us from agents. The fact is that in practice that policyholders are the ones who reach out to Citizens to seek assistance. Moreover, the new Section 5 merely provides:

FMAP shall design, develop, document, implement, and amend, as reasonably necessary, FMAP Service Programs. The FMAP Service Programs shall be designed and developed in accordance with applicable laws to carry out the purposes listed in Section 4, and include, but are not necessarily limited to programs by which consumers seeking coverage may be matched with and received quotes from Participating Insurers who write the kind and class of insurance being sought by the consumer and the licensed insurance agents of such Participating Insurers.

This change eliminates much of the need for definitions that were previously provided. It also provides flexibility in the FMAP programs. The FMAP Service Programs as they exist now are currently documented at <https://www.fmap.org/resources.cfm>.

**SECTION 6:** The edits herein bring many of the provisions regarding the Board of Governors into line with the provisions of the Citizens Plan of Operation and the operation of Citizens board:

- Does not allow proxy voting;
- Allows for telephonic meetings;
- Brings the travel reimbursement of board members under the Citizens Travel and Reimbursement Policy;
- Deletes the filing of annual reports in March (this section has been moved to another provision);
- Gives the board the power to approve an agreement with Citizens;
- Deletes the “powers” that are turned over to Citizens by virtue of a Service Level Agreement.

**SECTION 7:** This section represents the most significant difference between the proposed plan and the current plan. The edited version completely eliminates the provisions regarding the “Executive Director” of FMAP. The reason is that, in practice, FMAP has no actual employees and entirely staffed, housed, and serviced by Citizens. As such, the edited version provides for board to enter into what has been termed a “Service Level Agreement” with Citizens for the purpose of carrying out FMAP’s functions. Section 7 provides for certain items that may be included in this agreement, but is not a limitation. The agreement that has been drafted goes somewhat further in describing these functions and how they will be carried out.

- **The SLA:** Provides for the services and items that Citizens is to provide to FMAP, and makes clear how FMAP is to compensate Citizens for these. As per Section 627.3515, Florida Statutes, FMAP shall be paid for from Citizens and an assessment of \$450 annually on each residential property insurer. The SLA provides the mechanism for allocating those costs related to the services and resources provided by Citizens and for receiving reimbursement from the funds recovered pursuant to FMAP’s assessment.

This section also makes clear that the provisions of Section 627.315(3)(a), Florida Statutes, described above, are subsumed into Citizens operation of the clearinghouse.

**SECTION 8:** The provision for the annual report has been moved to this section. This provides for the filing of the annual report on or before July 1 of each year (rather than March 1, which is in the current version of the plan). It also has been updated to clarify that the records of FMAP are subject to Chapter 119, Florida Statutes.

**SECTION 9:** This provision merely provides that FMAP is to be funded by Citizens and the \$450 assessment as set forth in Section 627.3515. It has been edited to provide for a different assessment amount if such an amount is provided by law.

**SECTION 10:** This provision is largely unchanged and merely disclaims any involvement in the ongoing relationship of any agent and/or any insurer.

**INDEMNIFICATION:** The indemnification provision previously provided for has been deleted as it makes little sense to maintain it in light of the fact that the statute states that FMAP is to be funded by Citizens and the \$450 per year assessment on property insurers.