

Executive Summary

Board of Governors Meeting, March 23, 2022

2022 Legislative Summary

The 2022 Legislative Session ended on Monday, March 14th after a brief extension to allow for the constitutionally required cooling off period to complete the 2022-2023 General Appropriations Act. The \$121.1 billion budget was negotiated and passed with bipartisan support. The other mandatory item the Legislature was required to act on, the decennial reapportionment of the 160 legislative districts, also passed but with much speculation that both a veto and court action are likely to come.

Approximately 3,685 bills were filed with 267 ultimately headed to the Governor's desk (not including the GAA) and roughly 90 bills introduced relating specifically to property insurance.

Legislators return to their districts to gear up for the 2022 election cycle and are not scheduled to return to Tallahassee until November after the election unless a Special Session is called.

Bills of interest that passed:

SB 156 by Senator Doug Broxson (R-Pensacola)

Requires an admitted and non-admitted personal lines insurer to provide loss run statements within 15 days of an insured's request after first providing information on how to obtain a loss run statement from a consumer reporting agency. The bill was amended from an earlier version and reverts to current law of 5 years of claims history for all other insurers not exempt under the bill. The bill takes effect upon becoming law.

HB 749 by Representative Chuck Clemons (R-Jonesville)

The bill establishes a new maximum fine amount, not to exceed \$20,000 per act, for a public adjusters or public adjuster apprentices who commit certain prohibited acts during a state of emergency declared by the Governor. Also implements the same penalties for unlicensed individuals who engage in these prohibited acts. HB 749 removes language that makes it a misdemeanor for a person who violates the statute regarding investigation of fraudulent insurance claims and crimes related to a fire or explosion loss; establishes that the Department of Financial Services (DFS) may fine an insurer up to \$2,000 per day if the insurer fails or refuses to comply with the investigation of a fraudulent insurance act by DIFS, or a fire or explosion by the State Fire Marshall. Finally, the bill replaces the word "and" with the word "or" so that violations of certain statutes are separate crimes, and criminal prosecution for violation of either section must begin within five years of the violation; allows an insurer that has been damaged by a false or fraudulent insurance act to recover investigation and litigation expenses, including attorney fees, if the insurer reported the false or fraudulent act to DIFS and there was a criminal adjudication of guilt. The bill takes effect upon becoming law.

HB 837 by Representative Matt Willhite (D-Wellington)

The bill extends the Hurricane Loss Mitigation Program within the Division of Emergency Management for 10 years. The Hurricane Loss Mitigation Program includes four different programs spending \$10 million total. Those programs include: 1) The Mobile Home Tie-Down Program, 2) local government support to improve the wind resistance of homes, 3) retrofit existing public hurricane shelters, and 4)

Executive Summary

Board of Governors Meeting, March 23, 2022

hurricane dedicated research. The Hurricane Loss Mitigation Program funding is from the Florida Hurricane Catastrophe Fund, not from General Revenue. HB 837 transfers the program from Tallahassee Community College to Gulf Coast State College. The bill removes obsolete rate standard language for mobile home policies issued by Citizens. The bill takes effect on July 1, 2022.

HB 959 by Representative Chip LaMarca (R-Lighthouse Point)

The bill is a comprehensive bill addressing the Department of Financial Services. HB 959 makes process served upon the Chief Financial Officer (CFO) binding on an insurer when DFS notifies the insurer that process is available on a secure online portal. The bill amends laws of the Division of Insurance Agent and Agency Services to:

- Add an exemption to the examination requirement for the all-lines adjuster license
- Provide additional authority for investigation of licensees
- Allow unaffiliated insurance agents to adjust claims without surrendering their appointments
- Revise statutes related to the use of fingerprints in background checks, to comply with federal law
- Create notice requirements for insurance agencies that stop doing business
- Modifies existing laws for public adjuster compensation, qualifications and bonding requirements

The bill takes effect on July 1, 2022.

HB 1023 by Representative Tom Fabricio (R-Hialeah)

The bill amends the FIGA statute to state that property and casualty insurers are not required to recoup the cost of assessments levied by OIR on behalf of FIGA. An insurer that declined to recoup an assessment would still make payments to FIGA, based on the amount of premium generated for the line of insurance specified in an assessment order, but would not be permitted to record the assessment as an asset on its annual financial statement. Additionally, if the FIGA board of directors certifies the need for an assessment, the board may ask OIR to permit payments on a quarterly basis instead of full payment on a date selected by OIR at the commencement of the assessment year. The bill takes effect on July 1, 2022.

SB 1058 by Representative Travis Hutson (R-Palm Coast)

The bill authorizes the State Board of Administration to provide Cat Fund coverage to authorized insurers or Citizens for the policies of unsound insurers that Citizens or an authorized insurer assumes or otherwise provides coverage, provided the conditions are mutually agreed upon between the authorized insurer or Citizens and SBA. The authorized insurer or Citizens may seek to obtain FHCF coverage for the transferred policies under its existing FHCF contract or by accepting an assignment of the unsound insurer's FHCF contract. The bill also clarifies the authorized insurer, or Citizens, may only accept an assignment of the unsound insurer's FHCF contract if a covered event occurs before the policies effective transfer date. Except where otherwise provided, the effect of the bill is July 1, 2022.

HB 7071 by Representative Bobby Payne (R-Palatka)

The bill is a robust tax package which includes the extension of the Disaster Preparedness Holiday from 10 days to 2 weeks. HB 7071 also adds a two-year exemption for impact-resistant windows, doors, and

Executive Summary

Board of Governors Meeting, March 23, 2022

garage doors from July 1, 2022, to June 30, 2024, for residential properties. The bill takes effect on July 1, 2022.

Bills of interest that did not pass:

SB 186 by Senator Jeff Brandes (R-St. Petersburg)	Citizens Property Insurance Corporation
SB 468 by Senator Keith Perry (R-Gainesville)	Insurance Omnibus
SB 1910 by Senator Joe Gruters (R-Sarasota)	Contingency Fee Multipliers
HB 1307 by Representative Tommy Gregory (R-Bradenton)	Citizens Property Insurance Corporation
SB 1402 by Senator Danny Burgess (R-Zephyrhills)	Domestic Insurers
SB 1728 by Chairman Jim Boyd (R-Bradenton)	Property Insurance
SB 1850 by Senator Taddeo (D-Miami)	Election of Commissioner of Insurance
SB 1926 by Senator Linda Stewart (D-Orlando)	Disposition of Insurance Proceeds
HB 5015 by Representative Danny Perez (R-Miami)	Evaluation of Significant State Risks

- Changes the new business eligibility threshold for commercial lines residential risks from 15% to 20%
- Provides that personal and commercial lines residential policyholders that receives an offer coverage within the following thresholds is ineligible to remain with the Corporation:
 - 4% for policies that renew during 2023;
 - 8% for policyholders that renew during 2024;
 - 12% for policies that renew during 2025;
 - 18% for policies that renew during 2026;
 - 20% for policies renewing during 2027 and thereafter.
- Changes the renewal threshold for the Clearinghouse according to the above eligibility schedule.
- Removes current law that allow Citizens to price for the cost of reinsurance to the 1-in-100 year PML whether or not it is purchased.
- Requires that Citizens' Executive Director have the experience, character and qualifications required to serve as a CEO of an insurer in Florida.
- Defines demonstrated insurance industry expertise for the purposes of Citizens' board.



- Amends the definition of prohibitive property insurance practices for licensed contractors to include certain disclosures.
- Changes the new business eligibility threshold for commercial lines residential risks from 15% to 20%.
- Provides that personal and commercial lines residential policyholders that receives an offer coverage within 20% of the Citizens premium is ineligible to remain with the Corporation.
- Defines primary residence for the purpose of Citizens.
- Amends Citizens glidepath to only apply to primary residences.
- Changes the renewal threshold for the Clearinghouse from 0% to 20%.
- Defines demonstrated insurance industry expertise for the purposes of Citizens' board.
- Requires that Citizens' board chair either have 1 year experience serving on the board or be a member with demonstrated insurance industry expertise.
- Requires that Citizens' Executive Director have the experience, character and qualifications required to serve as a CEO of an insurer in Florida.
- States that Citizens shall use a single account once all outstanding debt is retired.
- Requires that Citizens charge the premiums of unsound insurers for those policies assumed by the corporation when they are higher than Citizens' premium.
- Allows Surplus Lines carriers to participate in keepout and takeout programs under certain circumstances.
- Provides for circumstances under which a carrier may provide a separate deductible for roofs – not to exceed 2% of Coverage A.