

Executive Summary

Board of Governors Meeting, September 25, 2024

Plan of Operation

Topic

This Action Item seeks Board approval of revisions to the Plan of Operation. Section 627.351 (6)(a)2., Fla. Stat. provides that Citizens “shall operate pursuant to a plan of operations approved by order of the Financial Services Commission.” The enabling statute sets forth certain requirements for this Plan. These include requirements regarding the types of forms Citizens offers, the eligibility for Citizens coverage, and the composition of the Board.

History

The Plan was last updated and approved in 2013. In addition to the requirements set forth in paragraph (c) (as existed at the time of adoption), the Plan also sets forth: the powers and duties of the Board; the powers and duties of the Executive director; the establishment of a three account structure; the processes by which policyholder surcharges and assessments are calculated and levied; the borrowing powers of the corporation; the bonding powers of the corporation; and various other provisions that govern Citizens duties, powers, and structure.

Since the last time the Plan was amended, numerous major statutory changes have been enacted. Among these changes have been changes to eligibility rules. For example, due to recent legislative changes, renewals which obtain an offer of coverage from an authorized insurer that is within 20% of the Citizens premium are no longer eligible for coverage with the corporation. Furthermore, due to a recent legislative change, surplus lines insurers that meet specified statutory criteria are eligible to take-out personal lines residential policies that cover non-primary residences, unless the dwelling has a homestead exemption. Such take-outs may render a policy ineligible for coverage. Other changes were also made in the intervening time since the Plan was last updated which have impacted agents’ relationships with Citizens, procurement protests, rates, and the underwriting of risks.

Additionally, this year Citizens combined its three historical accounts into one. The elimination of the three-account structure changes how surcharges and assessments are calculated. They are no longer determined on an account-by-account basis. Furthermore, there is no longer a regular assessment that must be accounted for before levying emergency assessments.

The Office of the General Counsel has conducted a careful and detailed review of the Plan with the various affected business units and is recommending the changes captured herein to 1) conform the Plan to the enabling statute, 2) enhance the Plan’s readability and comprehensibility, 3) clarify some of the statutory powers of Citizens, 4) remove surplus language, 5) ease provisions that create non-statutory obstacles to the transaction of Citizens’ business, and 6) allow the Plan to automatically incorporate changes to the enabling statute, particularly changes to paragraph (c) of section 627.351(6). A clean version of the proposed Plan as well as an item-by-item list of proposed changes are attached hereto as Attachments 1 and 2, respectively.

Recommendation

The recommendation is listed in the attached Action Item.

Plan of Operation

☒ ACTION ITEM

☐ New Contract

☐ Contract Amendment

☒ Other Plan of Operation

☐ CONSENT ITEM

☐ Contract Amendment

☐ Existing Contract Extension

☐ Existing Contract Additional Spend

☐ Previous Board Approval - 9/26/2018

☐ Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Plan of Operation
Purpose/Scope	<p>Section 627.351 (6)(a)2., Fla. Stat. provides that Citizens “shall operate pursuant to a plan of operations approved by order of the Financial Services Commission.”</p> <p>The Plan was last updated and approved in 2013. Since the last time the Plan was amended, numerous major statutory changes have been enacted. Among these changes are new eligibility rules and the elimination of the three-account structure.</p> <p>The proposed Plan of Operation updates the plan to address the aforementioned changes as well as to better conform the plan to the statute, enhance the clarity and readability of the plan, clarify some of the statutory powers of Citizens, remove surplus language, ease provisions that create non-statutory obstacles to the transaction of Citizens’ business, and ensure that statutory changes are automatically incorporated going forward.</p> <p>The Plan of Operation eliminates adherence to the state travel reimbursement policy. A revised travel reimbursement policy will be brought to the board for approval.</p>
Contract ID	N/A

Plan of Operation

Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No There is no expense associated with the Plan.
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Staff Recommendation	Staff recommends: 1) That the Board approve the Plan of Operation attached hereto; and 2) That the Board authorize staff to seek approval of the Plan of Operation from the Financial Services Commission; and 3) That the Board authorizes staff to take any necessary and appropriate action in accordance herewith.
Board Recommendation from Committee	N/A
Contacts	Brian Newman, Chief Legal Officer

SUMMARY OF CITIZENS' PLAN OF OPERATION **PROPOSED REVISIONS**

Section 1 – Name

1. Specifies that Citizens Property Insurance Corporation may be referred to as “Citizens” in the Plan.
2. Specifies that the Corporation is headquartered in Tallahassee, Florida rather than Tallahassee or such other place as the Board may determine.

Section 2 – Purpose

1. Makes a minor non-substantive clarifying edit.
2. States that Florida law governs when there is an inconsistency between the Plan and Florida law.
3. Provides for the incorporation of changes in Florida law into the Plan as necessary to achieve the Legislature’s intent.

Section 3 – Organization of the Plan

1. Creates a new Section that spells out how the plan is organized. This is done to fix inconsistencies in the Plan’s division and create a consistent nomenclature that will be used when referring to provisions of the plan in external sources.

Section 4 - Policyholder Declaration of Rights

1. Adds “or division” to conform to the statutory requirement that the Corporation maintain a “unit *or division*” responsible for receiving and responding to consumer complaints (§627.351(6)(k)2., F.S.).
2. Addresses agents as “appointed agents” rather than “our agents” to minimize arguments that our “appointed agents” are acting on behalf of Citizens when we feel such agents were acting on behalf of the policyholder.
3. Corrects other minor non-substantive formatting and grammatical issues to improve clarity.

Section 5 – Definitions

1. Revises several definitions to address a combined Citizens Account, consistent with the 2022 amendment to §627.351, F.S. (S.B. 2-A).
2. Adds definitions for Approved Surplus Lines Insurer and Primary Residence.

3. Corrects outdated section references to the Plan and §627.351, F.S.
4. Removes references to Special Purpose Homeowner Insurance Companies and Minority Owned Insurers, consistent with the repeal of their corresponding statutes (§§624.4071 and 624.4072, F.S.).
5. Clarifies the definition of Senior Manager.
6. Removes the definition of the Treasurer of the State of Florida (the definition is unnecessary as it is not referenced in the plan).
7. Makes other minor non-substantive grammatical changes to improve clarity.

Section 6 – Assessable Insurers and Assessable Insureds

1. Removes references to Special Purpose Homeowner Insurance Companies and Minority Owned Insurers, consistent with the repeal of their corresponding statutes (§§624.4071 and 624.4072, F.S.).
2. Updates cross-references to other sections of the Plan.
3. Deletes provision that is no longer relevant given the elimination of Regular Assessments and combining of accounts.

Section 7 – Board of Governors

1. Specifies that five Board members, rather than six, constitute a quorum.
2. Removes reference to the State of Florida Travel and Reimbursements provision.
3. Moves provisions regarding the establishment of the Offices of Internal Audit and Inspector General to Section 8 of the Plan.
4. Clarifies that the Board may meet using electronic conferencing technology (i.e. Zoom or Teams).
5. Makes other minor non-substantive changes to improve clarity.

Section 8 – Duties and Powers of the Board, Chair, and Executive Director

1. Permits the Corporation to file amendments to policy forms and amendments to underwriting manuals (that otherwise would require Board approval) prior to being presented to the Board, when necessary to comply with changes in the law prior to the next scheduled Board meeting

2. Requires that a detailed description of any such changes and the laws necessitating the changes be provided at the next scheduled Board meeting.
3. Clarifies that the Corporation may enter into contracts valued over \$100,000 without prior approval from the Board, if deemed necessary to cope with a state of emergency declared by the Governor.
4. Removes a reporting requirement that was removed from §627.351, F.S., in 2012, which relates to the Corporation's 100-year probable maximum loss.
5. Removes language rendered obsolete by the combining of accounts.
6. Provides that a procurement protest procedure should comply with the requirements set forth in §627.351(6)(e), F.S. which were amended in 2024 to allow the Executive Director or his or her designee to act as the Agency Head.
7. Includes provisions transferred from Section 7, which clarify that the Office of Internal Audit shall be established in accordance with Florida law.
8. Authorizes the Executive Director or their designee to enter a final order taking final action on a procurement protest.
9. Includes provisions transferred from Section 7, which clarify that the Office of Inspector General shall be established in accordance with Florida law.
10. Clarifies that compensation for the Inspector General and the Internal Auditor will be established in a manner consistent with Citizens' enabling statute.
11. Removes language requiring a Board determination of reinsurer qualifications.
12. Adds language requiring that the Corporation include the costs of reinsurance in rate calculations even if it is not purchased, in accordance with a 2021 amendment to §627.351(c)9., F.S.
13. Revises a reference to Senior Managers to conform with the revised definition in Section 5.
14. Provides that the Inspector General, rather than the Executive Director, will report breaches of ethics requirements to the Chair of the Board. Clarifies that such reporting must be done "promptly" rather than "immediately."
15. Revises the Executive Director's duty relating to payroll, to clarify that preparation of payroll may be outsourced.
16. Specifies that throughout an agent's appointment with the Corporation, the agent must hold at least the statutory minimum number of appointments with insurers authorized to write and

actually writing or renewing business in Florida. This was amended from “one” qualifying appointment to capture updates to the statute made during the 2024 Legislative Session.

17. Specifies that the Executive Director or Corporation staff may impose additional requirements for agents who are seeking appointment.
18. Makes other minor non-substantive formatting and grammatical changes to improve clarity.

Section 9 – Eligibility

1. Revises eligibility requirements to conform to the 2022 amendment to §627.351, F.S. (S.B. 2-A).
2. Authorizes Approved Surplus Lines Insurers to take-out policies that cover non-primary residences when the offer of comparable coverage is not more than 20 percent greater than Citizens’ premium.
3. Clarifies eligibility criteria for new applicants and renewal policies.
4. Clarifies that for purposes of comparing premium for comparable coverage, assessments and surcharges actually applied to the policy are to be considered.
5. Revises eligibility requirements relating to structures seaward of the coastal construction control line, consistent with a 2015 amendment to §627.351(6)(a)5.b., F.S.
6. Provides that policyholders who receive a take-out offer that makes them ineligible for coverage with Citizens do not remain eligible for coverage.
7. Makes other minor non-substantive formatting changes to improve clarity.

Section 10 – Rates, Rate Filings and Rating Plans

1. Amends 10(A) to simply require that Citizens file recommended rates that comply with 627.351(6)(n), F.S. rather than repeat the statute.
2. Makes other minor edits to update cross-references to the Plan.
3. Makes edits to reflect the combining of accounts.

Section 11 – Policy Forms and Quota Share Primary Insurance Agreements

1. Makes non-substantive edits to improve clarity.

Section 12 – Policy and Scope of Coverage

1. Amends (F) to merely require coverage for manufactured and mobile homes as required by statute.

Section 15 – Commissions and Service Fees

1. Makes minor non-substantive edits, grammatical changes, and clarifications.

**** NOTE:** The entire Section regarding “Participation Ratios” was deleted as there are no participation ratios with the combining of accounts and elimination of “regular assessments.”

Sections 16 – Policyholder Surcharges and Assessments

1. This section was substantially re-written to clarify the general rules that apply to policyholder surcharges and assessments equally and to incorporate changes resulting from the combining of accounts.

Section 17 –Policyholder Surcharges

1. This section was substantially re-written to clarify the rules specific to policyholder surcharges and to incorporate changes resulting from the combining of accounts.

Section 18 – Emergency Assessments

1. Due to the creation of the combined Citizens Account, edited to authorize emergency assessments when there is a deficit after accounting for the Citizens Policyholder Surcharge. Removes reference to “Regular Assessments,” which are no longer available under Florida law.

Section 19 – Consolidation of Accounts into the Account

1. Establishes the Citizens Account and removes provisions concerning the three accounts that Citizens was previously required to maintain.

Section 20 – Borrowing Powers

1. Makes non-substantive changes to clarify and to update cross-referenced sections to reflect updated section numbers in the Plan.

Section 21 – Bonding Powers

1. Makes changes to cross references in the Plan to reflect updated section numbers in the Plan.
2. Deletes reference to Regular Assessments which are no longer available under Florida law.

Sections 23 – Depopulation, Incentive and Credit Programs

1. Deletes reference to Regular Assessments, which are no longer available under Florida law.
2. Removes provision regarding assessment credits to insurers as an incentive to remove policies from Citizens. Such credits applied to Regular Assessments and an insurer could not be exempted from Emergency Assessments.

Section 25 – Indemnification of Officers, Employees and Others

1. Removes references to the FRPCJUA and FWUA and refers to these as the Corporation's predecessors.
2. Makes other non-substantive clarifying edits.

Section 26 – Appealing a Determination of Assessment

1. Revises the procedure to appeal the Corporation's determination of Assessment or Surcharge so that these do not go to the Board of Governors but are handled at the staff level.
2. This section removes reference to but does not change the Procurement Protest Procedure as that is a separate procedure that has been adopted pursuant to the Board's statutory authority.
3. Establishes that assessments and surcharges that are not appealed within the timeframe established in the Plan are final and binding.
4. Removes provision that required a transcript be made of any appeal hearing or procurement protest at the time of hearing and supplied to any party upon request.

Sections 27 – Resident Agent for Service of Process

1. Clarifies that the CFO's office is the Corporation's "agent" for process of service and not the corporation's attorney. This change is made to more closely conform to the applicable statute relating to process of service.

Section 28 – Plan Amendments

1. Makes minor non-substantive edit.

Section 29 – Dissolution and Deactivation

1. Corrects a typo referencing the Cat Fund.

Section 30 – Construction

1. Provides that if there is any inconsistency between the statute and the Plan that the statute law will control over the Plan.

Section 31 – Selection of Financial Service Providers and Underwriters

1. Revises the publication requirements when we undertake to select financial service providers so that, rather than publishing in two newspapers of general publication in Florida, we publish on our website as well as in one financial trade journal.
2. Makes other minor non-substantive clarifying edits.

Section 32 – Clearinghouse

1. Revises eligibility requirements to conform to the 2022 amendment to §627.351, F.S. (S.B. 2-A).
2. Makes other non-substantive minor formatting edit.

Section 33 – Effective Date

1. Makes minor edits to clarify the effective date.

CITIZENS PROPERTY INSURANCE CORPORATION PLAN OF OPERATION

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This Plan of Operation (the "Plan"), as amended, will be effective as set forth in Section 33.

SECTION 1

NAME

The organization shall be known as Citizens Property Insurance Corporation, hereafter referred to as "Citizens" or as the "Corporation", with its headquarters in Tallahassee, Florida.

SECTION 2

PURPOSE

The Corporation has been established in accordance with the provisions of §627.351(6), F.S., as amended (the "Statute") to provide certain personal and commercial coverages to qualified risks under circumstances specified in the Statute. The Corporation is a government entity that is an integral part of the State, and is not a private insurance company.

This Plan of Operation (the "Plan") is adopted to set forth and establish the structure, function, procedures, and powers of the Corporation. To the extent that any provision of Florida law is inconsistent with any provision of this Plan, the law prevails over the Plan. To the extent any change in Florida law establishes new structures, functions, procedures, limitations, requirements, or powers of the Corporation that would otherwise require an amendment to this Plan, such change to Florida law shall be deemed to be incorporated herein as necessary to achieve the Legislature's intent.

SECTION 3

ORGANIZATION OF THE PLAN

This Plan is divided into enumerated sections, each labeled "Section" followed by the number applicable thereto. Sections may be divided into "Subsections," each labeled with a capitalized letter enclosed within parentheses, such as "(A)". Subsections may be divided into "Sub-subsections," each labeled with a number enclosed within parentheses, such as "(1)". Sub-subsections may be further divided into "Sub-sub-subsections," each labeled with a lowercase letter enclosed within parentheses, such as "(a)". Sub-sub-subsections may be further divided into "Sub-sub-sub-subsections," each labeled with a lower-case Roman numeral enclosed within parentheses, such as "(i)."

SECTION 4

POLICYHOLDER DECLARATION OF RIGHTS

There is created a Declaration of Rights for Citizens Property Insurance Corporation so that policyholders and applicants receive quality customer service and are treated with the utmost respect, courtesy, and professionalism. Policyholders and applicants of Citizens should expect:

(A) The Right to Courteous, Prompt, and Professional Customer Service

Citizens will implement this right by the following:

- (1) Providing quality customer service to policyholders, applicants and agents, and communicating and emphasizing this expectation to our employees, agents, and vendors.
- (2) Providing telephonic, electronic and written means for consumers to contact Citizens directly with inquiries, questions, or complaints.
- (3) Answering policyholder inquiries with knowledgeable and professional responses in a timely manner.
- (4) Developing, implementing and maintaining specific methods for responding to and resolving consumer complaints, including a method for escalation of unresolved complaints to supervisors and other decision makers.
- (5) Maintaining a unit or division responsible for receiving and responding to consumer complaints, which unit or division is the sole responsibility of a Senior Manager of Citizens.
- (6) Tracking and monitoring consumer complaints and issues, and reporting any trends or problems to the Senior Manager.
- (7) Continuing to provide customer service education for employees.
- (8) Developing and implementing customer service measures with respect to timeliness, responsiveness, accuracy of information, and customer courtesy, and monitoring, evaluating and enforcing employee performance of such service.
- (9) Refunding return premiums due to policyholders promptly.

(B) The Right to Fair, Prompt and Professional Claims Service

Citizens will implement this right by the following:

- (1) Providing quality claims service to our policyholders and communicating and emphasizing this expectation to adjusters and employees.
- (2) Providing consumers with directions on how to report claims in case of a loss.
- (3) Ensuring our insurance adjusters are licensed under Florida law.
- (4) Providing fast, fair, honest and accurate claims service.
- (5) Providing a method for a consumer to contact us regarding issues with their claim.
- (6) Monitoring the service levels of our adjusters and claims professionals.

- (7) Ensuring there are sufficient personnel to accomplish processing customer claims and achieve other corporate responsibilities.
- (C) The Right to Prompt, Professional Service from your Citizens' Insurance Agent
- Citizens will implement this right by the following:
- (1) Appointing only agents that are licensed under Florida law.
 - (2) Educating appointed agents so they can provide knowledgeable and professional service about our products.
 - (3) Providing a method for consumers to report problems with an agent.
 - (4) Investigating and responding to complaints about an agent in a timely manner.
 - (5) Allowing consumers the right to choose among Citizens' appointed insurance agents.
 - (6) Developing and monitoring customer service standards for agents who provide service to policyholders and applicants.
 - (7) Auditing appointed agents' performance, and if violations are discovered, disciplining such agents as necessary to ensure that agents perform according to Citizens' underwriting guidelines and customer service expectations.
 - (8) Instructing appointed agents to provide a customized quote if requested by a consumer.
 - (9) Instructing appointed agents to explain the coverage offered by our policies.
- (D) The Right to Know about Citizens, our Products, and our Services
- Citizens will implement this right by the following:
- (1) Working cooperatively with the Department's Division of Consumer Services, the Office of Insurance Regulation, and the Insurance Consumer Advocate to communicate and educate consumers on Citizens' procedures and major issues of concern, such as upcoming rate increases or changes in underwriting rules.
 - (2) Developing education and communication tools to inform policyholders and applicants about our products and services and methods to lower their premiums, including information about windstorm mitigation credits and deductibles.
 - (3) Including a checklist of coverage with our policies.
 - (4) Providing policyholders statutorily compliant notice of renewal provisions.
 - (5) Providing policyholders statutorily compliant notice of cancellation or nonrenewal.

SECTION 5

DEFINITIONS

As used in this Plan:

- (A) "Account" means the Citizens Account established pursuant to §627.351(6)(b)2., F.S.
- (B) "Agent" means a licensed agent appointed by the Corporation in accordance with the requirements set forth in Section 8(K)(16).
- (C) "Approved Surplus Lines Insurer" means an eligible surplus lines insurer that meets the statutory requirements set forth in §627.351(6)(c), F.S.
- (D) "Assessable Insureds" means insureds who procure one or more of the Subject Lines of Business in the State from an insurer writing such coverage pursuant to the Surplus Lines Law and are subject to Assessment by the Corporation, as provided in Section 6. An individual insured may sometimes herein be referred to as an "Assessable Insured."
- (E) "Assessable Insurers" means insurers holding a Florida certificate of authority permitting such insurer to write one or more of the Subject Lines of Business in the State, as otherwise provided in Section 6, including "limited apportionment companies" as defined in §627.351(6)(c)13.a.-b., F.S. An individual insurer may sometimes herein be referred to as an "Assessable Insurer."
- (F) "Assessments" means Interim Assessments and Emergency Assessments authorized hereunder, or any one or more of them as the context may require.
- (G) "Board" means the Board of Governors of the Corporation as determined and constituted under the Statute.
- (H) "Bond" or "Bonds" means bonds, notes, certificates, and any other instrument evidencing financial indebtedness or other borrowing, any one of such instruments, or an issue of such instruments, as appropriate in the context authorized to be issued pursuant to the Statute and the Plan.
- (I) "Citizens Policyholder Surcharge" means the surcharge levied or to be levied upon Corporation policyholders for plan year deficits incurred in a calendar year, pursuant to the Statute and Section 16.
- (J) "Clearinghouse" means the organizational unit established pursuant to §627.3518, F.S. for the purpose of confirming eligibility with the Corporation and to enhance access of new applicants for coverage and existing policyholders of the Corporation to offers of coverage from authorized insurers.
- (K) "Coverage" means insurance as required pursuant to the Statute to be offered by the Corporation.
- (L) "Debt Service Expense" means all interest expense incurred or projected to be

incurred in the current Plan Year by the Corporation on existing or anticipated borrowings or other indebtedness, and all fees, commissions, required reserves, expenses and costs incurred or projected to be incurred in respect of such borrowings or other indebtedness for the current Plan Year.

- (M) "Department" means the Department of Financial Services.
- (N) "Direct Written Premium" for determining Assessments for any Plan Year means gross direct premiums written and reported in Florida on property and casualty insurance for the Subject Lines of Business (including gross direct premiums written by Assessable Insurers, and Surplus Lines Agents) less returned premiums upon canceled policies and dividends paid or credited to policyholders.
- (O) "Earned Premium" for any Plan Year means the total premium earned by the Corporation for that Plan Year computed in accordance with the Corporation's rules, rates and rating plans.
- (P) "Eligible Areas" means the geographical areas that, pursuant to applicable laws of the State, were eligible for coverage by the FWUA on January 1, 2002 or as may hereafter be added by the Statute, in which wind-only coverage may be offered by the Corporation.
- (Q) "Eligible Risks" means, for purposes of the Quota Share Primary Insurance Program, personal lines residential and commercial lines residential risks that meet the underwriting criteria of the Corporation and are located in Eligible Areas.
- (R) "Emergency Assessments" means all Assessments, other than Interim Assessments, which the Board is authorized to levy under §627.351(6)(b)5.c., F.S., to be collected by Assessable Insurers, and the Corporation, and collected from Assessable Insureds, upon the issuance or renewal of policies for Subject Lines of Business in accordance with Section 18.
- (S) "FHCF" means the Florida Hurricane Catastrophe Fund.
- (T) "Financial Products" means agreements or arrangements for interest rate exchanges, interest rate swaps, interest rate caps, floors or collars, or other hedge arrangements, forward sales or purchases, put options, call options, currency exchanges, other derivatives or synthetic transactions, or any one or combination of them, or any other product or transaction permitted by the Corporation's investment policy, used by or on behalf of the Corporation as a hedge in connection with any loans made to or Bonds issued by or on behalf of the Corporation or in connection with investment of proceeds of or funds related to such loans or Bonds.
- (U) "FRPCJUA" means the Florida Residential Property and Casualty Joint Underwriting Association.
- (V) "FSLSO" means the Florida Surplus Lines Service Office established and functioning pursuant to the provisions of Chapter 626, F. S.
- (W) "FWUA" means the Florida Windstorm Underwriting Association.

- (X) "General Expenses" for any Plan Year means operating expenses and any other expenses not already included or excluded by this Plan in the calculation of Operating Result incurred by the Corporation. Where expenses under a multi-year contract are not finally determined until the contract has expired, the accrual of expense in each year shall be subject to adjustment after expiration or termination of the contract.
- (Y) "Incurred Losses" for any Plan Year means the sum of (1) losses paid, (2) change in reserves for all known losses, (3) change in reserves for losses incurred but not reported, and (4) paid and reserved loss adjustment expenses and less (5) Reimbursables with respect to such Plan Year.
- (Z) "Interim Assessments" means the surcharge, assessment, or assessments levied pursuant to §627.351(6)(q), F.S., and the Plan as approved by the Office at any time prior to the final determination of the Corporation's Plan Year Deficit for a Plan Year.
- (AA) "Investment Income or Loss" for any Plan Year means the sum of (1) interest income on investments, (2) dividends declared, paid and received, (3) realized gains or losses, as the case may be, from sales and maturities of investments, and (4) income, gain or loss on Financial Products, and less (5) expenses allocated to such activities set forth in (1) through (4) above.
- (BB) "Investment Policy" means the policy adopted by the Corporation pursuant to Section 22 of the Plan.
- (CC) "Office of Insurance Regulation" or "Office" means the State of Florida Office of Insurance Regulation.
- (DD) "Operating Result" for any Plan Year means the result obtained by applying the total of all General Expenses, Debt Service Expenses (other than Debt Service Expenses associated with the financing of prior Plan Year Deficits), and Incurred Losses for that Plan Year against the Total Revenue for that Plan Year all as determined in accordance with generally accepted accounting principles (GAAP) or the provisions of this Plan.
- (EE) "Plan" or "the Plan" means the Plan of Operation for the Corporation.
- (FF) "Plan Year" means the twelve (12) month period beginning 12:01 a.m., January 1, of one year and ending 12:01 a.m., January 1, of the following year.
- (GG) "Plan Year Deficit" for any Plan Year means the amount by which the negative Operating Result of that Plan Year exceeds the Surplus as adjusted pursuant to Section 16(F). After determining the amount of a Plan Year Deficit for any Plan Year, all Assessments, and the Citizens Policyholder Surcharge, received by the Corporation as a consequence of such Plan Year Deficit shall be applied to reduce the unrecovered balance of the Plan Year Deficit for that Plan Year.
- (HH) "Policyholder Surcharge" means the Citizens Policyholder Surcharge.
- (II) "Primary Residence" means the dwelling that is the policyholder's primary home or is a rental property that is the primary home of the tenant, and which the policyholder or

tenant occupies for more than 9 months of each year.

- (JJ) "Reimbursables" means the sum of (1) recoveries actually received by the Corporation from the FHCF and other reinsurance counterparties and (2) any other amounts owed but not yet received which are accrued by the Corporation from the FHCF and other reinsurance counterparties and allocated to the incurred losses; provided, however, that for purposes of determining whether a Plan Year Deficit exists in connection with the drawing of proceeds of Bonds or other indebtedness under financing documents that condition or otherwise restrict the ability to draw on existence of a Plan Year Deficit, "Reimbursables" shall not include amounts owed but not yet received which are accrued by the Corporation from the FHCF; provided, further, however that upon receipt by or on behalf of the Corporation of any such recoveries from the FHCF, an amount thereof equal to the amount of proceeds actually drawn by the Corporation in anticipation of receipt of such FHCF recoveries shall be immediately reimbursed to the appropriate account or subaccount established under the corresponding financing document or used to repay the amount drawn, as applicable.
- (KK) "Reinsurance Surcharge" means the surcharge collected on policies issued by the FWUA in the High-Risk Account pursuant to Order of the Department (#83-Rate-101B) dated August 18, 1983, as modified by Order of the Department dated May 23, 1996 in Case No: 15131-95-C and such similar surcharge that the Office of Insurance Regulation may subsequently approve for the Account.
- (LL) "Senior Manager" of the Corporation, for purposes of the Statute and this Plan, means a person employed as an executive and a member of the team of Senior Managers designated by the President whose collective responsibility is to act as the Corporation's senior management team. Senior Manager will also include the Chief Internal Auditor, the Inspector General and any other person designated by Florida law to be a Senior Manager of the Corporation.
- The President is the senior officer referred to in the Statute as the "Executive Director" and may also be referred to by that title in this Plan and elsewhere.
- (MM) "State" means the State of Florida.
- (NN) "Statute" means §627.351(6), F.S., as amended.
- (OO) "Subject Lines of Business" means insurance written by Assessable Insurers or procured by Assessable Insureds for all property and casualty lines of business in this state, but not including workers' compensation or medical malpractice. As used in this Subsection, the term "property and casualty lines of business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by §624.424, F.S., and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance program or the Federal Crop Insurance Program. For purposes of this Subsection, the term "workers' compensation" includes both workers' compensation insurance and excess workers' compensation insurance.
- (PP) "Surplus" means surplus determined in accordance with generally accepted

accounting principles or the Plan.

- (QQ) "Surplus Lines Agent" means a person licensed under the State's Surplus Lines Law to handle the placement of risks located in this State with eligible surplus lines insurers.
- (RR) "Surplus Lines Law" means Part VIII of Chapter 626, F.S.
- (SS) "Total Revenue" means Earned Premium, other surcharges, Investment Income or Loss, and fees and miscellaneous income, but not including the proceeds of any, Policyholder Surcharges or Assessments levied and collected pursuant to Sections 16, 17, and 18 related to any prior Plan Year Deficit, or the proceeds from any indebtedness incurred to finance or refinance a Plan Year Deficit.

THE ABOVE DEFINITIONS ARE IN ADDITION TO ANY OTHER DEFINED TERMS CONTAINED IN THIS PLAN.

SECTION 6

ASSESSABLE INSURERS AND ASSESSABLE INSURED

- (A) Every insurer that meets the criteria as set forth in §627.351(6)(b)1., F.S., shall automatically be an Assessable Insurer. An insurer is not an Assessable Insurer if a provision of law specifically excludes the insurer from the Corporation's Assessments.
- (B) An insurer writing one or more of the Subject Lines of Business in the State pursuant to the Surplus Lines Law is not an Assessable Insurer, but the insureds who procure one or more Subject Lines of Business in the State pursuant to the Surplus Lines Law through Surplus Lines Agents are subject to Assessment by the Corporation and shall collectively and individually be referred to as "Assessable Insureds". An insured is not an Assessable Insured if a provision of law specifically excludes the insured from the Corporation's Assessments.
- (C) An Assessable Insurer ceasing to meet the criteria as specified in §627.351(6)(b)1., F.S., shall automatically cease to be an Assessable Insurer effective one (1) year after the end of the first calendar year during which the Assessable Insurer no longer holds a Certificate of Authority to transact insurance for Subject Lines of Business in the State. Such Assessable Insurer shall no longer be bound by this Plan thereafter; provided, however, such Assessable Insurer shall remain liable for any past, present or future Assessments by the Corporation with respect to the Plan Years during which the Assessable Insurer reports Direct Written Premium for the Subject Lines of Business.

SECTION 7

BOARD OF GOVERNORS

- (A) The Corporation shall be governed by the Board which shall administer this Plan.
- (B) Effective July 1, 2013, the Governor shall appoint three (3) individuals as members of the Board and the Chief Financial Officer, Speaker of the House, and the President of the Senate shall each appoint two (2) individuals as members of the Board, which Board shall consist of the nine (9) individuals so appointed. At least one of the two members appointed by each appointing officer must have demonstrated expertise in insurance. The members of the Board shall be residents of the State of Florida and be from different geographical areas of the State. One of the Governor's appointments must be a consumer representative.
- (C) The term of office for an individual Board member shall be three (3) years. Terms of the initial Board members commence on the date of their appointment. Members of the Board may be appointed for subsequent terms. Each Board member serves at the pleasure of his or her appointing officer and all members of the Board are subject to removal at will by the officers who appointed them. A vacancy created by the resignation, removal or inability to serve shall be filled for the unexpired term of the Board member by the appointing officer in accordance with Subsection (B) above.
- (D) The Chief Financial Officer shall designate an appointed member of the Board to serve as Chair. The Board shall, at least annually, elect one of its members to serve as Vice Chair of the Board.
- (E) The Chair shall appoint an executive committee (the "Executive Committee") of three (3) Board members consisting of the Chair, the Vice Chair and one other Board member.
- (F) The Chair shall appoint a finance and investment committee (the "Finance and Investment Committee") and an audit committee (the "Audit Committee") of at least three (3) Board members each. These committees shall be operated pursuant to a charter approved by the Board.
- (G) The Chair shall preside at and call all meetings of the Board, upon reasonable notice, which may be waived. However, a meeting of the Board shall also be noticed and held within fourteen (14) days after receipt of written requests delivered to the Chair by any three (3) members of the Board. Except for emergency meetings, at least seven days' notice will be given for public meetings, hearings, and workshops in the Administrative Register and on Citizens' website.
- (H) The Vice Chair shall serve as Chair when the Chair is unavailable or unable to serve as Chair.
- (I) At any meeting of the Board, each Board member shall have one (1) vote.
- (J) Five (5) members of the Board shall constitute a quorum for the transaction of business, and acts of a majority of the Board members present and voting at a

meeting at which a quorum is present shall be the acts of the Board.

- (K) At any Board meeting voting by proxy shall not be permitted.
- (L) Members of the Board or any Committee members shall receive reimbursement from the Corporation for their actual and necessary expenses incurred in attending Board meetings and in performing Corporation business in accordance with the Corporation's adopted Expenses Related to Business Travel Policy.
- (M) The Board may conduct Board meetings through telephonic or other electronic conferencing technology so long as the technology permits the general public to be included as parties and to hear all Board members in attendance and other speakers at the meeting. A Board member may participate through telephonic or other electronic conferencing technology in any Board meeting.
- (N) Members of the Board must meet the requirements of applicable Florida law when a voting conflict occurs.

SECTION 8

DUTIES AND POWERS OF THE BOARD, CHAIR AND EXECUTIVE DIRECTOR

- (A) In addition to the duties and responsibilities provided by Florida law, the Board shall:
 - (1) Undertake all actions as authorized, required or otherwise permitted by the Statute and this Plan.
 - (2) Engage in any and all corporate actions or undertakings permitted for corporations in the State of Florida and that are not prohibited by, or contrary to, the provisions of the Statute.
 - (3) Pursuant to the provisions of the Statute and this Plan, make and levy Assessments and Policyholder Surcharges.
 - (4) Pursuant to §627.351(6)(e), F.S., this Plan and the Corporation's policies and procedures, contract with one or more individuals or entities able and willing to provide policy service or claim service on behalf of the Corporation. Alternatively, the Corporation is authorized to perform any or all such services itself or through duly constituted subsidiaries or affiliates.
 - (5) Review and approve audited financial statements of the Corporation.
 - (6) Authorize the filing of recommended rates and policy forms with the Office. However, if a change in the law requires that a form be amended, and the effective date of such change in the law makes it either impossible or impracticable to receive authorization from the Board prior to filing such amended forms with the Office, the Corporation may file only those amendments to its forms as are necessary to comply with the law prior to receiving the authorization of the Board. A detailed description of any such amendments, and the change(s) in the law that

necessitated such amendments must be presented to the Board at the next scheduled Board meeting. The Board may direct staff to file additional amendments with the Office.

- (7) Adopt policies, procedures and standards of conduct designed to prevent conflict of interest for members of the Board, the Executive Director, Senior Managers, and employees of the Corporation consistent with §627.351(6)(d), F.S. Copies of the policies, procedures, and standards of conduct, and any amendments thereto shall be provided to the Office prior to adoption.
- (8) Approve the budget of the Corporation.
- (9) Retain an independent auditing firm for the Corporation.
- (10) Implement such powers and functions as may be specifically reserved, or delegated, to the Corporation under this Plan or the Statute for the operation and administration of the Corporation.
- (11) Authorize the filing of an Underwriting Manual, and all amendments thereto, with the Office. The Board may delegate the decision to file amendments to an Underwriting Manual which are solely procedural, and do not impact eligibility for coverage or classification of risks, to a Senior Manager. However, if a change in the law requires a change to an underwriting rule or underwriting rules that otherwise would require authorization of the Board, and the effective date of such change in the law makes it either impossible or impracticable to receive authorization from the Board prior to filing such amended underwriting rule(s) with the Office, the Corporation may file only those amendments to the underwriting rules as are necessary to comply with the law prior to receiving the authorization of the Board. A detailed description of any such amendments, and the change(s) in the law that necessitated such amendments must be presented to the Board at the next scheduled Board meeting. The Board may direct staff to file additional amendments with the Office.
- (12) Adopt procurement policies and procedures that comply with §627.351(6)(e), F.S. To the extent provided in the procurement policies and procedures of the Corporation, all contracts and purchase orders with a total value of \$35,000 or more shall be accompanied by a disclosure form requiring the vendor to disclose any relationships, financial or otherwise, with any employee or Board member of the Corporation, and placing the vendor on notice of the conflict of interest policy applicable to the employees of the Corporation, including the limitation on gifts.
- (13) Approve contracts for goods and services valued at or over \$100,000 in accordance with the Purchasing Policy and Procedures; and for an approved contract, the Executive Director, or its designee(s) shall have the authority to negotiate the terms and execute such contracts.

Notwithstanding any provision of this Sub-subsection, the Corporation is authorized to enter into contracts deemed necessary to cope with an emergency when the Governor of the State of Florida has entered an executive order declaring a state of emergency and authorizing the suspension of any statutes, rules,

ordinances, or orders which may affect leasing, printing, or purchasing.

- (14) Approval of all loan, credit, trust indenture, Financial Products or other financing agreements and related documentation as are necessary in connection with indebtedness to be incurred by or on behalf of the Corporation; provided however, that the selection, review or approval of all contracts for Financial Products or financing agreements may be delegated by the Board, within the parameters established by the Board, only to the Executive Director, the Executive Committee or the Chairman. Any such financing agreements, and supporting documentation thereto, shall be executed and delivered on behalf of the Corporation by the Chair, the Vice Chair or the Executive Director or by any other officer of the Corporation authorized by resolution of the Board.
 - (15) Develop and establish programs for the removal of policies from the Corporation.
 - (16) Create and maintain a Market Accountability Advisory Committee in accordance with the provision of §627.351(6)(c)4.b, F.S.
 - (17) Pursuant to §627.351(6)(i), F.S., appoint and supervise the Internal Auditor. The Internal Auditor shall not be subject to supervision by any employee of the Corporation.
 - (18) Adopt a procurement protest procedure to resolve any bid protest dispute or the terms, conditions and specifications contained in a solicitation. Such procedure should comply with the requirements set forth in §627.351(6)(e), F.S., and shall provide for the Executive Director, or his or her designee, to enter a Final Order taking final action on the protest.
 - (19) Adopt a procedure for public comment before the Board and Board meeting notice.
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- (B) §627.351(6)(i), F.S. establishes an Office of Internal Audit. The Board must approve the internal auditor and approve an Office of Internal Audit charter.
 - (C) Except as otherwise provided herein or in the Statute, the Corporation shall have all powers reserved for or available to corporations and authorized insurers in the State.
 - (D) The Board shall use its best efforts to procure catastrophe reinsurance at reasonable rates to cover its projected 100-year probable maximum loss, as determined by the Board. If catastrophe reinsurance is not available, or not available at reasonable rates, the Corporation need not purchase it, but the Corporation shall include the costs of reinsurance to cover its projected 100-year probable maximum loss in its rate calculations even if it does not purchase catastrophe reinsurance.
 - (E) The Chair shall establish all committees and subcommittees and appoint the members of such committees and subcommittees, including a chair. A majority of the committee members present will constitute a quorum. A quorum is not required when the committee or subcommittee is acting in an advisory capacity.
 - (F) With the exception of the Executive, Audit and Finance and Investment Committees, the Chair may appoint non-Board members to committees, which non-Board

appointees shall serve at the pleasure of the Chair.

- (G) §627.351(6)(gg), F.S. establishes an Office of Inspector General. The inspector general is appointed by the Financial Services Commission and shall be supervised by the Chair.
- (H) In addition to the other powers and functions of the Chair as herein provided, the Chair shall supervise and review the performance of the Executive Director and establish annually the compensation of the Executive Director. With the written concurrence of the Chair, the Executive Director will establish the compensation for all Senior Managers, except for the Internal Auditor and the Inspector General. Compensation for the Internal Auditor and Inspector General will be established in a manner consistent with §627.351(6)(i), F.S. and §627.351(6)(gg), F.S., respectively.
- (I) The Executive Director and Senior Managers of the Corporation shall be engaged for the Corporation by the Board, and such individuals shall serve at the pleasure of the Board and may be removed by the Board at any time. The Executive Director is subject to confirmation by the Senate as provided by statute. The Executive Director and Senior Managers of the Corporation are subject to the background investigation provisions of §627.351(6)(d)1., F. S. The Executive Director, Senior Managers and business managers and purchasing agents having the power to make any purchase that requires a competitive solicitation, finance and accounting directors and personnel officers of the Corporation must file the financial disclosure form substantially in the form required pursuant to §627.351(6)(d)3., F. S. Such financial disclosure forms shall be provided to Citizens' Inspector General.
- (J) The Executive Director shall be responsible for the day-to-day operation of the Corporation and for carrying out the purpose and objectives of the Corporation consistent with the directions and delegations of the Board and the provisions of this Plan and the Statute.
- (K) Subject to Subsection (A), in addition to the duties and responsibilities provided by Florida law, the Executive Director shall be responsible directly or through the Corporation's staff for the following:
 - (1) Establish a headquarters in Tallahassee, Florida, and take such measures as are necessary to establish and assure the efficient operation of such facilities.
 - (2) Consistent with the Statute and this Plan, determine and recommend to the Board such Assessments as may be necessary to carry out the duties delegated to the Corporation by the Statute, other applicable laws and the Plan.
 - (3) Open and maintain Corporation bank account(s).
 - (4) Hire the staff of the Corporation, subject to the review and concurrence by the Board through approval of the budget or other process; and retain independent contractors and other vendors, as necessary, to carry out the business of the Corporation as set forth in the Statute and this Plan, subject to any directives, guidelines or procedures as may be adopted by the Board.
 - (5) Negotiate the terms of and execute contracts.

- (6) Consistent with the Statute and this Plan, locate and employ or retain individuals or entities to provide administrative or professional services to effectuate the Plan and provide services for the operation of the Corporation's business, subject to any directions, guidelines or procedures as may be adopted by the Executive Committee.
- (7) Promulgate and administer policies and procedures for the operation of the Corporation, conduct and activities of the Corporation's employees, or rendering of services to the Corporation by staff, providers, vendors and Agents of the Corporation, including policies for employees regarding conflicts of interest, dual employment, and post-employment restrictions, and report the status of operations of such individuals or entities to the Board on a regular basis. Any breach of conflict of interest, dual employment, post-employment or other ethics policies by employees or members of the Board shall be promptly reported by the Inspector General to the Chair of the Board. If such breach constitutes potential criminal or fraudulent activity, the full circumstances shall also be reported in accordance with the Statute and other applicable law.
- (8) Enter into contracts for the leasing of office space, subject to the approval of the Board, and for the purchase and/or lease of furnishings and equipment for the operation of the Corporation and its facilities.
- (9) Incur on behalf of the Corporation and approve office expenses to conduct the Corporation's business, including, but not being limited to, expenses for salaries, insurance, rent, office equipment, postage, facsimile transmittals, maintenance contracts for office equipment, stationery and any other similar expenses necessary to operate the office and facilities of the Corporation.
- (10) Approve the payroll.
- (11) Arrange for proper and timely notice of all meetings of the Board, the Executive Committee and all other Corporation committees.
- (12) Timely prepare the agenda with the approval of the Chair for each Board meeting and provide a copy of the same to each Board member as soon as practicable prior to each meeting. Board members desiring to place an item on the agenda shall do so through the Executive Director subject to the approval of the Chair.
- (13) Approve all staff travel, lodging, and other travel related expenses pursuant to appropriate guidelines and forms for presenting the same for reimbursement.
- (14) Prepare budgets for the operation of the Corporation to be approved by the Board.
- (15) Maintain the books and records of the Corporation and arrange for the auditing and review of the Corporation's operations and investments, and preparation of all necessary or required financial statements. Such audits and audited financial statements shall be submitted to the Board for review as expeditiously as possible.
- (16) Appoint as the Corporation's licensed agents only Agents who are in good standing with the Department and who, throughout such time as appointed by the

Corporation, hold at least the minimum number of appointments required by the Statute with insurers that are authorized to write and are actually writing or renewing personal lines residential property coverage, commercial residential property coverage or commercial non-residential property coverage in the State. Nothing in this Sub-subsection shall prevent the Executive Director or Corporation staff from administering additional requirements for Agents who are seeking appointment.

- (17) Prepare and deliver to the Office quarterly statements of financial condition, an annual statement of financial condition, and audited financial statements in the manner prescribed by law. In addition, the Corporation shall file reports as the Office may require to carry out its oversight of the Corporation. The Quarterly report shall include a summary of operating results and significant events for the quarter and year-to-date, and such other information required by the Office. Copies of all reports shall be furnished in electronic format and delivered by e-mail.
- (18) Undertake such other functions as may be delegated by the Board or Chair.

SECTION 9

ELIGIBILITY

In order for a risk to be eligible for coverage in the Corporation, it must meet the requirements set forth in this Section.

- (A) Notwithstanding §627.3517, F.S., a new applicant or renewal policy for personal residential coverage is not eligible for coverage from the Corporation;
 - (1) For a risk that is a Primary Residence, if provided an offer of coverage from an authorized insurer through the Clearinghouse at a premium that is at or below the eligibility threshold established in §627.351(6)(c)5.a., F.S.
 - (2) For a risk that is not a Primary Residence, if provided an offer of coverage from an authorized insurer at a premium that is at or below the eligibility threshold established in §627.351(6)(c)5.a., F.S., or if provided an offer of coverage from an Approved Surplus Lines Insurer at the rate approved by the Office as part of such surplus lines insurer's take-out plan that is at or below the eligibility threshold established in §627.351(6)(c)5.b., F.S.
- (B) For new applicants and renewal policies who are provided an offer of coverage for, or who are removed from the Corporation through the market assistance plan, an assumption agreement, or other mechanism established by the Corporation, other than the Clearinghouse:
 - (1) with respect to a personal lines residential risk that is a Primary Residence, if an applicant or policyholder is offered coverage from an authorized insurer at the insurer's approved rate under either a standard policy including wind coverage or, if consistent with the insurer's underwriting rules as filed with the Office, a basic policy including wind coverage, the applicant or policyholder is not eligible for a

policy issued by the Corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the premium for comparable coverage from the Corporation.

- (2) With respect to a personal lines residential risk that is not a Primary Residence, if an applicant or policyholder is offered coverage from an authorized insurer as set forth in Sub-Subsection (1) or is offered coverage from an Approved Surplus Lines Insurer at the rate approved by the Office as part of such surplus lines insurer's take-out plan, the risk is not eligible for a policy issued by the Corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the premium for comparable coverage from the Corporation. A risk that is not a Primary Residence, but has a homestead exemption under Chapter 196, F.S., cannot be removed from the Corporation under an Approved Surplus Lines Insurer's take-out plan.
- (3) However, if the risk, regardless of whether a Primary Residence or not a Primary Residence, is not able to obtain any such offer, the risk is eligible for either a standard policy including wind coverage or a basic policy including wind coverage issued by the Corporation. However, if the risk could not be insured under a standard policy including wind coverage regardless of market conditions, the risk shall be eligible for a basic policy including wind coverage unless rejected pursuant to Subsection (D). A policyholder of the Corporation that rejects a take-out offer that makes the risk ineligible for coverage with the Corporation, or a policyholder removed from the Corporation through an assumption agreement, does not remain eligible for coverage from the Corporation after the end of the policy term. The Corporation shall determine the type of policy to be provided on the basis of objective standards specified in its Underwriting Manual and based on generally accepted underwriting practices.
- (4) With respect to commercial lines residential risks, if an applicant or policyholder is offered coverage under a policy from an authorized insurer at its approved rate, the applicant or policyholder is not eligible for any policy issued by the Corporation, unless the premium for coverage from the authorized insurer is more than 20 percent greater than the premium for comparable coverage from the Corporation. If the risk is not able to obtain any such offer, the risk is eligible for a policy by the Corporation. However, a policyholder removed from the corporation through an assumption agreement remains eligible for coverage from the corporation until the end of the policy term. A policyholder of the Corporation that rejects a take-out offer that makes the risk ineligible for coverage with the Corporation does not remain eligible for coverage from the Corporation after the end of the policy term.
- (C) For purposes of determining comparable coverage under Subsections (A) and (B), the comparison shall be based on those forms and coverages that are reasonably comparable. For purposes of comparing the premium for comparable coverage, premium includes any surcharge or assessment that is actually applied to such policy. The Corporation may rely on a determination of comparable coverage and premium made by the producing agent who submits the application to the Corporation, made in the agent's capacity as the Corporation's agent. A comparison may be made solely of the premium with respect to the main building or structure only on the following basis: the same coverage A or other building limits; the same percentage hurricane deductible that applies on an annual basis or that applies to each hurricane for

commercial residential property; the same percentage of ordinance and law coverage, if the same limit is offered by both the Corporation and the authorized insurer; the same mitigation credits, to the extent the same types of credits are offered both by the Corporation and the authorized insurer; the same method for loss payment, such as replacement cost or actual cash value, if the same method is offered both by the Corporation and the authorized insurer in accordance with underwriting rules; and any other form or coverage that is reasonably comparable as determined by the Board. If an application is submitted to the Corporation for wind-only coverage on a risk that is located in an Eligible Area, the premium for the Corporation's wind-only policy plus the premium for the ex-wind policy that is offered by an authorized insurer to the applicant shall be compared to the premium for multiperil coverage offered by an authorized insurer, subject to the standards for comparison specified in this Subsection. If the Corporation or the applicant requests from the authorized insurer a breakdown of the premium of the offer by types of coverage so that a comparison may be made by the Corporation or its agent and the authorized insurer refuses or is unable to provide such information, the Corporation may treat the offer as not being an offer of coverage from an authorized insurer at the insurer's approved rate.

- (D) A risk shall be deemed ineligible for Coverage in the Corporation if determined to be uninsurable by the Corporation pursuant to the Corporation's Underwriting Manual or Section 13.
- (E) The Board may establish, subject to approval by the Office, different eligibility requirements and operational procedures for any line or type of Coverage for any specified county or area if the Board determines at a duly noticed public meeting that such changes to the eligibility requirements and operational procedures are justified due to the voluntary market being sufficiently stable and competitive in such area for such line or type of Coverage and that consumers who, in good faith, are unable to obtain insurance through the voluntary market through ordinary methods would continue to have access to Coverage from the Corporation. When Coverage is sought in connection with a real property transfer, such requirements and procedures shall not provide for an effective date of Coverage later than the date of the closing of the transfer as established by the transferor, the transferee, and, if applicable, the lender.
- (F) Commercial property may be required to meet specified hurricane mitigation construction features as a condition of eligibility.
- (G) Any major structure as defined in §161.54(6)(a), F.S., that is newly constructed, or rebuilt, repaired, restored, or remodeled to increase the total square footage of finished area by more than 25 percent, pursuant to a permit applied for after July 1, 2015, is not eligible for coverage from the Corporation, if the structure is seaward of the coastal construction control line established pursuant to §161.053, F.S. or is within the Coastal Barrier Resources System as designated by 16 U.S.C. §§3501-3510.
- (H) For residential take-out offers that are part of an application to participate in depopulation submitted to the Office on or after January 1, 2023, a policyholder that receives a take-out offer from an authorized insurer is not eligible for coverage with the Corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the renewal premium for comparable coverage from the

Corporation.

SECTION 10

RATES, RATE FILINGS AND RATING PLANS

- (A) The Corporation shall file, at least annually, recommended rates that comply with §627.351(6)(n), F.S. The Office shall issue an order within 45 days after the recommended rates are filed that establishes the Corporation's rates.
- (B) No portion of any rate or rating plan which has been determined by Order of the Office or by the Legislature of the State to constitute a surcharge or assessment, including without limitation Policyholder Surcharges and Assessments, for the purpose of providing or obtaining financing for catastrophic reinsurance coverage for the Corporation shall be included in any rate filing of the Corporation as premium of the Corporation subject to fees or commissions of the Corporation's Agents or providers.
- (C) The Corporation shall collect the Reinsurance Surcharge solely for the benefit of the Account.
- (D) The Board may provide, subject to the approval of the Office, that a rate filing, or any portion thereof, is not subject to the payment of commissions, fees, or other charges of the Corporation payable to Agents or other persons or entities who are compensated by the Corporation on the basis of a percentage of premium.
- (E) Any rating plan may establish such premium payment plans as are determined by the Corporation to be appropriate. The Corporation must provide a premium payment plan option to its policyholders which allows for quarterly and semiannual payment of premiums.
- (F) The Corporation shall allocate collected premium first to payment of Policyholder Surcharges and Assessments and then to the remainder of the premium, provided that upon cancellation of a policy, Policyholder Surcharges and Assessments shall be returned on a pro-rata or short-rata basis as provided in Section 14.
- (G) The rules for the determination and classification of risks and establishment of rates are as set forth in this Plan or promulgated pursuant to the provisions of this Plan.

SECTION 11

POLICY FORMS AND QUOTA SHARE PRIMARY INSURANCE AGREEMENTS

- (A) The Corporation shall adopt the following policy forms:
 - (1) Standard personal lines property policy forms that are comprehensive multi-peril policies providing full coverage of a residential property equivalent to the coverage provided in the private insurance market under an HO-3, HO-4 or HO-6 policy.

- (2) Basic personal lines property policy forms that are policies similar to an HO-8 policy or a dwelling fire policy that provide Coverage meeting the requirements of the secondary mortgage market, but which Coverage is more limited than the Coverage under a standard policy.
 - (3) Commercial lines residential and nonresidential property policy forms that are generally similar to policies providing coverage for basic perils of full coverage obtainable for commercial residential structures and commercial nonresidential structures in the admitted voluntary market.
 - (4) Personal lines and Commercial lines residential property policy forms that cover the peril of wind-only. Such forms shall be applicable only to personal residential properties and commercial residential properties located in Eligible Areas.
 - (5) Commercial lines non-residential property insurance forms that cover the peril of wind-only. Such forms shall be applicable only to non-residential properties located in Eligible Areas.
 - (6) Basic personal lines policy similar to an HO-8 policy with dwelling repair based on common construction materials and methods.
- (B) The Corporation may adopt variations of the policy forms listed in Subsection (A) that contain more restrictive coverage.
- (C) The Corporation shall adopt a program for quota share primary insurance if required by the Statute and in that regard:
- (1) The Corporation shall adopt quota share primary insurance policy forms ("Quota Share Primary Insurance") issued pursuant to the Quota Share Primary Insurance Agreements. Such forms shall clearly and conspicuously provide that: (i) the Corporation and the authorized insurer shall each be solely responsible for a specified percentage of hurricane coverage of an Eligible Risk as set forth in a Quota Share Primary Insurance Agreement executed between the Corporation and an authorized insurer and the insurance contract; (ii) the responsibility of the Corporation or authorized insurer to pay its specified percentage of hurricane losses of an Eligible Risk, as set forth in the Quota Share Primary Insurance Agreement, which responsibility shall not be altered by the inability of the other party to the Agreement to pay its specified percentage of hurricane losses; (iii) the specific obligations of the Corporation and authorized insurer under the arrangement; (iv) the percentages of Quota Share Primary Insurance provided by the Corporation and authorized insurer; (v) that neither the authorized insurer nor the Corporation may be held responsible beyond its specified percentage of coverage of hurricane losses as set forth in the policy; and (vi) such other provisions that are customary, or otherwise necessary, to effectuate and administer such Quota Share Primary Insurance coverage of an Eligible Risk.
 - (2) The Corporation may enter into Quota Share Primary Insurance agreements (the "Quota Share Primary Insurance Agreement") with authorized insurers at Corporation quota share coverage levels of 90 percent and 50 percent for Eligible Risks. If the Board determines that additional quota share coverage levels are necessary to maximize participation in Quota Share Primary Insurance

Agreements by authorized insurers, the Corporation may establish additional quota share coverage levels; however, the Corporation's quota share coverage level shall not exceed 90 percent. Quota Share Primary Insurance Agreements of the Corporation shall be subject to the following provisions:

- (a) Any Quota Share Primary Insurance Agreement entered into between an authorized insurer and the Corporation must provide for a uniform and specified percentage of coverage of hurricane losses, by county or territory as set forth by the Board, for all Eligible Risks of the authorized insurer covered under the Quota Share Primary Insurance Agreement.
- (b) Any Quota Share Primary Insurance Agreement entered into between an authorized insurer and the Corporation is subject to review and approval by the Office. However, such Agreement shall be authorized only as to insurance contracts entered into between an authorized insurer and an insured who is already insured by the Corporation for wind coverage.
- (c) For all Eligible Risks covered under Quota Share Primary Insurance Agreements, the exposure and coverage levels for both the Corporation and authorized insurers shall be reported by the Corporation to the FHCF.
- (d) For all policies of Eligible Risks covered under Quota Share Primary Insurance Agreements, the Corporation and the authorized insurer shall maintain complete and accurate records for the purpose of exposure and loss reimbursement audits as required by FHCF rules.
- (e) The Corporation and the authorized insurer shall each maintain duplicate copies of policy declaration pages and supporting claims documents.
- (f) The terms and provisions of the Quota Share Primary Insurance Agreement between the Corporation and an authorized insurer must set forth the:
 - (i) specific terms under which coverage is provided;
 - (ii) provisions as to the sale and servicing of policies issued under the Agreement by the Agent of the authorized insurer producing the business;
 - (iii) the reporting of information concerning Eligible Risks;
 - (iv) the payment of premiums to the Corporation;
 - (v) arrangements for the adjustment and payment of hurricane claims incurred on Eligible Risks by the claims adjuster and personnel of the authorized insurer; and
 - (vi) such other terms and provisions agreed to by the parties.
- (g) The entering into a Quota Share Primary Insurance Agreement between the Corporation and an authorized insurer shall be voluntary and at the

discretion of the authorized insurer.

- (h) The Corporation's operation standards and administration of such Quota Share Primary Insurance shall be as uniform as is reasonably possible. Such operation standards and the Corporation's administration of Quota Share Primary Insurance Agreements shall not permit any discriminatory application, or materially different standards or provisions, among insurers as to:
 - (i) the terms,
 - (ii) administration, or
 - (iii) the percentages of coverage in Quota Share Primary Insurance Agreements in the same geographical areas. In addition, the pricing of Quota Share Primary Insurance Agreements and the provisions governing incentive provisions, if any, as well as the consideration paid for servicing policies or adjusting claims shall be as uniform as is reasonably possible for Quota Share Primary Insurance Agreements in the same geographical area.
- (D) No policy, policy form, or endorsement shall be used by the Corporation unless it has been filed with, and approved by, the Office. All coverages, policies, policy forms or endorsements of the Corporation shall comply with applicable law and rules and orders of the Office.
- (E) The Corporation may establish, subject to the approval of the Office and all other applicable provisions of the Plan, additional policy forms needed to fulfill the public purposes of the Corporation.

SECTION 12

POLICY LIMITS AND SCOPE OF COVERAGE

- (A) Policies of the Corporation may be for single lines of Coverage or such combination of lines of Coverage for which the applicant has established eligibility.
- (B) Insurance contracts shall not cover real property located outside the State.
- (C) The limits of property insurance and liability Coverages shall be written in accordance with standards and policies adopted by the Board and incorporated in the Corporation's Underwriting Manual.
- (D) Corporation insurance contracts must limit Coverage on mobile homes or manufactured homes built prior to 1994 to actual cash value of the dwelling rather than replacement costs of the dwelling.
- (E) Reasonable efforts shall be made to ensure that coverage limits information provided to Corporation policyholders shall be in plain English and clearly displayed.

- (F) The Corporation must provide coverage for manufactured or mobile home dwellings to the extent required by the Statute.

SECTION 13

HAZARDOUS AND UNINSURABLE RISKS

- (A) The Corporation shall consider, and uniformly apply to all applicants by Coverage, the provisions of the Corporation's Underwriting Manual which are deemed incorporated herein, and the following factors in determining whether an individual risk is so hazardous as to be uninsurable:
 - (1) Whether the likelihood of a loss for the individual risk is substantially higher than for other risks of the same class.
 - (2) Whether the uncertainty associated with the individual risk is such that an appropriate premium cannot be determined.
 - (3) Other factors pertinent to insurability as established by the Board and approved by the Office.
- (B) The acceptance or rejection of a risk by the Corporation shall be construed as the private placement of insurance and the provisions of Chapter 120, Florida Statutes, shall not apply.

SECTION 14

POLICY CANCELLATIONS

- (A) Policies shall be canceled by the Corporation in accordance with §627.4133, F.S. for the nonpayment of premium, including for this purpose policy fees, Policyholder Surcharges, other surcharges of the Corporation on its Policyholders, and Assessments. The Corporation may cancel or rescind coverage void ab initio on policies for a material misstatement or misrepresentation of any fact, either before or after a loss. The Corporation may cancel a policy for failure to comply with underwriting guidelines, in instances where there has been a substantial and material change in the nature of a risk which renders it uninsurable or otherwise ineligible for Coverage in the Corporation and for any other reason permitted by applicable law.
- (B) Policies may be canceled by the policyholder upon the submission of a written request to cancel the policy to the Agent or the Corporation which includes a specific cancellation date.
- (C) Return premium shall be calculated on a pro-rata basis whether the policy is canceled by the Corporation or the insured; however, return premium for wind-only policies may be calculated on a short rate basis if coverage is effective during the period of June 1st to November 30th or any portion of such period.

- (D) All policy cancellations shall be in accordance with applicable law and the rules and orders of the Office.

SECTION 15

COMMISSIONS AND SERVICE FEES

The commissions and fees payable by the Corporation to Agents and vendors or other entities compensated on the basis of a percentage of the Corporation's premium shall be determined by the Board and set forth in the Corporation's rating plans. No commission or fee shall be paid by the Corporation on any portion of an approved rating plan designated by the Corporation as a surcharge or assessment to which commissions and fees are not applicable. In the event that there is an ongoing violation of the binding requirements and criteria, the Corporation has the authority to suspend payment of commissions.

SECTION 16

POLICYHOLDER SURCHARGES AND ASSESSMENTS

- (A) The levying of Policyholder Surcharges and Assessments shall be the duty of the Board, and the Executive Director shall administer the implementation and collection of all such Policyholder Surcharges and Assessments.
- (B) The Board shall levy Policyholder Surcharges and Assessments as authorized by the Statute.
- (C) Assessment computations for any Plan Year shall include the expenses of making such Assessments, and items of revenue, expense or additions to reserves required by any loan agreement, trust indenture or other financing agreement which in the opinion of the Board will affect the need for or results of the Assessments.
- (D) No Policyholder Surcharge or Assessment pursuant to this Plan shall be made by the Corporation unless a Plan Year Deficit exists and:
 - (1) the Incurred Losses used in the computation of such Plan Year Deficit are supported by a projection by the Corporation's independent actuary;
 - (2) Investment Income or Loss projections used in the computation of such Plan Year Deficit are based on advice of the Corporation's financial advisors;
 - (3) the Board has determined at a properly noticed meeting that the Policyholder Surcharge or Assessment is required by the Statute;
 - (4) in the case of an Emergency Assessment, the amount of an Emergency Assessment, and the remittance schedule for Assessable Insurers and the FSLSO has been determined by the Board at a properly noticed meeting;
 - (5) the Board has certified to the Office the Corporation's need for the Policyholder

Surcharge or Assessment and that the Board has satisfied the conditions specified in Sub-subsections (1) through (4) above; and

- (6) the Office has received the certification from the Board referred to in Sub-subsection (5) above, has reviewed the arithmetic calculation used to determine the amount to be levied, and, within thirty (30) days after the receipt of the information on which the determination was made, has verified and approved the certification by Order. Whereupon, for an Assessment, the Office shall advise all Assessable Insurers and the FLSO on behalf of all Surplus Lines Agents and all other insurers required by law to collect Assessments, in writing, of the Board's action regarding the levying of an Assessment and the remittance schedule.
- (E) The Policyholder Surcharge and Assessment Computation Formula for deficits incurred is as follows:
- (1) Calculate and project the Operating Result for the Plan Year;
 - (2) Add the Surplus as adjusted pursuant to Section 16(F) from prior Plan Years to the Operating Result, derived from (1) above;
 - (3) If the computations made in (1) and (2) above do not produce a Plan Year Deficit for the Plan Year, no Policyholder Surcharge or Assessment shall be levied.
 - (4) If such computations produce a Plan Year Deficit, the Board shall levy a Citizens Policyholder Surcharge as provided in Section 17.
 - (5) If any remaining deficit is projected to exist after accounting for the Citizens Policyholder Surcharge, the Board shall levy an Emergency Assessment as provided in Section 18.
- (F) If there is a positive Operating Result attributable to a Plan Year, such amount shall be held as Surplus. The Surplus available to offset a negative Operating Result in the Account shall be reduced by unamortized bonuses, deferred financing costs, and net assets related to pre-event financing. Such Surplus as adjusted shall be used to offset any negative Operating Result for that purpose prior to assessing Assessable Insurers and Assessable Insureds as to any Plan Year. Notwithstanding the foregoing, for the purpose of drawing moneys from the Note Proceeds Account established under the Trust Indenture to pay policyholder claims, the Surplus available to offset a negative Operating Result shall be reduced by unamortized bonuses, deferred financing costs, net assets related to pre-event notes, and amounts in defeasance accounts.
- (G) All Assessments levied by the Corporation on Assessable Insureds shall be collected pursuant to the Statute from such Assessable Insureds at the time the Surplus Lines Agent collects the surplus lines tax required by the Surplus Lines Law. The appropriate amount collected by Surplus Lines Agents for any Assessment on Assessable Insureds shall be paid to FLSO by the Surplus Lines Agent at the time such agent pays the applicable surplus lines tax to FLSO. The Corporation shall establish a periodic remittance schedule for payment by FLSO to the Corporation of all Assessments received by FLSO.

- (H) The Board may adopt other rules and procedures not inconsistent with this Plan and the Statute for the collection of Assessments and Policyholder Surcharges.
- (I) If an Assessable Insurer, an Assessable Insured, a Corporation's policyholder, or the FLSO wishes to contest the Corporation's determination of an Assessment or Policyholder Surcharge, it must do so as provided in Section 26.
- (J) If the amount of any Policyholder Surcharge collected by the Corporation from its policyholders exceeds the amount of the Plan Year Deficit for which it was collected, the Corporation shall retain such excess amounts. After accounting for the Citizens Policyholder Surcharge, if the amounts of any Assessment collected by the Corporation from Assessable Insurers, collected by the FLSO from Assessable Insureds, and recouped by an Assessable Insurer from its policyholders exceed the remaining amount of the Plan Year Deficit for which such amounts were collected, such excess amounts shall be remitted to and retained by the Corporation in a reserve to be used by the Corporation, as determined by the Board and approved by the Office, to pay any past, present and future claims or reduce any past, present, or future plan-year deficits or to reduce outstanding debt.
- (K) Citizens shall certify to the Office the need for any Interim Assessment that it deems to be necessary to sustain operations as to a particular year pending the receipt of annual assessments.

SECTION 17

POLICYHOLDER SURCHARGES

- (A) Upon the determination of a Plan Year Deficit as provided in Section 16, the Board shall levy a Citizens Policyholder Surcharge.
- (B) The Board shall levy each Citizens Policyholder Surcharge against the premium of each policyholder of the Corporation for a 12-month period, as a uniform percentage of the premium of the policy of up to fifteen (15) percent of such premium.
- (C) The Policyholder Surcharge is payable upon cancellation or termination of the policy, upon renewal of the policy, or upon issuance of a new policy by the Corporation within the first 12 months after the date of the levy or the period of time necessary to fully collect the surcharge amount.

SECTION 18

EMERGENCY ASSESSMENTS

- (A) The Board shall levy an Emergency Assessment if any remaining Plan Year Deficit is projected to exist after accounting for the Citizens Policyholder Surcharge. The Board shall levy the Emergency Assessment to be collected by all Assessable Insurers,

Surplus Lines Agents, the Corporation, and from policyholders upon the issuance or renewal of policies for Subject Lines of Business for as many years as necessary to cover the deficit.

- (B) The amount of an Emergency Assessment levied in a particular year shall be a uniform percentage of that year's Direct Written Premium for the Subject Lines of Business and that year's direct written premium of the Corporation as determined by the Board and verified by the Office pursuant to Section 16(D) above. In setting the uniform percentage to be levied in a particular Plan Year, the Board shall take into consideration the amounts of any Reimbursables, the actual or projected amount of uncollected Assessments, Policyholder Surcharge, or Emergency Assessments that are collected but become unavailable as a result of having been pledged as security for, or for application in respect of, indebtedness of the Corporation imposed in a prior year with respect to the Plan Year Deficit.
- (C) The aggregate amount of Emergency Assessments levied in any calendar year as a result of a Plan Year Deficit incurred in a particular Plan Year may, at the discretion of the Board, be less than but may not exceed the greater of:
 - (1) ten percent (10%) of the amount needed to cover the Plan Year Deficit, plus interest, fees, commissions, required reserves, and other costs associated with financing of the Plan Year Deficit, or
 - (2) ten percent (10%) of the aggregate statewide Direct Written Premium for the prior calendar year for the Subject Lines of Business and the direct written premium of the Corporation for the prior calendar year, plus interest, fees, commissions, required reserves, and other costs associated with financing of the Plan Year Deficit.

To the extent the aggregate amount of Emergency Assessments will not exceed the greater of (1) or (2) above, the Board shall impose Emergency Assessments in the amount required by any applicable loan agreement, trust indenture or other financing agreement.

- (D) The following rules and procedures apply to the collection and remittance of Emergency Assessments:
 - (1) An Assessable Insurer shall collect the Emergency Assessment from a policyholder with a policy that is issued or renewed at the same time it collects a premium payment. Emergency assessment remittances are due from Assessable Insurers on the full amount of the direct written premiums attributable to policies issued or renewed, even if the Assessable Insurer delays collection of in entire premium through billing plans or other similar mechanisms.
 - (2) Unless otherwise provided by the Board, Assessable Insurers and the FSLSO shall remit Emergency Assessments to the Corporation quarterly.
 - (3) When an Assessable Insurer or the FSLSO is required to return unearned premium to a policyholder or an Assessable Insured, it shall also return a pro-rata amount equivalent to collected Emergency Assessment attributable to the

unearned premium, which it shall offset against the payment of Emergency Assessments due the Corporation.

- (4) Interest at the applicable judgement interest rate as established by the Chief Financial Officer of Florida shall be applied to the Assessment of any Assessable Insurer or Assessable Insured in the event that the Assessment of the Assessable Insurer or Assessable Insured is not paid in full within thirty (30) days.
- (5) The Board may adopt other rules and procedures not inconsistent with this Plan and the Statute for the collection of Emergency Assessments from Assessable Insurers, Assessable Insureds, and Corporation policyholders.
- (E) Emergency Assessments levied under this Section shall not be subject to premium tax, fees, or commissions paid by the Corporation.
- (F) Emergency Assessments levied under this Section may not be deferred.

SECTION 19

CONSOLIDATION OF ACCOUNTS INTO THE ACCOUNT

- (A) As of January 1, 2024, the Account is established pursuant to §627.351(6)(b)2., F.S. and is authorized to provide coverage as provided in the Statute and to the extent provided under each of three separate accounts that existed prior to establishment of the Account.
- (B) The Corporation may pledge its revenues, assets or other property to secure indebtedness or other obligations owed to lenders, holders of Bonds, or providers of Financial Products by the Account, regardless of the Plan Year Deficit for which levied or attributable.
- (C) Any indenture trustee and each co-indenture trustee and separate indenture trustee (if any) appointed under a trust indenture, and each collateral trustee, co-collateral trustee and separate collateral trustee, if any, appointed under a security agreement, and each bank agent, co-bank agent and separate bank agent, if any, appointed under a bank collateral agreement, which trust indenture, security agreement or bank collateral agreement, as applicable, has been approved by the Office under the Plan, shall constitute an "authorized trustee, escrow agent or other custodian" for purposes of this Section.

SECTION 20

BORROWING POWERS

- (A) The Board is authorized to arrange for and consummate a taxable or tax-exempt borrowing or borrowings of money for the Corporation to meet its anticipated financial obligations or to fund a Plan Year Deficit or an anticipated Plan Year Deficit upon a finding by the Board that the funds derived, or to be derived, from the borrowing are

reasonably necessary for the Corporation to currently meet, or in the future be able to meet, its mandated purposes or financial obligations as set forth in the Plan or the Statute.

- (B) Any loan agreement or trust indenture shall be subject to the approval of the Board and the Office. The Corporation shall, in advance of execution of any loan agreement or trust indenture, file with the Office a statement of the purpose of the indebtedness to be incurred thereby, and a copy of such loan agreement or trust indenture (or a substantial final form thereof) and an estimate of the costs to be incurred by the Corporation in the procurement of any such indebtedness.
- (C) Any indebtedness incurred, and the costs incurred by the Corporation in processing and procuring such indebtedness, shall be properly reflected on the books and records and financial statements of the Corporation in accordance with applicable accounting principles.
- (D) In effectuating and implementing the provisions of this Section, the Corporation shall have all power, right and authority, subject to the limitations set forth in this Plan, to pledge, or grant security interests in any income, Assessments levied, or to be levied under Sections 16 through 18, surcharges, premiums, investment income, projected revenue from the FHCF and other reinsurance receivables, other funds available to the Corporation, assets, proceeds of Bonds authorized under Section 21 of this Plan, and any other interest, right, title or expectation available to the Corporation as collateral or security for any such loan, line of credit, or other obligation or indebtedness, and shall have all other power reasonable and necessary to effectuate the requirements of this Section and Section 21 below. Without limiting the foregoing authority, the Corporation is authorized to take all actions needed to facilitate tax-free status for any such Bonds or other indebtedness, including the formation of trusts or other affiliated entities. Any pledge or security interest granted pursuant to this Section may be on a parity with any pledge or security interest granted in connection with any bonded indebtedness issued by, or on behalf of the Corporation.

SECTION 21

BONDING POWERS

- (A) Bonding in Conjunction with a Unit of Local Government. The governing body of any unit of local government, any resident of which is insured by the Corporation, may issue Bonds as defined in §125.013, or §166.101, F.S., from time to time to fund an assistance program in conjunction with the Corporation for the purpose of defraying or refinancing Plan Year Deficits of the Corporation. Revenue Bonds may not be issued under this Subsection until validated pursuant to Chapter 75, Florida Statutes, unless a state of emergency is declared by executive order or proclamation of the Governor pursuant to §252.36, F.S., making such findings as are necessary to determine that it is in the best interests of, and necessary for, the protection of the public health, safety, and general welfare of the residents of the State and declaring it an essential public purpose to permit certain municipalities or counties to issue such Bonds as will permit relief to claimants and policyholders of the Corporation.

The unit of local government shall enter into such contracts with the Corporation as are necessary to carry out this Subsection. Any Bonds issued under §627.351(6)(q)2., F.S., shall be payable from and secured by monies received by the Corporation from Emergency Assessments under §627.351(6)(b)5.c., F.S., and other funds available to the Corporation, and assigned and pledged to or on behalf of the unit of local government for the benefit of the holders of such Bonds. The funds, credit, property and taxing power of the state or of the unit of local government shall not be pledged for the payment of such Bonds.

- (1) The Corporation may incur reasonable expenses in conjunction with the issuance or proposed issuance of a Bond issue or other borrowing. Such reasonable expenses shall include, but are not limited to, obtaining a rating for the Bond or other obligations; obtaining legal opinions; appearing before a body of investors for promotional purposes to encourage investing in Corporation Bonds; registering the Bond issue, and other expenses reasonably related to the Bond issue.
 - (2) Bonds issued on behalf of the Corporation by a unit of local government shall be issued with such terms and conditions as the Corporation may deem proper.
 - (3) The Corporation may, subject to the limitations in this Plan, pledge or offer as security for a Bond issue, in conjunction with a unit of local government, any income, asset or expectation of the Corporation. The Corporation may pledge or encumber the income which is, or may be, receivable under Emergency Assessments as security for Bonds issued in conjunction with a unit of local government. However, the Corporation may not transfer to a third party the power, right or duty to impose Assessments or Policyholder Surcharges.
- (B) Bonds issued by the Corporation without the assistance of any unit of local government. The Corporation may incur taxable or tax-exempt debt in any form legally cognizable, including debt evidenced by a Bond or Bonds issued directly by the Corporation, and may use the proceeds of such Bond issue to defray expenses, fund Plan Year Deficits, purchase reinsurance, repay principal and interest of other debt incurred to defray a Plan Year Deficit or any portion thereof, or fund any other Corporation expense or liability.
- (1) The Corporation also may incur reasonable expenses in connection with Bonds issued without the cooperation of a unit of local government to enhance, encourage or increase the sale or placement of such Bonds among voluntary investors. Such reasonable expenses shall include, but are not limited to obtaining a rating for the Bond issue, obtaining legal opinions, appearing before a body of investors for promotional purposes to encourage private investing in Corporation Bonds, registering the Bond issue or such other steps reasonably calculated to enhance, encourage or increase the sale or placement of such Bonds among voluntary investors, and other expenses reasonably related to the Bond issue, which expenses may be funded by the Bonds.
 - (2) The Corporation may, subject to the limitations in this Plan, pledge or offer as security for a Bond issue, not in conjunction with a unit of local government, any income, asset or expectation of the Corporation. The Corporation may pledge or encumber the income which is, or may be, receivable as Assessments and surcharges imposed under the Statute, projected revenues from the FHCF, other

reinsurance receivables and surcharges and other funds available to the Corporation as security for Bonds issued not in conjunction with a unit of local government. However, the Corporation may not transfer to a third party the power, right or duty to impose an Assessment or Policyholder Surcharge.

- (3) The Corporation shall offer any Bonds not issued in conjunction with a unit of local government with such terms and conditions as the Corporation may deem proper.
- (4) The Corporation may, but is not required to, seek judicial validation under Chapter 75, Florida Statutes, of its Bonds or other indebtedness issued without the assistance of any unit of local government.
- (C) In effectuating and implementing the provisions of this Section, the Corporation shall have, subject to the limitations in this Plan, all power, right and authority to pledge, or grant security interests in any income, Assessments levied, or to be levied under Sections 16 through 18 of this Plan, or surcharge, premiums, investment income, projected revenues from the FHCF, other reinsurance receivables and other funds available to the Corporation, assets, and any other interest, right, title or expectation available to the Corporation as security for any such Bonds, or Bonding, and shall have all other power reasonable and necessary to effectuate the requirements of this Section. Without limiting the foregoing authority, the Corporation is authorized to take all actions needed to facilitate tax-free status for any such Bonds or other indebtedness, including the formation of trusts or other affiliated entities.
- (D) It being necessary that the Corporation, in advance of the occurrence of a hurricane or other weather-related event, be in position to immediately pay claims, and also in order to develop in advance a record in the financial markets by one or more representative Bond issues that will facilitate ready access to the financial markets for additional amounts immediately after a hurricane or other weather-related event and prior to the occurrence of a Plan Year Deficit, the Corporation is authorized to provide for the issuance of Bonds through a unit of local government, as provided in Subsection (A) of this Section, or issue Bonds directly without the assistance of any unit of local government, as provided in Subsection (B) of this Section, in the absence of a hurricane or other weather-related event. The Board hereby determines that such advance financings will constitute financing mechanisms under subparagraph (c)3. of the Statute that will efficiently meet the financial obligations of the Corporation and that such financings are reasonably necessary to effectuate the requirements of the Statute.

SECTION 22

CORPORATION INVESTMENT POLICY

- (A) The Corporation shall adopt an investment policy and procedures that is consistent with Florida Statutes, prudent financial management, and restrictions found in applicable investment documents.
- (B) The Assets of the Corporation may be invested and managed by the State Board of Administration.

SECTION 23

DEPOPULATION, INCENTIVE, AND CREDIT PROGRAMS

- (A) The Board shall develop and adopt programs and criteria for the implementation of the credits, bonuses and exemptions as provided under the Statute, as well as programs and procedures seeking to reduce both new and renewal writings in the Corporation pursuant to applicable provisions of the Statute and this Plan.
- (B) In implementing any programs, policies or criteria for the removal or keeping out of risks from the Corporation pursuant to the Statute or this Plan, the Corporation shall contractually acknowledge §627.3517, F.S., and the provisions of the Statute concerning the obligation of such Assessable Insurers and the Corporation to the Agents of such policy sought to be removed or kept out of the Corporation.

SECTION 24

IMMUNITY

Except as provided by law, there shall be no liability on the part of, and no cause of action of any nature shall arise against, any Assessable Insurer or its agents or employees, the Corporation or its agents or employees, members of the Board or their designees at a board meeting, Corporation committee members, or the Office or its representatives, for any action taken by them in the performance of their duties pursuant to §627.351(6), F.S.

SECTION 25

INDEMNIFICATION OF OFFICERS, EMPLOYEES AND OTHERS

- (A) **Extent of Indemnification.** The Corporation shall indemnify: (i) its Board members; (ii) Board Committee members; (iii) employees of the Corporation; and (iv) employees of the Department or Office; (v) former or current Board or Committee members, or former or current Corporation or Department or Office employees; (vi) whether a natural or legal person; (vii) whether individually or as a group; (viii) where applicable, the estate, executor, administrator, heirs, legatees, devisees, trustees, assigns, or successors in interest of any such person; (ix) all persons formally employed by, or previously acting in, any of the aforementioned capacities for the Corporation's predecessors, including all individuals having served as members of the Board of the Corporation's predecessors and all members of standing or appointive committees of each; and (x) Technical Advisory Committee members. Such individuals are hereinafter individually referred to as the "Indemnified Person" and collectively referred to as the "Indemnified Persons". Indemnification shall be made, subject to, and to the fullest extent permitted by, this Section and applicable Federal and State law, where claims, proceedings, or causes of action are based upon allegations as to the conduct of any person contemplated by this Plan in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties, owed

to the Corporation or to its predecessors.

- (B) **Right of Indemnification.** Such indemnification shall not depend upon whether or not the Indemnified Person is a member of the Board, or any committee or subcommittee thereof, Board member, Corporation employee, Department or Office employee, or the estate, executor, administrator, heir, legatee, devisee, trustee, assign, or successor in interest of any such person at the time any claim, action, suit or proceeding is begun, prosecuted or threatened, nor on whether the liability to be indemnified was incurred, or the act or omission occurred, prior to the adoption of this Plan; provided however, that the Corporation's duty to indemnify any Indemnified Person shall arise only where claims, proceedings, or causes of action are based upon allegations as to the conduct of such Indemnified Person in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties owed to the Corporation.
- (C) **Effect on Other Rights and limitations.** The right of indemnification hereunder shall not be exclusive of other rights the Indemnified Person may have as a matter of law or otherwise. Nothing in this Section should be construed to indemnify any person when such indemnification is prohibited by State or Federal law.
- (D) **Apportioning Expenses of Indemnification.** The indemnification provided for in this Section shall be deemed to be an expense of the Corporation.
- (E) **Corporation's Duty to Defend Indemnified Persons.** The Corporation shall defend any Indemnified Person from all claims, proceedings, and actions, whether in contract, regulatory, administrative, or tort, or whether arising in law or equity, where such claims, proceedings, or actions are based upon allegations as to the conduct of such persons in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties owed to the Corporation. Subject to this Section, the Corporation shall advance reasonable litigation costs and attorneys fees to any Indemnified Person upon proper demand.
- (F) **Limitations on the Corporation's Duty to Defend Indemnified Persons.** The Corporation shall have no duty to oversee the conduct of any litigation or proceeding or otherwise assure the competence of any counsel retained by any Indemnified Person. However, if the Corporation, in its sole discretion, determines that any interest or obligation (including, without limitation, any obligation under this Section) of the Corporation is actually or potentially affected or implicated in any litigation or proceeding brought by or against any Indemnified Person, the Indemnified Person shall have a duty, as a condition to any rights under this Section, to cooperate with the Corporation and its counsel, in order to advance and protect the interests or obligations of the Corporation and to lower the costs of litigation.
- (G) **Limited Hold Harmless Provision.** The Corporation shall hold harmless an Indemnified Person who makes a request for payment, otherwise proper under this Section, for reimbursement of final judgments or assessments of money damages, restitution, or Federal, State or local administrative penalties, fines or other monetary sanctions made against them, including interest accrued prior to judgment or assessment, of all reasonable amounts paid or agreed to be paid upon settlement, or for reimbursement of reasonable attorney's fees and costs incurred. All settlements shall be subject to the final approval of the Corporation, which shall not be

unreasonably withheld so long as such settlements are reasonable under the circumstances and proper under the provisions of this Section. The Corporation has no obligation to pay for any settlement it has not approved. This right to request payment of such amounts is not subject to alienation or assignment, and no Indemnified Person shall have the right to create a contingent liability on the part of the Corporation for such payments by attempting any such assignment or alienation to any other person, including any attorney representing such Indemnified Person. Where, in its sole discretion, the Corporation determines that such requests or payments are proper, reasonable and promote the purposes of this Section, the Corporation may authorize payment for arbitration awards, costs of arbitration or mediation, or similar expenses or awards arising from alternative dispute resolution procedures.

- (H) **Criminal or Unlawful Conduct.** Notwithstanding the foregoing, the Corporation, in its sole discretion, may determine whether to hold harmless, indemnify, or advance costs of defense to any Indemnified Person subject to a criminal charge, publicly disclosed criminal investigation, or internal investigation by the Corporation, which charge or investigation is based upon or arises out of alleged or possible criminal or unlawful conduct by such Indemnified Person that is related to the conduct, claim, proceeding, or cause of action for which indemnification is sought.
- (I) **Reimbursement.** If the Indemnified Person is convicted or pleads nolo contendere to a criminal charge or is found to be liable or agrees as to liability to the Corporation based on unlawful conduct, that is related to the conduct, claim, proceeding, or cause of action for which indemnification is sought, the Indemnified Person shall reimburse the Corporation for all amounts advanced by or paid for by the Corporation under this Section.
- (J) **Condition Precedent.** As a condition precedent to indemnification under this Section, the Corporation, in its sole discretion, may require anyone eligible for indemnification to enter into a written agreement implementing the terms of this Section.
- (K) **Decisions of the Corporation.** All decisions of the Corporation under this Section shall be made by the President, with the advice of legal counsel, and communicated to the Board prior to any decision being made; except that the decision may be made by the Board if the President, Chairman of the Board, or the General Counsel determines that the matter should be referred to the Board for a decision.
- (L) **Retroactive application.** Changes to this Section of this Plan of Operation adopted by the Board on January 25, 2007, are intended to have retroactive application to the fullest extent permitted by law.
- (M) **Contractual indemnification.** Nothing in this Section is intended to prevent the Corporation from entering into contractual agreements providing for the Corporation to indemnify and hold harmless individuals or entities retained by the Corporation.
- (N) **Immunity Not Waived.** Nothing in this Section is intended to waive the immunity provided to the Corporation or an Indemnified Person under the Statute or other law.

SECTION 26

APPEALING A DETERMINATION OF ASSESSMENT

- (A) As provided in Sections 16 if an Assessable Insurer, an Assessable Insured, or the FSLSO wishes to contest the Corporation's determination of an Assessment or Surcharge applicable to it, the following provisions apply:
- (1) The Assessable Insurer, the Assessable Insured, the Corporation policyholder, or the FSLSO must submit a letter of appeal by certified mail to the Corporation's Executive Director within twenty-one (21) days after the date the Corporation mailed the notice of the Assessment or Surcharge, as the case may be. The letter of appeal must state with particularity the facts and law on which the appeal is based. Failure to state with particularity the facts and law on which the appeal is based, or to timely provide additional documentation to support such facts as reasonably requested by Citizens staff, may result in dismissal of the appeal.
 - (2) If the letter of appeal is submitted to the Corporation's Executive Director within the time frame specified in Subsubsection (1), Citizens' staff will conduct a review and notify the protesting Assessable Insurer, Assessable Insured, the Corporation policyholder, or the FSLSO of Citizens' decision within thirty (30) days.
 - (3) As provided in §627.351(6)(t), F.S., the policies and decisions of the Corporation relating to levying of assessments are not subject to the provisions of chapter 120, F.S.
 - (4) The failure of an Assessable Insurer, Assessable Insured, a Corporation policyholder, or the FSLSO to file a letter of appeal within the time frame specified in this Subsection shall constitute approval of and consent to its Assessment or Surcharge, as the case may be, and such Assessment or Surcharge shall become final and binding on such Assessable Insurer, Assessable Insureds, Corporation policyholders, and the FSLSO, as the case may be.
 - (5) If an Assessable Insurer, Assessable Insured, a Corporation policyholder, or FSLSO files an appeal under this Section and there has been no final determination as to the merit of said appeal, the Assessable Insurer, Assessable Insured, or Corporation policyholder shall be obligated hereunder to pay all applicable Assessments levied by the Corporation in full pending the final determination of the appeal. The institution and filing of an appeal shall not diminish or stay the obligations of the Assessable Insurer, Assessable Insured, or the Corporation's policyholder to timely pay said Assessment obligations.
 - (6) The appeals procedure in this Plan shall control any dispute involving an Assessable Insurer, an Assessable Insured, the Corporation's policyholders, and the Corporation concerning the need for, the amount of, or the calculations and assumptions used to determine any Assessment.
- (B) If a final determination is made that the appealing Assessable Insurer, an Assessable Insured, or a Corporation policyholder is entitled to a refund of a paid Assessment or Surcharge, or any portion thereof, the Corporation shall return to the Assessable

Insurer, to FLSO on behalf of the Assessable Insured, or the Corporation policyholder those sums due it together with interest thereon equal to the weighted average interest as paid by the Florida State Treasury Special Purpose Investment Account calculated from the date of said Assessable Insurer's, Corporation policyholder's, or FLSO payment of the Assessment or Surcharge to the date of refund.

- (C) Nothing in this Section is intended to waive the immunity provided in Section 24 and §627.351(6)(s), F.S.

SECTION 27

RESIDENT AGENT FOR SERVICE OF PROCESS

The Chief Financial Officer of the State of Florida, and his or her successor in office, is designated the Corporation's agent for service of process of all legal process issued against it in any civil action or proceeding in this state. Service of process upon the Chief Financial Officer of the State of Florida shall be the sole method of service of process upon the Corporation. In any suit arising under the Statute, this Plan, or any agreement (pertaining to the issuance or payment of debt) authorized by the Statute or this Plan, the Circuit Court in and for Leon County, Florida shall be deemed the Court of Competent Jurisdiction for such actions unless otherwise agreed to in writing by the Corporation.

SECTION 28

PLAN AMENDMENTS

The Board may propose and adopt amendments to the Plan upon a determination by a majority of the members of the Board. Any amendment adopted by the Board shall be adopted at a duly noticed meeting and shall be effective only upon approval by the Financial Services Commission, before or after such action by the Board.

SECTION 29

DISSOLUTION AND DEACTIVATION

- (A) Upon a determination by the Office that the conditions giving rise to the establishment and activation of the Corporation no longer exist, and upon the consent and approval thereto by Order of the Office, the Corporation may be dissolved. Upon dissolution, the assets of the Corporation shall be applied first to pay all debts, liabilities and obligations of the Corporation, including the establishment of reasonable reserves for any contingent liabilities or obligations, and all remaining assets of the Corporation shall become property of the state and deposited in the Florida Hurricane Catastrophe Fund created under §215.555, F.S., or as otherwise directed by Statute. No dissolution shall take effect as long as the Corporation has Bonds or other financial obligations outstanding unless adequate provision has been made for the payment

of the Bonds or other financial obligations pursuant to the documents authorizing the issuance of the Bonds or other financial obligations.

- (B) The activation and coverages of the Corporation shall be reviewed at least annually by the Board. Should the Board find that the conditions giving rise to the activation by the Corporation of certain coverages no longer exist, the Board may, subject to the approval of the Office, deactivate the Corporation's writing of such coverage.

SECTION 30

CONSTRUCTION

This Plan shall be construed to conform with, and when necessary, shall be amended to conform to the provisions of the Statute or orders of the Financial Services Commission. To the extent there exists an inconsistency between this Plan and the Statute, the Statute will control over the Plan.

SECTION 31

SELECTION OF FINANCIAL SERVICES PROVIDERS AND UNDERWRITERS

- (A) If and when the Corporation undertakes to select financial service providers or underwriters, the Corporation shall provide reasonable notice by publishing such notice on the Corporation's website and at least in one (1) financial trade journal. The website notice shall be posted for at least two (2) consecutive weeks and notice in any financial trade journal(s) shall appear once a week for two (2) consecutive weeks. The notice shall include specific information about the procedure for submission of proposals. Furthermore, the notice shall provide appropriate information on whom to contact at the Corporation regarding information about the bond issuance. In the event of an emergency, as reasonably determined by the Board, the Corporation is not bound to the notice provisions herein, but rather shall use reasonable notice based on the existing situation and circumstances.
- (B) The Corporation shall not engage the services of any person or firm as a securities broker or bond underwriter that is not eligible to be engaged by the State under the provisions of §215.684, F.S.
- (C) The Corporation shall make all selections of any financial service providers and/or managing underwriters at a noticed public meeting, noticed in the same way as other publicly noticed meetings held by the Board of the Corporation.
- (D) Before any managing underwriter or financial advisor may be chosen by the Corporation to participate in any way in any bond or other security issuance allowed pursuant to §627.351(6), F.S., the managing underwriter or financial advisor must provide to the Corporation a disclosure statement required by §627.3513, F.S., containing at least the following information:
 - (1) An itemized list setting forth the nature and estimated amounts of expenses to be

incurred by the managing underwriter in connection with the issuance of such bonds. Notwithstanding the foregoing, any such list may include an item for miscellaneous expenses, provided such item includes only minor items of expense which cannot be easily categorized elsewhere in the statement.

- (2) The names, addresses, and estimated amounts of compensation of any finders connected with the issuance of the bonds.
 - (3) The amount of underwriting spread expected to be realized and the amount of fees and expenses expected to be paid to the financial adviser.
 - (4) Any management fee charged by the managing underwriter.
 - (5) Any other fee, bonus, or compensation estimated to be paid by the managing underwriter in connection with the bond issue to any person not regularly employed or retained by it.
 - (6) The name and address of each financial advisor or managing underwriter, if any, connected with the bond issue.
 - (7) Any other disclosure which the Corporation may require.
- (E) No underwriter, commercial bank, investment banker, or financial consultant or adviser shall pay any finder any bonus, fee, or gratuity in connection with the sale of bonds issued by the Corporation unless full disclosure is made in writing to the Corporation prior to or concurrently with the submission of a purchase proposal for bonds by the underwriter, commercial bank, investment banker, or financial consultant or adviser, providing the name and address of any finder and the amount of bonus, fee, or gratuity paid to such finder.
- (F) As used in this Section, "finder" shall mean a person who is neither regularly employed by, nor a partner or officer of, an underwriter, bank, banker, or financial consultant or adviser and who enters into an understanding with either the issuer or the managing underwriter, or both, for any paid or promised compensation or valuable consideration, directly or indirectly, expressed or implied, to act solely as an intermediary between such issuer and managing underwriter for the purpose of influencing any transaction in the purchase of such bonds.
- (G) Nothing contained in this Section is intended to restrict or prohibit the employment of professional services relating to bonds issued under §627.351(6), F.S., or the issuance of any other bonds permitted to be issued by the Corporation.
- (H) The failure of the Corporation to comply with any provision of this Section shall not affect the validity of the bond issue; however, the failure of the Corporation to comply in good faith with this Section shall constitute a violation of this Plan and a violation of the Insurance Code.

SECTION 32

CLEARINGHOUSE

- (A) Effective January 1, 2014, the Corporation shall establish a clearinghouse program as an organizational unit within the Corporation pursuant to §627.3518, F.S.
- (B) The Corporation shall establish a program for personal residential risks in order to facilitate the diversion of ineligible applicants and existing policyholders from the Corporation into the voluntary insurance market.
- (C) The program shall have all the rights and responsibilities in carrying out its duties as a licensed general lines agent.
- (D) The Corporation may:
 - (1) Require all new applicants and all policyholders whose policies are due for renewal to submit an application for coverage.
 - (2) Employ or otherwise contract for administrative and professional services.
 - (3) Enter into contracts with participating insurers.
 - (4) Provide funds to operate the program.
 - (5) Develop an enhanced application.
 - (6) Provide a waiting period of two days for participating insurers to make offers to applicants.
- (E) A new applicant or renewal policy for personal residential coverage from the Corporation is not eligible for such coverage, if provided an offer of coverage from an authorized insurer through the program at a premium that is at or below the eligibility threshold in Section 9.
- (F) Submission of an application for coverage by the Corporation to the program does not constitute the binding of coverage by the Corporation, and failure of the program to obtain an offer of coverage by an insurer may not be considered acceptance of coverage of the risk by the Corporation.
- (G) The 45-day notice of nonrenewal requirement set forth in §627.4133(2)(b)5., F. S., applies when a policy is nonrenewed by the Corporation because the risk has received an offer of coverage pursuant to §627.3518, F.S. which renders the risk ineligible for coverage by the Corporation.
- (H) Ownership of policies:
 - (1) Independent insurance agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program are granted and must maintain ownership and the exclusive use of expirations, records, or

other written or electronic information directly related to such applications or renewals written through the Corporation or through an insurer participating in the program, notwithstanding §627.351(6)(c)5.a.(I)(B) or (II)(B), F.S. Such ownership is granted for as long as the insured remains with the agency or until sold or surrendered in writing by the agent. Contracts with the Corporation or required by the Corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

- (2) Exclusive agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the Corporation or through an insurer participating in the program, notwithstanding §627.351(6)(c)5.a.(I)(B) or (II)(B), F.S. Contracts with the Corporation or required by the Corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

- (I) The program may not include commercial nonresidential policies.

SECTION 33

EFFECTIVE DATE

The Plan, as amended shall become effective upon the date that the Financial Services Commission has approved the Plan, as amended.

History

<u>Action</u>	<u>Date</u>
Created	August 01, 2002
Revised	October 10, 2013
Revised	TBD

CITIZENS PROPERTY INSURANCE CORPORATION PLAN OF OPERATION

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This Plan of Operation (the "Plan") ~~is~~, as amended, will be effective ~~8/01/2002 (the "Effective Date")~~. ~~Certain amendments subsequent to the Effective Date of the Plan are denoted by specific references to the effective date of such amendments as set forth in Section 33.~~

CITIZENS PROPERTY INSURANCE CORPORATION PLAN OF OPERATION

SECTION 1

NAME

The organization shall be known as ~~the~~ Citizens Property Insurance Corporation, hereafter referred to as "Citizens" or as the "Corporation", with its headquarters in Tallahassee, Florida, ~~or such other place within the State of Florida as the Board of Governors may determine.~~

SECTION 2

PURPOSE

The Corporation has been established in accordance with the provisions of §627.351(6), F.-S., as amended (the "Statute") to provide certain personal and commercial coverages to qualified risks under circumstances specified in the Statute. The Corporation is a ~~governmental~~government entity that is an integral part of the State, and is not a private insurance company.

This Plan of Operation (the "Plan") is adopted to set forth and establish the structure, function, procedures ~~and powers of the Corporation, and powers of the Corporation.~~ -To the extent that any provision of Florida law is inconsistent with any provision of this Plan, the law prevails over the Plan. To the extent any change in Florida law establishes new structures, functions, procedures, limitations, requirements, or powers of the Corporation that would otherwise require an amendment to this Plan, such change to Florida law shall be deemed to be incorporated herein as necessary to achieve the Legislature's intent.

SECTION 3

ORGANIZATION OF THE PLAN

This Plan is divided into enumerated sections, each labeled "Section" followed by the number applicable thereto. Sections may be divided into "Subsections," each labeled with a capitalized letter enclosed within parentheses, such as "(A)". Subsections may be divided into "Sub-subsections," each labeled with a number enclosed within parentheses, such as "(1)". Sub-subsections may be further divided into "Sub-sub-subsections," each labeled with a lowercase letter enclosed within parentheses, such as "(a)". Sub-sub-subsections may be further divided into "Sub-sub-sub-subsections," each labeled with a lower-case Roman numeral enclosed within parentheses, such as "(i)."

SECTION 4

POLICYHOLDER DECLARATION OF RIGHTS

There is created a Declaration of Rights for Citizens Property Insurance Corporation so that policyholders and applicants receive quality customer service and are treated with the utmost respect, courtesy, and professionalism. Policyholders and applicants of Citizens should expect:

(A) The Right to Courteous, Prompt, and Professional Customer Service

(A) Citizens will implement this right by the following:

- (1) Providing quality customer service to policyholders, applicants and agents, and ~~will communicate~~communicating and ~~emphasize~~emphasizing this expectation to our employees, agents, and vendors.
- (2) Providing telephonic, electronic and written means for consumers to contact Citizens directly with inquiries, questions, or complaints.
- (3) Answering policyholder inquiries ~~telephone calls, emails and letters~~ with knowledgeable and professional responses in a timely manner.

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- (4) Developing, implementing and maintaining specific methods for responding to and resolving consumer complaints, including a method for escalation of unresolved complaints to supervisors and other decision makers.
- (5) Maintaining a unit or division responsible for receiving and responding to consumer complaints, which unit or division is the sole responsibility of a Senior Manager of Citizens.
- (6) Tracking and monitoring consumer complaints and issues, and ~~report~~reporting any trends or problems to the Senior Manager.
- (7) Continuing to provide customer service education for employees.
- (8) Developing and implementing customer service measures with respect to timeliness, responsiveness, accuracy of information, and customer courtesy, and ~~we will monitor, evaluate~~monitoring, evaluating and ~~enforce~~enforcing employee performance of such service.
- (9) Refunding return premiums due to policyholders promptly.

(B) The Right to Fair, Prompt and Professional Claims Service

~~(B)~~ Citizens will implement this right by the following:

- (1) Providing quality claims service to our policyholders and ~~will communicate~~communicating and ~~emphasize~~emphasizing this expectation to adjusters and employees.
- (2) Providing consumers with directions on how to report claims in case of a loss.
- (3) Ensuring our insurance adjusters are licensed under Florida law.
- (4) Providing fast, fair, honest and accurate claims service.
- (5) Providing a method for a consumer to contact us regarding issues with their claim.
- (6) Monitoring the service levels of our adjusters and claims professionals.
- (7) Ensuring there are sufficient personnel to accomplish processing customer claims and achieve other corporate responsibilities.

(C) The Right to Prompt, Professional Service from your Citizens' Insurance Agent

~~(C)~~ Citizens will implement this right by the following:

- (1) Appointing only agents that are licensed under Florida law.

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- (2) Educating ~~our~~appointed agents so they can provide knowledgeable and professional service about our products.

- (3) Providing a method for consumers to report problems with an agent.
- (4) Investigating and responding to complaints about an agent in a timely manner.
- (5) Allowing consumers the right to choose among Citizens' appointed insurance agents.
- (6) Developing and monitoring customer service standards for agents who provide service to policyholders and applicants.
- (7) Auditing ~~our~~appointed agents' performance, and if violations are discovered, disciplining such agents as necessary to ensure that agents perform according to Citizens' underwriting guidelines and customer service expectations.
- (8) Instructing ~~our~~appointed agents to provide a customized quote if requested by a consumer.
- (9) Instructing ~~our~~appointed agents to explain the coverage offered by our policies.

(D) The Right to Know about Citizens, our Products, and our Services

~~(D)~~ Citizens will implement this right by the following:

- (1) Working cooperatively with the Department's Division of Consumer Services, the Office of Insurance Regulation, and the Insurance Consumer Advocate to communicate and educate consumers on Citizens' procedures and major issues of concern, such as upcoming rate increases or changes in underwriting rules.
- (2) Developing education and communication tools to inform policyholders and applicants about our products and services and methods to lower their premiums, including information about windstorm mitigation credits and deductibles.
- (3) Including a checklist of coverage with our policies.
- (4) Providing policyholders statutorily compliant notice of renewal provisions.
- (5) Providing policyholders statutorily compliant notice of cancellation or nonrenewal.

SECTION 4-5

DEFINITIONS

As used in this Plan:

- (A) "Account" ~~or "Accounts" shall mean either~~means the ~~Personal Lines~~Citizens Account;

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~~the Commercial Lines Account, or the Coastal Account or collectively all of such
Accounts, as the context may require,~~ established pursuant to ~~Section
48~~§627.351(6)(b)2., F.S.

- (B) "Agent" means a licensed agent appointed by the Corporation in accordance with the requirements set forth in Section ~~7~~(18)(K)(16).
- ~~(A)~~(C) "Approved Surplus Lines Insurer" means an eligible surplus lines insurer that meets the statutory requirements set forth in §627.351(6)(c), F.S.
- ~~(C)~~(D) "Assessable Insureds" means insureds who procure one or more of the Subject Lines of Business in the State from an insurer writing such coverage pursuant to the Surplus Lines Law and are subject to Assessment by the Corporation, as ~~otherwise~~ provided in Section 56. An individual insured may sometimes herein be referred to as an "Assessable Insured."
- ~~(D)~~(E) "Assessable Insurers" means insurers holding a Florida certificate of authority permitting such insurer to write one or more of the Subject Lines of Business in the State, as otherwise provided in Section 56, including "limited apportionment companies" as defined in §627.351(6)(c)13.a.-b., F.S. An individual insurer may sometimes herein be referred to as an "Assessable Insurer."
- ~~(E)~~(F) "Assessments" means Interim ~~Assessments, Regular~~ Assessments and Emergency Assessments authorized hereunder, or any one or more of them as the context may require.
- ~~(F)~~(G) "Board" means the Board of Governors of the Corporation as determined and constituted under the Statute.
- ~~(G)~~(H) "Bond" or "Bonds" means bonds, notes, certificates, and any other instrument evidencing financial indebtedness or other borrowing, any one of such instruments, or an issue of such instruments, as appropriate in the context authorized to be issued pursuant to the Statute and the Plan.
- ~~(H)~~(I) "Citizens Policyholder Surcharge" means the surcharge levied or to be levied upon Corporation policyholders for plan year deficits incurred in ~~calendar year 2008 or any subsequent~~ calendar year, pursuant to §627.351(6)(c)11., F. S., the Statute and Section 16~~(F)~~.
- ~~(I)~~(J) "Clearinghouse" means the organizational unit established pursuant to ~~s.~~ §627.3518, F. S. for the purpose of confirming eligibility with the Corporation and to enhance access of new applicants for coverage and existing policyholders of the ~~corporation~~ Corporation to offers of coverage from authorized insurers.
- ~~(J)~~ "Coastal Account" means ~~all revenues, assets, liabilities, losses and expenses of the Corporation attributable to the writing of personal residential, commercial residential, commercial non-residential and Quota Share Primary Insurance policies specified in~~

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~~Section 10. The removal of any territory from the Eligible Areas for wind only or Quota Share Primary Insurance policies does not alter the assignment of wind coverage written by the Corporation in such territory to the Coastal Account.~~

~~(K) "Commercial Lines Account" means all revenues, assets, liabilities, losses and expenses of the Corporation attributable to the writing of the commercial lines residential and nonresidential insurance policies specified in subparagraph 3 of Section 10 A. for risks~~

~~not located in the Eligible Areas and for such policies that exclude the peril of wind on risks located in Eligible Areas.~~

~~(L)~~ (K) "Corporation" means the Citizens Property Insurance Corporation established pursuant to the Statute.

~~(M)~~ (K) "Coverage" means insurance as required pursuant to the Statute to be offered by the Corporation.

~~(N)~~ (L) "Debt Service Expense" means all interest expense incurred or projected to be incurred in ~~an Account in~~ the current Plan Year by the Corporation on existing or anticipated borrowings or other indebtedness, and all fees, commissions, required reserves, expenses and costs incurred or projected to be incurred in respect of such borrowings or other indebtedness for the current Plan Year.

~~(O)~~ (M) "Department" means the Department of Financial Services. ~~Prior to January 7, 2003, Department referred to the Florida Department of Insurance.~~

~~(P)~~ (N) "Direct Written Premium" for determining ~~Participation Ratios and~~ Assessments for any Plan Year means gross direct premiums written and reported in Florida on property and casualty insurance for the Subject Lines of Business (including gross direct premiums written by Assessable Insurers, ~~Special Purpose Homeowner Insurance Companies, Limited Apportionment Companies, Minority Owned Insurers,~~ and Surplus Lines Agents) less returned premiums upon canceled policies and dividends paid or credited to policyholders.

~~(Q)~~ (O) "Earned Premium" for any Plan Year means the total premium earned by the Corporation ~~in an Account~~ for that Plan Year computed in accordance with the Corporation's rules, rates and rating plans.

~~(R)~~ (P) "Eligible Areas" means the geographical areas that, pursuant to applicable laws of the State, were eligible for coverage by the FWUA on January 1, 2002 or as ~~were, or~~ may hereafter be, added by the Statute, in which wind-only coverage may be offered by the Corporation.

~~(S)~~ (Q) "Eligible Risks" means, for purposes of the Quota Share Primary Insurance Program, personal lines residential and commercial lines residential risks that meet the underwriting criteria of the Corporation and are located in Eligible Areas.

~~(T)~~ (R) "Emergency Assessments" means all Assessments, other than Interim Assessments, which the Board is authorized to levy under §627.351(6)(b) ~~3.d., Florida Statutes, 5.c., F.S.,~~ to be collected by Assessable Insurers, ~~Special Purpose Homeowner Insurance Companies, Limited Apportionment Companies, Minority Owned Insurers~~ and the Corporation, and collected from Assessable Insureds, upon the issuance or renewal of policies for Subject Lines of Business in accordance with Section ~~47~~ 18.

~~(U)~~ (S) "FHCF" means the Florida Hurricane Catastrophe Fund.

~~(V)~~(T) "Financial Products" means agreements or arrangements for interest rate exchanges, interest rate swaps, interest rate caps, floors or collars, or other hedge arrangements, forward sales or purchases, put options, call options, currency exchanges, other derivatives or synthetic transactions, or any one or combination of them, or any other product or transaction permitted by the Corporation's investment policy, used by or on behalf of the Corporation as a hedge in connection with any loans made to or Bonds issued by or on behalf of the Corporation or in connection with investment of proceeds of or funds related to such loans or Bonds.

~~(W)~~(U) "FRPCJUA" means the Florida Residential Property and Casualty Joint Underwriting Association.

~~(X)~~(V) "FSLSO" means the Florida Surplus Lines Service Office established and functioning pursuant to the provisions of Chapter 626, F. S.

~~(Y)~~(W) "FWUA" means the Florida Windstorm Underwriting Association.

~~(Z)~~(X) "General Expenses" for any Plan Year means operating expenses and any other expenses ~~of an Account~~ not already included or excluded by this Plan in the calculation of Operating Result incurred by the Corporation. Where expenses under a multi-year contract are not finally determined until the contract has expired, the accrual of expense in each year shall be subject to adjustment after expiration or termination of the contract.

(Y) ~~(AA)~~ "Incurred Losses" ~~in an Account~~ for any Plan Year means the sum of (1) losses paid, (2) change in reserves for all known losses, (3) change in reserves for losses incurred but not reported, and (4) paid and reserved loss adjustment expenses and less (5) Reimbursables with respect to such Plan Year.

~~(BB)~~ "Interim Assessments" means the surcharge, assessment, or assessments levied pursuant to

~~(Z)~~ §627.351(6)(q), F.-S., and the Plan as approved by the Office at any time prior to the final determination of the Corporation's Plan Year Deficit for a Plan Year.

~~(AA)~~ ~~(CC)~~ "Investment Income or Loss" for any Plan Year means ~~for an Account~~ the sum of (1) interest income on investments, (2) dividends declared, paid and received, (3) realized gains or losses, as the case may be, from sales and maturities of investments, and (4) income, gain or loss on Financial Products, and less (5) expenses allocated to such activities set forth in (1) through (4) above.

~~(BB)~~ ~~(DD)~~ "Investment Policy" means the policy adopted by the Corporation pursuant to Section ~~24~~22 of the Plan.

~~(EE)~~ "Limited Apportionment Company" means, ~~with respect to the Coastal Risk Account, any Assessable Insurer with a surplus as to policyholders of \$25 million or less writing twenty-five percent (25%) or more of its total countrywide property insurance premiums in the State, which petitions the Office to qualify as a Limited Apportionment Company~~

~~within the first ninety (90) days of each calendar year and whose petition to qualify has been approved by the Office.~~

~~(FF) "Minority Owned Insurer" means a minority owned property and casualty insurer, as defined in §624.4072(1), F. S., subject to the limitations, restrictions and requirements set forth in §624.4072 (2), (3) and (4), F. S.~~

~~(CC)~~ ~~(GG)~~ "Office of Insurance Regulation" or "Office" means the State of Florida Office of Insurance Regulation.

~~(DD)~~ ~~(HH)~~ "Operating Result" ~~of an Account~~ for any Plan Year means the result obtained by applying the total of all General Expenses, Debt Service Expenses (other than Debt Service Expenses associated with the financing of prior Plan Year Deficits), and Incurred Losses ~~of that Account~~ for that Plan Year against the Total Revenue ~~of that Account~~ for that Plan Year all as determined in accordance with generally accepted accounting principles (GAAP) or the provisions of this Plan.

~~(II) "Participation Ratio" for any Plan Year means the proportionate participation of each Assessable Insurer individually and all Assessable Insureds collectively as calculated pursuant to Section 15 of the Plan in any Assessment or Assessments for an Account levied as to that Plan Year.~~

~~(JJ) "Personal Lines Residential Account" or "Personal Lines Account" means all revenues, assets, liabilities, losses and expenses of the Corporation attributable to the writing of the personal lines insurance policies specified in subparagraphs 1 and 2 of Section 10(A) for risks not located in the Eligible Areas and for such policies that exclude the peril of wind on risks located in Eligible Areas.~~

~~(EE)~~ ~~(KK)~~ "Plan" or "the Plan" means the Plan of Operation for the Corporation.

~~(FF)~~ ~~(LL)~~ "Plan Year" means the twelve (12) month period beginning 12:01 a.m., January 1, of one year and ending 12:01 a.m., January 1, of the following year.

~~(GG)~~ ~~(MM)~~ "Plan Year Deficit" ~~in an Account~~ for any Plan Year means the amount by which the negative Operating Result of ~~the Account for~~ that Plan Year exceeds the Surplus as adjusted pursuant to Section 16(~~LE~~). After determining the amount of a Plan Year Deficit for any Plan Year, all Assessments, and the Citizens Policyholder Surcharge, received by the Corporation as a consequence of such Plan Year Deficit shall be applied to reduce the unrecovered balance of the Plan Year Deficit for that Plan Year.

~~(HH)~~ ~~(NN)~~ "Policyholder Surcharge" means the Citizens Policyholder Surcharge.

~~(OO) "Regular Assessments" means an assessment levied, pursuant to Section 16, on Assessable Insurers, Assessable Insureds and any other insurer authorized to do business for Subject Lines of Business in the State which has not been granted an exemption from Regular Assessments by statute or by the Corporation pursuant to the Plan.~~

~~(B)~~(II) "Primary Residence" means the dwelling that is the policyholder's primary home or is a rental property that is the primary home of the tenant, and which the policyholder or tenant occupies for more than 9 months of each year.

~~(JJ)~~ ~~(PP)~~ ~~"Reimbursables"~~ means the sum of (1) recoveries actually received by the Corporation ~~and allocated to the applicable Account~~ from the FHCF and other reinsurance counterparties and (2) any other amounts owed but not yet received which are accrued by the Corporation from the FHCF and other reinsurance counterparties and allocated to the incurred losses ~~in the applicable account~~; provided, however, that for purposes of determining whether a Plan Year Deficit exists in connection with the drawing of proceeds of Bonds or other indebtedness under financing documents that condition or otherwise restrict the ability to draw on existence of a Plan Year Deficit, "Reimbursables" shall not include amounts owed but not yet received which are accrued by the Corporation from the FHCF; provided, further, however that upon receipt by or on behalf of the Corporation of any such recoveries from the FHCF, an amount thereof equal to the amount of proceeds actually drawn by the Corporation in anticipation of receipt of such FHCF recoveries shall be immediately reimbursed to the appropriate account or subaccount established under the corresponding financing document or used to repay the amount drawn, as applicable.

~~(KK)~~ ~~(QQ)~~ ~~"Reinsurance Surcharge"~~ means the surcharge collected on ~~polices~~policies issued by the FWUA in the High-Risk Account pursuant to Order of the Department (#83-Rate-101B) dated August 18, 1983, as modified by Order of the Department dated May 23, 1996 in Case No: 15131-95-C and such similar surcharge that the Office of Insurance Regulation may subsequently approve for the ~~Coastal Risk Account or any other~~ Account.

~~(RR)~~ ~~"Section" means a Section of this Plan.~~

~~(LL)~~ ~~(SS)~~ "Senior Manager" of the Corporation, for purposes of the Statute and this Plan, means a person employed as an executive ~~who directly reports to the Executive Director and a member of the team of Senior Managers designated by the President whose collective responsibility is to act as the Corporation's senior management team.~~ Senior Manager will also include the Chief Internal Auditor, the Inspector General and any other person designated by Florida law to be a Senior Manager of the Corporation

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The President is the senior officer referred to in the Statute as the "Executive Director" and may also be referred to by that title in this Plan and elsewhere. ~~"Senior Management" means the team of Senior Managers designated by the President whose collective responsibility is to act as the Corporation's senior management team.~~

~~The person whose sole responsibility is the unit or division responsible for receiving and responding to consumer complaints also is a "Senior Manager" as provided by s. 627.351 (6) (k), F. S.~~

~~(TT)~~ ~~"Special Purpose Homeowner Insurance Company" means an insurance company~~

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~~issued a certificate of authority by the Office of Insurance Regulation and operating
pursuant to §624.4071, F. S.~~

(MM) ~~(UU)~~ — "State" means the State of Florida.

(NN) ~~(VV)~~ — "Statute" means §627.351(6), F. S., as amended.

~~(WW)~~

~~(OO)~~ "Subject Lines of Business" means insurance written by Assessable Insurers or procured by Assessable Insureds for all property and casualty lines of business in this state, but not including workers' compensation or medical malpractice. As used in this ~~paragraph~~Subsection, the term "property and casualty lines of business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by ~~s. §~~§624.424, F.S., and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance program or the Federal Crop Insurance Program. For purposes of this ~~paragraph~~Subsection, the term "workers' compensation" includes both workers' compensation insurance and excess workers' compensation insurance.

~~(XX)(PP)~~ "Surplus" means surplus ~~for an Account~~ determined in accordance with generally accepted accounting principles or the Plan.

~~(QQ)~~ ~~(YY)~~ "Surplus Lines Agent" means a person licensed under the State's Surplus Lines Law to handle the placement of risks located in this State with eligible surplus lines insurers.

~~(RR)~~ ~~(ZZ)~~ "Surplus Lines Law" means Part VIII of Chapter 626, F.S.

~~(SS)~~ ~~(AAA)~~ "Total Revenue" ~~for an Account~~ means Earned Premium, other surcharges, Investment Income or Loss, and fees and miscellaneous income, but not including the proceeds of any, Policyholder Surcharges or Assessments levied and collected pursuant to Sections 16-~~or~~17, and 18 related to any prior Plan Year Deficit, or the proceeds from any indebtedness incurred to finance or refinance a Plan Year Deficit.

~~(BBB)~~ "Treasurer" ~~means the Treasurer of the State of Florida. Effective January 7, 2003, any references in this Plan to the Treasurer shall be deemed to be a reference to the Chief Financial Officer of the State of Florida.~~

~~(CCC)~~ "Voluntary Credits" ~~means adjustments to the calculation of Participation Ratios that may be adopted by the Board and available to Assessable Insurers voluntarily providing windstorm insurance to risks located in Eligible Areas.~~

THE ABOVE DEFINITIONS ARE IN ADDITION TO ANY OTHER DEFINED TERMS CONTAINED IN THIS PLAN.

SECTION 5

ASSESSABLE INSURERS AND ASSESSABLE INSURED

~~(A) —~~ Every insurer that meets the criteria as set forth in §627.351(6)(b)1., F.S., shall automatically be an Assessable Insurer. ~~A Special Purpose Homeowner Insurance Company shall be an Assessable Insurer for the limited purposes set forth in §624.4071(2)(d)2., F.S. A Minority Owned Insurer shall be an Assessable Insurer for the limited purposes set forth in §624.4072(1)(b), F.S.~~ An insurer is not an Assessable

- (A) Insurer if a provision of law specifically excludes the insurer from the Corporation's Assessments.
- (B) An insurer writing one or more of the Subject Lines of Business in the State pursuant to the Surplus Lines Law is not an Assessable Insurer, but the insureds who procure one or more Subject Lines of Business in the State pursuant to the Surplus Lines Law through Surplus Lines Agents are subject to Assessment by the Corporation and shall collectively and individually be referred to as "Assessable Insureds". An insured is not an Assessable Insured if a provision of law specifically excludes the insured from the Corporation's Assessments.
- ~~(C) — An Assessable Insurer ceasing to meet the criteria as specified in §627.351(6)(b)1., or~~
(C) ~~§624.4071, F.S., shall automatically cease to be an Assessable Insurer effective one~~
(1) year after the end of the first calendar year during which the Assessable Insurer no longer holds a Certificate of Authority to transact insurance for Subject Lines of Business in the State. Such Assessable Insurer shall no longer be bound by this Plan thereafter; provided, however, such Assessable Insurer shall remain liable for any past, present or future Assessments by the Corporation with respect to the Plan Years during which the Assessable Insurer reports Direct Written Premium for the Subject Lines of Business, ~~and therefore develops a Participation Ratio pursuant to Section 15.~~
- ~~(D) — If an Assessable Insurer fails to pay an Interim or Regular Assessment after written notice from the Corporation and reasonable collection efforts by the Corporation, the unpaid Assessment shall be paid by the remaining Assessable Insurers, each contributing its proportionate share of the unpaid Assessment in accordance with the applicable provisions of the Plan.~~
- ~~(E) — Each Assessable Insurer shall have a claim in any liquidation proceeding or action against the insolvent or defaulting Assessable Insurer and shall have full authority to exercise such rights in any action or proceeding, for its pro-rata share of contributions resulting from (D) above.~~

SECTION ~~6-7~~

BOARD OF GOVERNORS

- (A) The Corporation shall be governed by the Board which shall administer this Plan.
- (B) Effective July 1, 2013, the Governor shall appoint three (3) individuals as members of the Board and the Chief Financial Officer, Speaker of the House, and the President of the Senate shall each appoint two (2) individuals as members of the Board, which Board shall consist of the nine (9) individuals so appointed. At least one of the two members appointed by each appointing officer must have demonstrated expertise in insurance. The members of the Board shall be residents of the State of Florida and be from different geographical areas of the State. One of the Governor's appointments must be a consumer representative.

- (C) The term of office for an individual Board member shall be three (3) years. - Terms of the initial Board members commence on the date of their appointment. Members of the Board may be appointed for subsequent terms. Each Board member serves at the pleasure of his or her appointing officer and all members of the Board are subject to removal at will by the officers who appointed them. A vacancy created by the resignation, removal or inability to serve shall be filled for the unexpired term of the Board member by the appointing officer in accordance with Subsection (B) above.
- (D) The Chief Financial Officer shall designate an appointed member of the Board to serve as Chair. The Board shall, at least annually, elect one of its members to serve as Vice Chair of the Board.
- (E) The Chair shall appoint an executive committee (the "Executive Committee") of three (3) Board members consisting of the Chair, the Vice Chair and one other Board member.
- ~~(F)~~ — The Chair shall appoint a finance and investment committee (the "Finance and Investment Committee") and an audit committee (the "Audit Committee") of at least three (F) (3) Board members each. These committees shall be operated pursuant to a charter approved by the Board.
- (G) The Chair shall preside at and call all meetings of the Board, upon reasonable notice, which may be waived. However, a meeting of the Board shall also be noticed and held within fourteen (14) days after receipt of written requests delivered to the Chair by any three (3) members of the Board. Except for emergency meetings, at least seven days' notice will be given for public meetings, hearings, and workshops in the Administrative Register and on Citizens' website.
- (H) The Vice Chair shall serve as Chair when the Chair is unavailable or unable to serve as Chair.
- (I) At any meeting of the Board, each Board member shall have one (1) vote.
- (J) ~~Six (6)~~ Five (5) members of the Board shall constitute a quorum for the transaction of business, and acts of a majority of the Board members present and voting at a meeting at which a quorum is present shall be the acts of the Board.
- (K) At any Board meeting voting by proxy shall not be permitted.
- (L) Members of the Board or any Committee members shall receive reimbursement from the Corporation for their actual and necessary expenses incurred in attending Board meetings and in performing Corporation business in accordance with the Corporation's adopted Expenses Related to Business Travel and Reimbursement Policy ~~which follows the State of Florida Travel and Reimbursement provision identified in s. 112.061, F. S.~~
- ~~(M)~~ — The Board may conduct Board meetings by through telephonic ~~conference call or other electronic conferencing technology~~ so long as ~~said conference call~~ the technology permits

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the general public to be included as parties ~~to the conference~~

- (M) ~~call~~ and to hear all Board members in attendance and other speakers at the meeting. A Board member may participate ~~telephonically~~through telephonic or other electronic conferencing technology in any Board meeting.
- (N) Members of the Board must meet the requirements of applicable Florida law when a voting conflict occurs.
- ~~(O) Establish an Office of Internal Audit pursuant to s. 627.351 (6) (i), F. S. and approve an Office of Internal Audit charter.~~
- ~~(P) Establish an Office of Inspector General pursuant to s. 627.351 (6) (gg), F. S.~~

SECTION 7

8

DUTIES AND POWERS OF THE BOARD, CHAIR AND EXECUTIVE DIRECTOR

- (A) In addition to the duties and responsibilities provided by Florida law, the Board shall:-
- (1) Undertake all actions as authorized, required or otherwise permitted by the Statute and this Plan.
 - (2) Engage in any and all corporate actions or undertakings permitted for corporations in the State of Florida and that are not prohibited by, or contrary to, the provisions of the Statute.
 - (3) Pursuant to the provisions of the Statute and this Plan, make and levy Assessments and Policyholder Surcharges.
 - (4) Pursuant to §627.351(6)(e), F.—S., this Plan and the Corporation's policies and procedures, contract with one or more individuals or entities able and willing to provide policy service or claim service on behalf of the Corporation. Alternatively, the Corporation is authorized to perform any or all such services itself or through duly constituted subsidiaries or affiliates.
 - (5) Review and approve audited financial statements of the Corporation.
 - (6) Authorize the filing of recommended rates and policy forms with the ~~Office~~Office. However, if a change in the law requires that a form be amended, and the effective date of such change in the law makes it either impossible or impracticable to receive authorization from the Board prior to filing such amended forms with the Office, the Corporation may file only those amendments to its forms as are necessary to comply

with the law prior to receiving the authorization of the Board. A detailed description of any such amendments, and the change(s) in the law that necessitated such amendments must be presented to the Board at the next scheduled Board meeting. The Board may direct staff to file additional amendments with the Office.

- (7) Adopt policies, procedures and standards of conduct designed to prevent conflict of interest for members of the Board, the Executive Director, Senior Managers, and employees of the Corporation consistent with §627.351(6)(d), F.-S. Copies of the policies, procedures, and standards of conduct, and any amendments thereto shall be provided to the Office ~~of Insurance Regulation~~ prior to adoption.
- (8) Approve the budget of the Corporation.
- (9) Retain an independent auditing firm for the Corporation.

- (10) Implement such powers and functions as may be specifically reserved, or delegated, to the Corporation under this Plan or the Statute for the operation and administration of the Corporation.
 - (11) Authorize the filing of an Underwriting Manual, and all amendments thereto, with the Office. The Board may delegate the decision to file amendments to an Underwriting Manual which are solely procedural, and do not impact eligibility for coverage or classification of risks, to a Senior Manager. However, if a change in the law requires a change to an underwriting rule or underwriting rules that otherwise would require authorization of the Board, and the effective date of such change in the law makes it either impossible or impracticable to receive authorization from the Board prior to filing such amended underwriting rule(s) with the Office, the Corporation may file only those amendments to the underwriting rules as are necessary to comply with the law prior to receiving the authorization of the Board. A detailed description of any such amendments, and the change(s) in the law that necessitated such amendments must be presented to the Board at the next scheduled Board meeting. The Board may direct staff to file additional amendments with the Office.
 - ~~(12)~~ — Adopt procurement policies and procedures that comply with §627.351(6)(e), F.
 - (12) S. To the extent provided in the procurement policies and procedures of the Corporation, all contracts and purchase orders with a total value of \$35,000 or more shall be accompanied by a disclosure form requiring the vendor to disclose any relationships, financial or otherwise, with any employee or Board member of the Corporation, and placing the vendor on notice of the conflict of interest policy applicable to the employees of the Corporation, including the limitation on gifts.
 - (13) Approve contracts for goods and services valued at or over \$100,000 in accordance with the Purchasing Policy and Procedures; and for an approved contract, the Executive Director, or its designee(s) shall have the authority to negotiate the terms and execute such contracts.
- Notwithstanding any provision of this Sub-subsection, the Corporation is authorized to enter into contracts deemed necessary to cope with an emergency when the Governor of the State of Florida has entered an executive order declaring a state of emergency and authorizing the suspension of any statutes, rules, ordinances, or orders which may affect leasing, printing, or purchasing.
- (14) Approval of all loan, credit, trust indenture, Financial Products or other financing agreements and related documentation as are necessary in connection with indebtedness to be incurred by or on behalf of the Corporation; provided however, that the selection, review or approval of all contracts for Financial Products or financing agreements may be delegated by the Board, within the parameters established by the Board, only to the Executive Director, the Executive Committee or the Chairman. Any such financing agreements, and supporting documentation thereto, shall be executed and delivered on behalf of the Corporation by the Chair, the Vice Chair or the Executive Director or by any other officer of the Corporation

authorized by resolution of the Board.

- ~~(15)~~ Annually, on or before February 1, provide a report to the President of the Senate and the Speaker of the House of Representatives setting forth the reduction or increase in the Corporation's 100-year probable maximum loss attributable to the Corporation's wind only coverages and the Quota Share Primary Insurance Program as compared to the 100-year probable maximum loss of the FWUA as calculated on February 2001 based on November 26, 2000 exposure of the FWUA and, as a result of such filings, undertake any appropriate actions as required by the Statute.
- ~~(16)~~(15) Develop and establish (i) programs for the removal of policies from the Corporation; and (ii) the criteria, guidelines, and procedures for computing and determining Voluntary Credits, Board adopted take-out credits and other statutory credits as exemptions from Regular Assessments for Assessable.

~~Insurers qualifying pursuant to the Statute or this Plan for such credits or
exemptions.~~

~~(17)~~(16) Create and maintain a Market Accountability Advisory Committee in
accordance with the provision of §627.351(6)(c)4.b, F.-S.

~~(18)~~(17) Pursuant to §627.351(6)(i), F.-S., appoint and supervise the Internal Auditor.
The Internal Auditor shall not be subject to supervision by any employee of the
Corporation.

~~(19)~~(18) Adopt a ~~a~~ procurement protest procedure to resolve any bid protest dispute
or the terms, conditions and specifications contained in a solicitation. Such
procedure should comply with the requirements set forth in §627.351(6)(e), F.S., and
shall provide for the Executive Director, or his or her designee, to enter a Final Order
taking final action on the protest.

~~(20)~~(19) Adopt a procedure for public comment before the Board and Board meeting
notice.

~~(21) Act as the agency head for purposes of resolution of a protest made pursuant to
s. 627.351 (6) (e), F. S.~~

~~(B)~~ §627.351(6)(i), F.S. establishes an Office of Internal Audit. The Board must approve the
internal auditor and approve an Office of Internal Audit charter.

~~(B)~~(C) Except as otherwise provided herein or in the Statute, the Corporation shall have all
powers reserved for or available to corporations and authorized insurers in the State.

~~(C)~~(D) The Board shall use its best efforts to procure catastrophe reinsurance at reasonable
rates to cover its projected 100-year probable maximum loss, as determined by the
Board, ~~from reinsurers determined to be qualified by the Board. If catastrophe
reinsurance is not available, or not available at reasonable rates, the Corporation need
not purchase it, but the Corporation shall include the costs of reinsurance to cover its
projected 100-year probable maximum loss in its rate calculations even if it does not
purchase catastrophe reinsurance.~~

~~(D)~~(E) The Chair shall establish all committees and subcommittees and appoint the members
of such committees and subcommittees, including a chair. A majority of the committee
members present will constitute a quorum. A quorum is not required when the
committee or subcommittee is acting in an advisory capacity.

~~(E)~~(F) With the exception of the Executive, Audit and Finance and Investment Committees,
the Chair may appoint non-Board members to committees, which non-Board appointees
shall serve at the pleasure of the Chair.

~~(G)~~ §627.351(6)(gg), F.S. establishes an Office of Inspector General. The inspector general
is appointed by the Financial Services Commission and shall be supervised by the
Chair.

- (F)(H) In addition to the other powers and functions of the Chair as herein provided, the Chair shall supervise and review the performance of the Executive Director and establish annually the compensation of the Executive Director. The With the written concurrence of the Chair, the Executive Director will establish the compensation for all Senior Managers who directly report to the Executive Director, except for the Internal Auditor and the Inspector General. Compensation for the Internal Auditor and Inspector General will be established in a manner consistent with the written concurrence of the Chair §627.351(6)(i), F.S. and §627.351(6)(gg), F.S., respectively.
- (G) — The Executive Director and Senior Management of the Corporation shall be engaged for the Corporation by the Board, and such individuals shall serve at the pleasure of the Board and may be removed by the Board at any time. The Executive Director, is subject to confirmation by the Senate as provided by statute. The Executive Director and Senior Management Managers of the Corporation are subject to the background investigation provisions of §627.351(6)(d)1., F. S. The Executive Director, Senior Managementments and business

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- (I) managers and purchasing agents having the power to make any purchase that requires a competitive solicitation, finance and accounting directors and personnel officers of the Corporation ~~must~~must file the financial disclosure form substantially in the form required pursuant to §627.351(6)(d)3., F. S. Such financial disclosure forms shall be provided to Citizens' Inspector General.
- ~~(H)~~(J) The Executive Director shall be responsible for the day-to-day operation of the Corporation and for carrying out the purpose and objectives of the Corporation consistent with the directions and delegations of the Board and the provisions of this Plan and the Statute.
- ~~(H)~~(K) Subject to ~~Sub Section~~Subsection (A), in addition to the duties and responsibilities provided by Florida law, the Executive Director shall be responsible directly or ~~by delegation to~~through the Corporation's staff for the following:
- (1) Establish a headquarters in Tallahassee, Florida, and take such measures as are necessary to establish and assure the efficient operation of such facilities.
 - (2) Consistent with the Statute and this Plan, determine and recommend to the Board such Assessments as may be necessary to carry out the duties delegated to the Corporation by the Statute, other applicable laws and the Plan.
 - (3) Open and maintain Corporation bank account(s).
 - (4) Hire the staff of the Corporation, subject to the review and concurrence by the Board through approval of the budget or other process; and retain independent contractors and other vendors, as necessary, to carry out the business of the Corporation as set forth in the Statute and this Plan, subject to any directives, guidelines or procedures as may be adopted by the Board.
 - (5) Negotiate the terms of and execute contracts.
 - (6) Consistent with the Statute and this Plan, locate and employ or retain individuals or entities to provide administrative or professional services to effectuate the Plan and provide services for the operation of the Corporation's business, subject to any directions, guidelines or procedures as may be adopted by the Executive Committee.
 - ~~(7)~~ Promulgate and administer policies and procedures for the operation of the Corporation, conduct and activities of the Corporation's employees, or rendering of services to the Corporation by staff, providers, vendors and Agents of the Corporation, including policies for employees regarding conflicts of interest, dual employment, and post-employment restrictions, and report the status of operations of such individuals or entities to the Board on a regular basis. Any breach of conflict of interest, dual employment, post-employment or other ethics policies by employees or members of the Board shall be promptly reported by the ~~Executive Director~~Inspector General to the Chair of the Board ~~immediately upon discovery.~~ If such

- (7) breach constitutes potential criminal or fraudulent activity, the full circumstances shall also be reported in accordance with the Statute and other applicable law.
- (8) Enter into contracts for the leasing of office space, subject to the approval of the Board, and for the purchase and/or lease of furnishings and equipment for the operation of the Corporation and its facilities.
- (9) Incur on behalf of the Corporation and approve office expenses to conduct the Corporation's business, including, but not being limited to, expenses for salaries, insurance, rent, office equipment, postage, facsimile transmittals, maintenance contracts for office equipment, stationery and any other similar expenses necessary to operate the office and facilities of the Corporation.
- (10) Approve ~~and prepare~~ the payroll.
- (11) Arrange for proper and timely notice of all meetings of the Board, the Executive Committee and all other Corporation committees.
- (12) Timely prepare the agenda with the approval of the Chair for each Board meeting and provide a copy of the same to each Board member as soon as practicable prior to each meeting. Board members desiring to place an item on the agenda shall do so through the Executive Director subject to the approval of the Chair.
- (13) Approve all staff travel, lodging, and other travel related expenses pursuant to appropriate guidelines and forms for presenting the same for reimbursement.
- (14) Prepare budgets for the operation of the Corporation to be approved by the Board.
- (15) Maintain the books and records of the Corporation and arrange for the auditing and review of the Corporation's operations and investments, and preparation of all necessary or required financial statements. Such audits and audited financial statements shall be submitted to the Board for review as expeditiously as possible.
- ~~(16) — Appoint as the Corporation's licensed agents only Agents who are in good standing with the Department and who hold an appointment as defined in~~
- (16) ~~§626.015, F. S., with an insurer, which insurer at the, throughout such~~ time of the Agent's appointment as appointed by the Corporation is, hold at least the minimum number of appointments required by the Statute with insurers that are authorized to write and is are actually writing or renewing personal lines residential property coverage, commercial residential property coverage or commercial non-residential property coverage in the State. Nothing in this Sub-subsection shall prevent the Executive Director or Corporation staff from administering additional requirements for Agents who are seeking appointment.
- ~~(17) — Prepare and deliver to the Office quarterly statements of financial condition, an annual statement of financial condition, and audited financial statements in the manner prescribed by law. In addition, the corporation Corporation shall file monthly reports on the type, premium, exposure and distribution by county of in~~

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~~force policies and such other~~ reports as the Office may require to carry ~~outs~~out its oversight of the

- ~~(17)~~ Corporation. The Quarterly report shall include a summary of operating results and significant events for the quarter and year-to-date, and such other information required by the Office. Copies of all reports shall be furnished in electronic format and delivered by e-mail.
- (18) Undertake such other functions as may be delegated by the Board or Chair.
- ~~(19) Act as agency head for all procedural matters relating to a procurement protest, pursuant to s. §627.351 (6) (e), F.S.~~

SECTION ~~8-9~~

ELIGIBILITY

In order for a risk to be eligible for coverage in the Corporation, it must meet the requirements set forth in this Section.

~~(A) For new applicants and renewal policies who are provided an offer of coverage from an authorized insurer through the Clearinghouse program:~~

~~(1) Notwithstanding s. §627.3517, F.S.:~~

(A) ~~an., a new~~ applicant or renewal policy for new personal residential coverage ~~from the corporation~~—is not eligible for coverage from the Corporation;

- (1) For a risk that is a Primary Residence, if ~~if they are~~ provided an offer of coverage from an authorized insurer through the Clearinghouse at a premium that is at or below the eligibility threshold established in ~~s. §627.351-(6)-(c)-5.a., F.S.~~
- (2) For a risk that is not a Primary Residence, if provided an offer of coverage from an authorized insurer at a premium that is at or below the eligibility threshold established in §627.351(6)(c)5.a., F.S., or if provided an offer of coverage from an Approved Surplus Lines Insurer at the rate approved by the Office as part of such surplus lines insurer's take-out plan that is at or below the eligibility threshold established in §627.351(6)(c)5.b., F.S.

~~(a) for For new applicants and renewal policies who are provided an offer of coverage for a renewal policyholder from an authorized insurer through the Clearinghouse if the offer is equal to, or less than the Corporation's renewal premium for comparable coverage, the risk is not eligible for coverage with the Corporation.~~

~~(b) for (a) and (b) above, a risk is not eligible with Citizens until participating insurers have been given two business days to make an offer of coverage.~~

~~(c) an applicant for coverage from the Corporation who was previously declared ineligible for coverage at renewal by the Corporation in the previous 36 months due to an offer of coverage pursuant to the Clearinghouse shall be considered a renewal under the~~

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~~Clearinghouse if the Corporation determines that the authorized insurer making the offer of coverage under the Clearinghouse continues to insure the applicant and increased the rate on the policy in excess of the increase allowed for the Corporation under s. 627.351 (6) (n) 6., F.S.~~

- (B) ~~For policies who are~~ removed from the ~~corporation pursuant to~~ Corporation through the market assistance plan, an assumption agreement, or other mechanism established by the Corporation, other than the Clearinghouse:

~~(1)~~ with respect to a personal lines residential risk that is a Primary Residence, if ~~a new~~ a new applicant ~~to the Corporation for coverage or policyholder~~ is offered coverage from an authorized insurer at the insurer's approved

- ~~(3)~~(1) rate under either a standard policy including wind coverage or, if consistent with the insurer's underwriting rules as filed with the Office, a basic policy including wind coverage, the applicant or policyholder is not eligible for a policy issued by the Corporation unless the premium for coverage from the authorized insurer is more than 1520 percent greater than the premium for comparable coverage from the Corporation.
- ~~(4)~~(2) With respect to a personal lines residential risk that is not a Primary Residence, if an applicant or policyholder is offered coverage from an authorized insurer as set forth in Sub-Subsection (1) or is offered coverage from an Approved Surplus Lines Insurer at the rate approved by the Office as part of such surplus lines insurer's take-out plan, the risk is not eligible for a policy issued by the Corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the premium for comparable coverage from the Corporation. A risk that is not a Primary Residence, but has a homestead exemption under Chapter 196, F.S., cannot be removed from the Corporation under an Approved Surplus Lines Insurer's take-out plan.
- ~~(5)~~(3) However, if the risk, regardless of whether a Primary Residence or not a Primary Residence, is not able to obtain any such offer, the risk is eligible for either a standard policy including wind coverage or a basic policy including wind coverage issued by the Corporation. However, if the risk could not be insured under a standard policy including wind coverage regardless of market conditions, the risk shall be eligible for a basic policy including wind coverage unless rejected pursuant to ~~paragraph (C).~~ However, with regard to a Subsection (D). A policyholder of the Corporation that rejects a take-out offer that makes the risk ineligible for coverage with the Corporation, or a policyholder removed from the Corporation through an assumption agreement until the end of the assumption period, the policyholder remains, does not remain eligible for coverage from the Corporation after the end of the policy term. The Corporation shall determine the type of policy to be provided on the basis of objective standards specified in its Underwriting Manual and based on generally accepted underwriting practices.
- ~~(2)~~(4) ~~With respect to commercial lines residential risks, if a new~~ an applicant ~~to the Corporation for~~ or policyholder is offered coverage ~~is able to obtain an offer to insure the risk~~ under a policy from an authorized insurer at its approved rate, the ~~risk~~ applicant or policyholder is not eligible for any policy issued by the Corporation, unless the premium for coverage from the authorized insurer is more than 1520 percent greater than the premium for comparable coverage from the Corporation. If the risk is not able to obtain any such offer, the risk is eligible for a policy by the Corporation. However, ~~with regard to a policyholder of the Corporation, or a policyholder removed from the Corporation~~ corporation through an assumption agreement ~~until the end of the assumption period, the policyholder remains eligible for coverage from the Corporation regardless of any~~ corporation until the end of the policy term. A policyholder of the Corporation that rejects a take-out offer of that makes the risk ineligible for coverage from an authorized insurer or surplus lines insurer with the Corporation does not remain eligible for coverage from the Corporation after the end of the policy term.

(C) — For purposes of determining comparable coverage under ~~paragraphs~~Subsections (A) and (B), the comparison shall be based on those forms and coverages that are reasonably comparable. For purposes of comparing the premium for comparable coverage, premium includes any surcharge or assessment that is actually applied to such policy. The Corporation may rely on a determination of comparable coverage and premium made by the producing agent who submits the application to the Corporation, made in the agent's capacity as the Corporation's agent. A comparison may be made solely of the premium with respect to the main building or structure only on the following basis: the same coverage A or other building limits; the same percentage hurricane deductible that applies on an annual basis or that applies to each hurricane for commercial residential property; the same percentage of ordinance and law coverage, if the same limit is offered by both the Corporation and the authorized insurer; the same mitigation credits, to the extent the same types of credits are offered both by the Corporation and the authorized insurer; the same method for loss payment, such as replacement cost or actual cash value, if the same method is offered both by the Corporation and the authorized insurer in accordance with underwriting rules; and any other form or coverage that is reasonably comparable as determined by the ~~board~~Board. If an application is submitted to the Corporation for wind-only coverage ~~in on a risk that is located in an Eligible Area—the coastal account~~, the premium for the Corporation's wind-only policy plus the premium for the ex-wind policy that is offered by an authorized insurer to the applicant shall be compared to the

- (C) premium for multiperil coverage offered by an authorized insurer, subject to the standards for comparison specified in this ~~subparagraph~~Subsection. If the Corporation or the applicant requests from the authorized insurer a breakdown of the premium of the offer by types of coverage so that a comparison may be made by the Corporation or its agent and the authorized insurer refuses or is unable to provide such information, the Corporation may treat the offer as not being an offer of coverage from an authorized insurer at the insurer's approved rate.
- (D) A risk shall be deemed ineligible for Coverage in the Corporation if determined to be uninsurable by the Corporation pursuant to the Corporation's Underwriting Manual or Section ~~42~~13.
- (E) The Board may establish, subject to approval by the Office, different eligibility requirements and operational procedures for any line or type of Coverage for any specified county or area if the Board determines at a duly noticed public meeting that such changes to the eligibility requirements and operational procedures are justified due to the voluntary market being sufficiently stable and competitive in such area for such line or type of Coverage and that consumers who, in good faith, are unable to obtain insurance through the voluntary market through ordinary methods would continue to have access to Coverage from the Corporation. When Coverage is sought in connection with a real property transfer, such requirements and procedures shall not provide for an effective date of Coverage later than the date of the closing of the transfer as established by the transferor, the transferee, and, if applicable, the lender.
- (F) Commercial property may be required to meet specified hurricane mitigation construction features as a condition of eligibility.
- ~~(G) Effective July 1, 2014, Any major structure as defined in §161.54(6)(a-risk), F.S., that is deemed ineligible if newly constructed, or rebuilt, repaired, restored, or remodeled to increase the total square footage of finished area by more than 25 percent, pursuant to a permit is applied for on any new construction or substantial improvement as defined in s. 161.54 (12), F. S., after July 1, 2015, is not eligible for coverage from the Corporation, if the structure is seaward of the coastal construction control line established pursuant to s. §161.053, F.-S. or is within the Coastal Barrier Resources System as designated by 16~~
(G) U.S.C. ss. §§3501-3510.
- ~~(H) For residential take-out offers that are part of an application to participate in depopulation submitted to the Office on or after January 1, 2023, a policyholder that receives a take-out offer from an authorized insurer is not eligible for coverage with the Corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the renewal premium for comparable coverage from the Corporation.~~

SECTION 9

10

RATES, RATE FILINGS AND RATING PLANS

~~(A) Rates for coverage provided by the Corporation shall be actuarially sound and subject to the requirements of §627.062, F. S., except as otherwise provided by §627.351(6)(n)6., F. S. The Corporation shall file its, at least annually, recommended rates that comply with the Office at least annually §627.351(6)(n), F.S. The Corporation shall provide any additional information regarding the rates which the Office requires. The Office shall consider the recommendations of the Board and shall issue a finalan order establishing the rates for the Corporation within 45 days after the recommended rates are filed. The Corporation may not pursue an administrative challenge or judicial review of the final order of the Office.~~

- (A) ~~Pursuant to s. 627.351 (6)(n)6., F. S., beginning on or after January 1, 2010, and notwithstanding the Board's recommended rates and the Office's final order regarding that establishes the Corporation's filed rates under s. 627.351 (6) (n) 1., F. S., the Corporation shall annually implement a rate increase which, except for sinkhole coverage, does not exceed 10 percent for any single policy issued by the Corporation, excluding coverage changes and surcharges rates.~~
- (B) No portion of any rate or rating plan which has been determined by Order of the Office or by the Legislature of the State to constitute a surcharge or assessment, including without limitation Policyholder Surcharges and Assessments, for the purpose of providing or obtaining financing for catastrophic reinsurance coverage for the Corporation shall be included in any rate filing of the Corporation as premium of the Corporation subject to fees or commissions of the Corporation's Agents or providers.
- (C) ~~For as long as the three Accounts shall be maintained separately, the~~The Corporation shall collect the Reinsurance Surcharge solely for the benefit of the Account ~~to which such Reinsurance Surcharge applies.~~
- (D) The Board may provide, subject to the approval of the Office, that a rate filing, or any portion thereof, is not subject to the payment of commissions, fees, or other charges of the Corporation payable to Agents or other persons or entities who are compensated by the Corporation on the basis of a percentage of premium.
- (E) Any rating plan may establish such premium payment plans as are determined by the Corporation to be appropriate. The Corporation must provide a premium payment plan option to its policyholders which allows for quarterly and semiannual payment of premiums.
- (F) The Corporation shall allocate collected premium first to payment of Policyholder Surcharges and Assessments and then to the remainder of the premium, provided that upon cancellation of a policy, Policyholder Surcharges and Assessments shall be returned on a pro-rata or short-rata basis as provided in Section ~~43~~14.
- (G) The rules for the determination and classification of risks and establishment of rates are as set forth in this Plan or promulgated pursuant to the provisions of this Plan.

SECTION ~~40~~

11

POLICY FORMS AND QUOTA SHARE PRIMARY INSURANCE AGREEMENTS

- (A) The Corporation shall adopt the following policy forms:

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- (1) Standard personal lines property policy forms that are comprehensive multi-peril policies providing full coverage of a residential property equivalent to the coverage provided in the private insurance market under an HO-3, HO-4 or HO-6 policy.
 - (2) Basic personal lines property policy forms that are policies similar to an HO-8 policy or a dwelling fire policy that provide Coverage meeting the requirements of the secondary mortgage market, but which Coverage is more limited than the Coverage under a standard policy.
 - (3) Commercial lines residential and nonresidential property policy forms that are generally similar to policies providing coverage for basic perils of full coverage obtainable for commercial residential structures and commercial nonresidential structures in the admitted voluntary market.
 - (4) Personal lines and Commercial lines residential property policy forms that cover the peril of wind-only. Such forms shall be applicable only to personal residential properties and commercial residential properties located in Eligible Areas.
 - (5) Commercial lines non-residential property insurance forms that cover the peril of wind-only. Such forms shall be applicable only to non-residential properties located in Eligible Areas.
 - (6) Basic personal lines policy similar to an HO-8 policy with dwelling repair based on common construction materials and methods.
- (B) The Corporation may adopt variations of the policy forms listed in Sub-Section Subsection (A) that contain more restrictive coverage.
- (C) The Corporation shall adopt a program for quota share primary insurance ~~pursuant to if required by the Statute and in that regard:~~
§627.351(6)(c)2., F.S. and in that regard:
- ~~(1)~~ — The Corporation shall adopt quota share primary insurance policy forms ("Quota Share Primary Insurance") issued pursuant to the Quota Share Primary Insurance Agreements. Such forms shall clearly and conspicuously provide that:
- (1) (i) the Corporation and the authorized insurer shall each be solely responsible for a specified percentage of hurricane coverage of an Eligible Risk as set forth in a Quota Share Primary Insurance Agreement executed between the Corporation and an authorized insurer and the insurance contract; (ii) the responsibility of the Corporation or authorized insurer to pay its specified percentage of hurricane losses of an Eligible Risk, as set forth in the Quota Share Primary Insurance Agreement, which responsibility shall not be altered by the inability of the other party to the Agreement to pay its specified percentage of hurricane losses; (iii) the specific obligations of the Corporation and authorized insurer under the arrangement; (iv) the percentages of Quota Share Primary Insurance provided by the Corporation and authorized insurer; (v) that neither the authorized insurer nor the Corporation may be held responsible beyond its specified percentage of coverage of hurricane losses as set forth in the policy; and (vi) such other provisions that are customary, or otherwise necessary, to

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effectuate and administer such Quota Share Primary Insurance coverage of an
Eligible Risk.

- (2) The Corporation may enter into Quota Share Primary Insurance agreements (the "Quota Share Primary Insurance Agreement") with authorized insurers at Corporation quota share coverage levels of 90 percent and 50 percent for Eligible Risks. If the Board determines that additional quota share coverage levels are necessary to maximize participation in Quota Share Primary Insurance Agreements by authorized insurers, the Corporation may establish additional quota share coverage levels; however, the Corporation's quota share coverage level shall not exceed 90 percent. Quota Share Primary Insurance Agreements of the Corporation shall be subject to the following provisions:

- (a) Any Quota Share Primary Insurance Agreement entered into between an authorized insurer and the Corporation must provide for a uniform and specified percentage of coverage of hurricane losses, by county or territory as set forth by the Board, for all Eligible Risks of the authorized insurer covered under the Quota Share Primary Insurance Agreement.
- (b) Any Quota Share Primary Insurance Agreement entered into between an authorized insurer and the Corporation is subject to review and approval by the Office. However, such Agreement shall be authorized only as to insurance contracts entered into between an authorized insurer and an insured who is already insured by the Corporation for wind coverage.
- (c) For all Eligible Risks covered under Quota Share Primary Insurance Agreements, the exposure and coverage levels for both the Corporation and authorized insurers shall be reported by the Corporation to the FHCF.
- (d) For all policies of Eligible Risks covered under Quota Share Primary Insurance Agreements, the Corporation and the authorized insurer shall maintain complete and accurate records for the purpose of exposure and loss reimbursement audits as required by FHCF rules.
- (e) The Corporation and the authorized insurer shall each maintain duplicate copies of policy declaration pages and supporting claims documents.

(f) The terms and provisions of the Quota Share Primary Insurance Agreement between the Corporation and an authorized insurer must set forth the: ~~(i)~~

(i) specific terms under which coverage is provided; ~~(ii)~~

~~(f)~~(ii) provisions as to the sale and servicing of policies issued under the Agreement by the Agent of the authorized insurer producing the business;

~~(iii)~~

(iii) the reporting of information concerning Eligible Risks; ~~(iv)~~

(iv) the payment of premiums to the Corporation; ~~(v)~~

(v) arrangements for the adjustment and payment of hurricane claims

incurred on Eligible Risks by the claims adjuster and personnel of the
authorized insurer; and

~~adjuster and personnel of the authorized insurer; and (vi)~~

~~(vi)~~ such other terms and provisions agreed to by the parties.

- (g) The entering into a Quota Share Primary Insurance Agreement between the Corporation and an authorized insurer shall be voluntary and at the discretion of the authorized insurer.

~~(h)~~ The Corporation's operation standards and administration of such Quota Share Primary Insurance shall be as uniform as is reasonably possible. Such operation standards and the Corporation's administration of Quota Share Primary Insurance Agreements shall not permit any discriminatory application, or materially different standards or provisions, among insurers as to: ~~(i)~~

~~(i)~~ the terms, ~~(ii)~~

~~(ii)~~ administration, or ~~(iii)~~

~~(h)(iii)~~ the percentages of coverage in Quota Share Primary Insurance Agreements in the same geographical areas. In addition, the pricing of Quota Share Primary Insurance Agreements and the provisions governing incentive provisions, if any, as well as the consideration paid for servicing policies or adjusting claims shall be as uniform as is reasonably possible for Quota Share Primary Insurance Agreements in the same geographical area.

- (D) No policy, policy form, or endorsement shall be used by the Corporation unless it has been filed with, and approved by, the Office. All coverages, policies, policy forms or endorsements of the Corporation shall comply with applicable law and rules and orders of the Office.
- (E) The Corporation may establish, subject to the approval of the Office and all other applicable provisions of the Plan, additional policy forms needed to fulfill the public purposes of the Corporation.

SECTION ~~44~~

12

POLICY LIMITS AND SCOPE OF COVERAGE

- (A) Policies of the Corporation may be for single lines of Coverage or such combination of lines of Coverage for which the applicant has established eligibility.
- (B) Insurance contracts shall not cover real property located outside the State.

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- (C) The limits of property insurance and liability Coverages shall be written in accordance with standards and policies adopted by the Board and incorporated in the Corporation's Underwriting Manual.
- (D) Corporation insurance contracts must limit Coverage on mobile homes or manufactured homes built prior to 1994 to actual cash value of the dwelling rather than replacement costs of the dwelling.

- (E) Reasonable efforts shall be made to ensure that coverage limits information provided to Corporation policyholders shall be in plain English and clearly displayed.
- (F) The ~~corporation~~Corporation must provide coverage for manufactured or mobile home dwellings. ~~Such coverage must also include attached structures including certain screened enclosures, carports and patios that have a roof covering for manufactured or mobile homes for a minimum insured valued of at least \$3,000. to the extent required by the Statute.~~

SECTION ~~12~~

13

HAZARDOUS AND UNINSURABLE RISKS

- (A) The Corporation shall consider, and uniformly apply to all applicants by Coverage, the provisions of the Corporation's Underwriting Manual which are deemed incorporated herein, and the following factors in determining whether an individual risk is so hazardous as to be uninsurable:
 - (1) Whether the likelihood of a loss for the individual risk is substantially higher than for other risks of the same class.
 - (2) Whether the uncertainty associated with the individual risk is such that an appropriate premium cannot be determined.
 - (3) Other factors pertinent to insurability as established by the Board and approved by the Office.
- (B) The acceptance or rejection of a risk by the Corporation shall be construed as the private placement of insurance and the provisions of Chapter 120, Florida Statutes, shall not apply.

SECTION ~~13-14~~

POLICY CANCELLATIONS

- (A) Policies shall be canceled by the Corporation in accordance with ~~s.~~§627.4133, F.S. for

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the nonpayment of premium, including for this purpose policy fees, Policyholder Surcharges, other surcharges of the Corporation on its Policyholders, and Assessments. The Corporation may cancel or rescind coverage void ab initio on policies for a material misstatement or misrepresentation of any fact, either before or after a loss. The Corporation may cancel a policy for failure to comply with underwriting guidelines; in instances where there has been a substantial and material change in the nature of a risk which renders it uninsurable or otherwise ineligible for Coverage in the Corporation and for any other reason permitted by applicable law.—

- (B) Policies may be canceled by the policyholder upon the submission of a written request to cancel the policy to the Agent or the Corporation which includes a specific cancellation date.
- (C) Return premium shall be calculated on a pro-rata basis whether the policy is canceled by the Corporation or the insured; however, return premium for wind-only policies may be calculated on a short rate basis if coverage is effective during the period of June 1st to November 30th or any portion of such period.
- (D) All policy cancellations shall be in accordance with applicable law and the rules and orders of the Office.

SECTION ~~14~~15

COMMISSIONS AND SERVICE FEES

The commissions and fees payable by the Corporation to Agents and vendors or other entities compensated on the basis of a percentage of the Corporation's premium shall be determined by the Board and set forth in the Corporation's rating plans. No commission or fee shall be paid by the Corporation on any portion of an approved rating plan designated by the Corporation, as a surcharge or assessment to which commissions and fees are not applicable. In the event that there is an ongoing violation of the binding requirements and criteria, the Corporation has the authority to suspend payment of commissions.

SECTION ~~15~~ PARTICIPATION RATIOS

- ~~(A) The Participation Ratios of Assessable Insurers shall be determined annually in accordance with this Section. A separate Participation Ratio for each Assessable Insurer shall be computed annually only for the Coastal Account. The Participation Ratio shall establish each Assessable Insurer's share of the amount being levied by the Corporation pursuant to Section 16 of this Plan.~~
- ~~(B) An Assessable Insurer's Participation Ratio for the Coastal Account in any Plan Year shall be in the proportion that the Direct Written Premium of such Assessable Insurer for the Subject Lines of Business during the preceding calendar year bears to the aggregate statewide Direct Written Premium for the Subject Lines of Business for the preceding calendar year. The calculation of a Participation Ratio of an Assessable Insurer for the Coastal Account shall be adjusted to reflect, where applicable: (i) the eligibility of one or more Assessable Insurers for Regular Assessment credits or exemptions, as permitted under §627.3511, F. S., or other applicable law and/or otherwise pursuant to this Plan; (ii) the eligibility of one or more Assessable Insurers for Regular Assessment credits or exemptions under incentive plans adopted by the Board~~

- pursuant to §627.351(6)(q)3., F. S.; (iii) the Regular Assessment credits and exemption of Special Purpose Homeowner Insurance Companies; (iv) the Regular Assessment credits and exemptions of Minority Owned Insurers; (v) Regular Assessment credits and exemptions of Limited Apportionment Companies; and (vi) Voluntary Credits, if any. Voluntary Credits, and adjustments to a Participation Ratio as a result of Voluntary Credits, shall be calculated on an individual company basis not on a group basis.
- (C) ~~The Assessable Insurers annually shall report to the Corporation their Direct Written Premium in the preceding year for the Subject Lines of Business. All premium reports shall be on such form and shall be delivered at such time as specified by the Corporation. An Assessable Insurer that fails to submit the required report by the specific time shall have its Participation Ratio calculated by the Corporation, using such figures as are available to the Corporation and without the benefit of any credits or adjustments allowed by B. above, or as otherwise set forth on the Corporation's Direct Written Premium report form.~~
- (D) ~~The Corporation shall establish schedules, forms and reports pursuant to which FLSO will annually report to the Corporation the aggregate statewide written premium in the Subject Lines of Business procured by Assessable Insureds. Such written premium information shall be used by the Corporation to determine the Participation Ratio of all Assessable Insureds collectively, which shall be in the proportion that the Direct Written Premium on policies procured by Assessable Insureds for the Subject Lines of Business during the preceding calendar year bears to the aggregate statewide Direct Written Premium for the Subject Lines of Business for the preceding calendar year.~~
- (E) ~~The Corporation annually shall advise each Assessable Insurer, in writing, of its Participation Ratio in the Coastal Account. The notice to each Assessable Insurer shall include a calculation of that Assessable Insurer's Participation Ratio. In addition, the Corporation annually shall advise the FLSO, in writing, of the Participation Ratio in the Coastal Account applicable to Assessable Insureds collectively and show the calculation of such Participation Ratio.~~
- (F) ~~If an Assessable Insurer, Assessable Insured, or the FLSO wishes to contest the Corporation's determination of a Participation Ratio in the Coastal Account, it must file an appeal as provided in Section 25.~~
- (G) ~~Whether or not an appeal is pending, the Corporation reserves the right to revise Participation Ratios in the Coastal Account if (1) errors or omissions in the calculations are discovered subsequent to the promulgation of Participation Ratios for Assessable Insurers individually and Assessable Insureds collectively in the Account; (2) the Corporation is informed by the Office of its finding that payment of the assessment by an insurer would endanger or impair the solvency of that insurer; or (3) the Corporation is informed by the Office that the insolvency of an insurer precludes payment by that insurer of an Assessment. When the Corporation revises Participation Ratios because it is unable to collect an assessment from an insurer, nothing in this Sub Section is intended to impact the right of another Assessable Insurer, which is required to pay an~~

~~additional assessment as a result of such failure to pay, to bring a cause of action
against such nonpaying insurer.~~

- ~~(H) The Board may adopt other rules and procedures not inconsistent with this Plan and the
Statute for the determination of participation ratios.~~

SECTION 16

ASSESSMENTS AND

POLICYHOLDER SURCHARGES AND ASSESSMENTS

- (A) The levying of ~~Assessments and~~ Policyholder Surcharges and Assessments shall be the duty of the Board, and the Executive Director shall administer the implementation and collection of all such ~~Assessments and~~ Policyholder Surcharges and Assessments.
- (B) The Board shall levy Policyholder Surcharges and Assessments as authorized by the Statute. ~~Such Assessments shall be levied separately for the Personal Lines Account, the Commercial Lines Account and the Coastal Account.~~
- (C) Assessment computations for any Plan Year shall include the expenses of making such Assessments; ~~uncollected amounts from prior Regular Assessments for that year;~~ and items of revenue, expense or additions to reserves required by any loan agreement, trust indenture or other financing agreement which in the opinion of the Board will affect the need for or results of the ~~Regular~~ Assessments.
- (D) No Policyholder Surcharge or Assessment pursuant to this ~~Section, other than Interim Assessments as hereinafter provided for, Plan~~ shall be made by the Corporation ~~for either the Personal Lines Account, the Commercial Lines Account or the Coastal Account~~ unless a Plan Year Deficit exists; and:
- (1) the Incurred Losses used in the computation of such Plan Year Deficit are supported by a projection by the Corporation's independent actuary;
 - (2) Investment Income or Loss projections used in the computation of such Plan Year Deficit are based on advice of the Corporation's financial advisors;
 - (3) the Board has determined at a properly noticed meeting that the Policyholder Surcharge or Assessment is required by the Statute;
 - ~~(4) the Policyholder Surcharge or Assessment is specifically recommended by the Board;~~

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- ~~(4)~~ in the case of an Emergency Assessment, the amount of an Emergency Assessment, and the remittance schedule for Assessable Insurers and the FLSO has been determined by the Board at a properly noticed meeting;
- (5) the Board has certified to the Office the Corporation's need for the Policyholder Surcharge or Assessment and that the Board has satisfied the conditions specified in ~~Items~~ Sub-subsections (1) through (4) above; and
- ~~(6)~~ the Office has received the certification from the Board referred to in ~~Item~~ Sub-subsection (5)

(6)) above, has reviewed the arithmetic calculation used to determine the amount to be levied, and, within thirty (30) days after the receipt of the information on which the determination was made, has verified and approved the certification by Order. Whereupon, for an Assessment, the Office shall advise all Assessable Insurers and the FLSO on behalf of all Surplus Lines Agents and all other insurers required by law to collect Assessments, in writing, of the Board's action regarding the levying of an Assessment and the remittance schedule.

(E) The Policyholder Surcharge and Assessment Computation Formula for deficits incurred in calendar year 2008 and after is as follows:

- (1) Calculate and project the Operating Result ~~of the Account~~ for the Plan Year;
- (2) Add the Surplus ~~for that Account~~ as adjusted pursuant to Section 16 ~~L(F)~~ from prior Plan Years to the Operating Result ~~of the Account,~~ derived from (1) above;
- (3) If the computations made in (1) and (2) above do not produce a Plan Year Deficit ~~in the Account~~ for the Plan Year, no Policyholder Surcharge or Assessment shall be levied.
- (4) If such computations produce a Plan Year Deficit, the Board shall levy a Citizens Policyholder Surcharge ~~against the premium of each policyholder in all accounts of the Corporation for a 12-month period, as a uniform percentage of the premium of the policy of up to fifteen (15) percent of such premium. The aggregate amount of the deficit incurred shall be reduced by the amount of the Citizens Policyholder Surcharge collected or estimated to be collected as provided in Section 17.~~

~~(5) — After accounting for the Citizens Policyholder Surcharge, if any remaining deficit is projected to exist, a Regular Assessment shall be levied pursuant to, and subject to the limitations of, this Section for the Coastal Account only in an amount equal to the remaining Deficit less any Interim Assessments already levied by the Corporation.~~

~~(6) — Regular Assessments levied on Assessable Insurers shall be made in accordance with the Participation Ratios calculated under Section 15-B for the Plan Year in which the net Plan Year Deficit occurred determined under (6) above, regardless of the calendar year in which the Assessment is levied. If the Assessable Insurer's Participation Ratios for a Plan Year in which a Plan Year Deficit occurs has not been computed at the time such Plan Year Deficit has been calculated, each Assessable Insurer's Regular Assessment shall be based on the Participation Ratio for the Coastal Account in the preceding Plan Year and shall be subsequently adjusted when the applicable Plan Year's ratios are calculated;~~

~~(7) — The Regular Assessment percentage levied on Assessable Insureds shall be the ratio of the amount being assessed for The Coastal Account under (9) below to the aggregate statewide Direct Written Premium for the Subject Lines of Business for the preceding year;~~

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~~(8) — Pursuant to the Statute and this Section,~~ after accounting for the Citizens

~~Policyholder Surcharge, the aggregate of all Regular and Interim Assessments on Assessable Insurers and Assessable Insureds for a Plan Year Deficit in the Coastal Account incurred in a particular Plan Year may not exceed the greater of:~~

~~(i) two percent (2%) of the aggregate statewide Direct Written Premium for the Subject Lines of Business for the preceding calendar year, or~~

~~(ii) two percent (2%) of the Plan Year Deficit for the Coastal Account; and~~

~~(9) — After accounting for the Citizens Policyholder Surcharge, when the Plan Year Deficit incurred in an Account in a particular Plan Year exceeds the amount specified by (8)(i), Policyholder Surcharge, the Board shall levy Interim and Regular Assessments in the aggregate on Assessable Insurers and Assessable Insureds equal to the greater of (8)(i) or (8)(ii) for the Coastal Account. All remaining portions of the Plan Year Deficit for the Coastal Account shall be recovered through an Emergency Assessments levied by the Board pursuant to Section 17 of this Plan.~~

~~After accounting for the Citizens Policyholder Surcharge, when such Plan Year Deficit does not exceed the amount specified in (9)(i), the Board shall levy Interim and Regular Assessments in the aggregate on Assessable Insurers and Assessable Insureds equal to the amount of such Plan Year Deficit for the Coastal Account only.~~

~~(F)(5) The Board may levy Interim Assessments on Assessable Insurers Assessment as necessary for the Coastal Account. Such Interim Assessments shall be based upon the projected cash requirements of the Account for the six month period immediately following the levying of such an Interim Assessment, and shall be subsequently adjusted when the Plan Year Deficit for the Account is credibly projected. The aggregate of all Interim Assessments levied for an Account as to any Plan Year shall not exceed the limits provided therefore in Section 16(E)(7) above. No Interim Assessments as provided for in this subsection shall be made by the Corporation for the Coastal Account unless: in Section 18.~~

~~(1) — The Incurred Losses used in the computation of the projected cash requirements of the Account for the six month period immediately following the levy of the Interim Assessment are supported by reasonable projections by the Corporation;~~

~~(2) — Investment Income or Loss projections used in the computation of the projected cash requirements are based on advice of the Corporation's financial advisors;~~

~~(3) — The Board has determined at a properly noticed meeting that the Interim Assessment is in the best interest of the Corporation and is consistent with the Statute;~~

~~(4) — The Interim Assessment is specifically recommended by the Board;~~

~~(5) — The Board has certified to the Office the Corporation's need for such Interim~~

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~~Assessment and that the Board has satisfied the conditions specified in items 1~~

through 4 above;

- ~~(6) — The Office has received the certification from the Board referred to in item 5 above, has reviewed the arithmetic calculation involved in the Board's determination, and has verified and approved the certification by Order.~~

~~All Interim Assessments collected from Assessable Insurers pursuant to this subsection for an Account shall be credited against such Assessable Insurer's Plan Year Assessment obligations for such Account as may otherwise be levied pursuant to this Section. All other provisions of this Section concerning Assessable Insurer's Assessments, not in conflict with this subsection, shall be applicable to the imposition, levying and collection of Interim Assessments.~~

- ~~(G) — All Interim Assessments and Regular Assessments, and provided for in this Section shall be paid within thirty (30) days from the date notice of Assessment is received. A penalty, or late charge, or interest, as adopted by the Board, shall be applied to the Assessment of any Assessable Insurer or Assessable Insured in the event that the Assessment of the Assessable Insurer's or Assessable Insured is not paid in full within thirty (30) days.~~
- ~~(H) — A Regular Assessment levied on a Limited Apportionment Company for a deficit occurring in the Coastal Risk Account in calendar year 2006 and thereafter, may be paid on a monthly basis as the assessments are collected by the Limited Apportionment Company from its insureds. However, the Regular Assessment must be paid in full within 12 months after being levied.~~
- ~~(I) — An Assessable Insurer may, within 21 days from the date the Notice of Assessment is mailed by Citizens, petition the Office, with a copy to Citizens, for a deferral. Upon approval by the Office, an Assessable Insurer may defer payment of the Regular Assessment if the Office finds that payment of the Assessment would endanger or impair the solvency of the insurer.~~
- ~~(J) — If the Corporation is unable to collect all amounts assessed against Assessable Insurers within ninety (90) days of the Assessments being levied, the uncollected or deferred Assessment amounts shall be levied as an additional Regular Assessment against the other Assessable Insurers.~~
- ~~(K) — If there is a positive Operating Result attributable to an Account in a Plan Year, such amount shall be held as Surplus in that Account. The Surplus available to offset a negative Operating Result in either the Personal Lines Account, the Commercial Lines Account, or the Coastal the Account shall be reduced by unamortized bonuses, amounts appropriated for contingent catastrophic reserves, deferred financing costs, and net assets related to pre-event financing. Such Surplus as adjusted shall be used to offset any negative Operating Result of an Account for that purpose prior to assessing Assessable Insurers and Assessable Insureds as to any Plan Year for that Account.~~

Notwithstanding the foregoing, for the purpose of drawing moneys from the Note

~~(F)~~ Proceeds Account established under the Trust Indenture ~~for the Coastal Account~~ to pay policyholder claims, the Surplus available to offset a negative Operating Result ~~for the Coastal Account~~ shall be reduced by unamortized bonuses, ~~amounts appropriated for contingent catastrophe reserves~~, deferred financing costs, net assets related to pre-event notes, and amounts in defeasance accounts.

~~(L)~~ All Assessments levied by the Corporation on Assessable Insureds shall be collected pursuant to the Statute from such Assessable Insureds at the time the Surplus Lines Agent collects the surplus lines tax required by the Surplus Lines Law. The appropriate amount collected by Surplus Lines Agents for any Assessment on Assessable Insureds shall be paid to FLSO by the Surplus Lines Agent at the time such agent pays the applicable surplus lines tax to FLSO.

~~(G)~~ The Corporation shall establish a periodic remittance schedule for payment by FLSO to the Corporation of all Assessments received by FLSO.

~~(M)~~~~(H)~~ The Board may adopt other rules and procedures not inconsistent with this Plan and the Statute for the collection of Assessments and Policyholder Surcharges.

~~(N)~~~~(I)~~ If an Assessable Insurer, an Assessable Insured, a Corporation's policyholder, or the FLSO wishes to contest the Corporation's determination of an Assessment or Policyholder Surcharge, it must do so as provided in Section ~~25~~26.

~~(O)~~~~(J)~~ If the amount of any Policyholder ~~Surcharges~~Surcharge collected by the Corporation from its policyholders exceeds the amount of the Plan Year Deficit for which it was collected, the Corporation shall retain such excess amounts. After accounting for the Citizens Policyholder Surcharge, if the amounts of any Assessment collected by the Corporation from Assessable Insurers, collected by the FLSO from Assessable Insureds, and recouped by an Assessable Insurer from its policyholders exceed the remaining amount of the Plan Year Deficit for which such amounts were collected, such excess amounts shall be remitted to and retained by the Corporation in a reserve to be used by the Corporation, as determined by the Board and approved by the Office, to pay any past, present and future claims or reduce any past, present, or future plan-year deficits or to reduce outstanding debt.

~~(K)~~ Citizens shall certify to the Office the need for any Interim Assessment that it deems to be necessary to sustain operations as to a particular year pending the receipt of annual assessments.

SECTION 17 ~~EMERGENCY ASSESSMENTS~~

POLICYHOLDER SURCHARGES

~~(A)~~ ~~The levying of Emergency Assessments shall be the duty of the Board, and the Executive Director shall administer the implementation and collection of Emergency Assessments.~~

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(B) — Upon ~~a~~the determination ~~by the Board that of~~ a Plan Year Deficit as provided in ~~an Account~~ has been incurred, or is projected to be incurred, in a particular Plan Year in an amount which exceeds the maximum aggregate Regular Assessment on Assessable Insurers and

- (A) ~~Assessable Insureds specified in Sub-Section 16(E)(7) of this Plan, plus the amount that is expected to be recovered through the~~, the Board shall levy a Citizens Policyholder Surcharge.
- (B) ~~The~~, the Board shall levy Board shall levy each Citizens Policyholder Surcharge against the premium of each policyholder of the Corporation for a 12-month period, as a uniform percentage of the premium of the policy of up to fifteen (15) percent of such premium.
- (C) The Policyholder Surcharge is payable upon cancellation or termination of the policy, upon renewal of the policy, or upon issuance of a new policy by the Corporation within the first 12 months after the date of the levy or the period of time necessary to fully collect the surcharge amount.

SECTION 18

EMERGENCY ASSESSMENTS

- (A) The Board shall levy an Emergency Assessment if any remaining ~~projected~~ Plan Year Deficit ~~as is projected to exist after accounting for the Citizens Policyholder Surcharge. The Board shall levy the~~ Emergency Assessment to be collected by all Assessable Insurers, Surplus Lines Agents, the Corporation, ~~Special Purpose Homeowner Insurance Companies, Limited Apportionment Companies, and Minority Owned Insurers~~ and from policyholders upon the issuance or renewal of policies for Subject Lines of Business for as many years as necessary to cover the deficit ~~in the Account~~.
- (C)(B) The amount of an Emergency Assessment levied in a particular year shall be a uniform percentage of that year's Direct Written Premium for the Subject Lines of Business and that year's direct written premium ~~for all Accounts~~ of the Corporation as determined by the Board and verified by the Office pursuant to ~~Sub-Section F. below~~ 16(D) above. In setting the uniform percentage to be levied in a particular Plan Year, the Board shall take into consideration the amounts of any Reimbursables, the actual or projected amount of uncollected Assessments, ~~and Regular Policyholder Surcharge~~, or Emergency Assessments that are collected but become unavailable as a result of having been pledged as security for, or for application in respect of, indebtedness of the Corporation imposed in a prior year with respect to the Plan Year Deficit.
- (D)(C) The aggregate amount of Emergency Assessments levied in any calendar year as a result of a Plan Year Deficit incurred ~~in an Account~~ in a particular Plan Year may, at the discretion of the Board, be less than but may not exceed the greater of:
- (1) ten percent (10%) of the amount needed to cover the Plan Year Deficit, plus interest, fees, commissions, required reserves, and other costs associated with financing of the Plan Year Deficit, or

- (2) ten percent (10%) of the aggregate statewide Direct Written Premium for the prior calendar year for the Subject Lines of Business and the direct written premium ~~for all Accounts~~ of the Corporation for the prior calendar year, plus interest, fees, commissions, required reserves, and other costs associated with financing of the Plan Year Deficit.

To the extent the aggregate amount of Emergency Assessments will not exceed the greater of (1) or (2) above, the Board shall impose Emergency Assessments in the amount required by any applicable loan agreement, trust indenture or other financing agreement.

~~(E)(D)~~ The following rules and procedures apply to the collection and remittance of Emergency Assessments:

- ~~(1)~~ — An Assessable Insurer shall collect the Emergency Assessment from a policyholder with a policy that is issued or renewed at the same time it collects a premium payment. Emergency assessment remittances are due from Assessable Insurers on the full amount of the direct written premiums attributable to policies issued or renewed, even if the Assessable Insurer delays collection of

- (1) ~~the~~ in entire premium through billing plans or other similar mechanisms.
- (2) Unless otherwise provided by the Board, Assessable Insurers ~~shall remit Emergency Assessments to the Corporation monthly~~ and the FLSO shall remit Emergency Assessments to the Corporation quarterly.
- (3) When an Assessable Insurer or the FLSO is required to return unearned premium to a policyholder or an Assessable Insured, it shall also return a pro-rata amount equivalent to collected Emergency Assessment attributable to the unearned premium, which it shall offset against the payment of Emergency Assessments due the Corporation.
- ~~(4) With respect to Corporation policyholders, interest at the Corporation shall collect and return Emergency Assessments as provided in Sections 9 and 13.~~
- ~~(5)(4) A penalty, late charge, or applicable judgement~~ interest, rate as adopted established by the Board, Chief Financial Officer of Florida shall be applied to the Emergency Assessment of ~~any~~ Assessable Insurer, or Assessable Insured, or a Corporation policyholder in the event that the Assessment of the Assessable Insurer or Assessable Insured is not paid in full within thirty (30) days.
- ~~(6)(5)~~ The Board may adopt other rules and procedures not inconsistent with this Plan and the Statute for the collection of Emergency Assessments from Assessable Insurers, Assessable Insureds, and Corporation policyholders.
- ~~(F) No Emergency Assessment pursuant to this Section shall be made by the Corporation for any Account unless:~~
 - ~~(1) The amount of an Emergency Assessment, and the remittance schedule for Assessable Insurers and the FLSO has been determined by the Board at a properly noticed meeting.~~
 - ~~(2) The Board has advised the Office in writing of its determination of the amount of the Emergency Assessment and that such determination satisfied the conditions specified in Item (i) above.~~
 - ~~(3) The Office has received the determination from the Board referred to in Item (ii) above, has reviewed the arithmetic calculation of the Assessment, and has, within thirty (30) days after the receipt of the information on which the determination was made, verified the Emergency Assessment by Order. Whereupon, the Corporation shall advise all Assessable Insurers and the FLSO on behalf of all Surplus Lines Agents and all other insurers required by law to collect Emergency Assessments, in writing, of the Board's action regarding the levying of an Emergency Assessment and the remittance schedule.~~
- ~~(G)(E)~~ Emergency Assessments levied under this ~~section~~ Section shall not be subject to premium tax, fees, or commissions paid by the Corporation.

~~(H)(F)~~ In accordance with §627.351(6)(c)15., F.S., Emergency Assessments levied under this section Section may not be deferred.

~~(I)~~ If an Assessable Insurer, an Assessable Insured, a Corporation's policyholder, or the FLSO wishes to contest the Corporation's determination of an Assessment, it must do so as provided in Section 25.

~~(J)~~ After accounting for the Citizens Policyholder Surcharge and the Regular Assessment, if the amount of any Emergency Assessment exceeds the amount of the Plan Year Deficit for which it was collected, such excess amounts shall be remitted to and retained by the Corporation in a reserve to be used by the Corporation, as determined by the Board and approved by the office, to pay any past, present or future claims or reduce any past, present, or future plan year deficits or to reduce outstanding debt.

SECTION 48

~~ESTABLISHMENT AND ADMINISTRATION~~19

CONSOLIDATION OF ACCOUNTS INTO THE ACCOUNT

~~(A)~~ The Executive Director shall establish a Commercial Lines Account, a Personal Lines Account and a Coastal Account and shall maintain such Accounts in accordance with the Statute, Plan and any applicable loan agreements, trust indentures or other financing agreements. The Accounts as herein provided for shall be accounted for separately by the Corporation to assure the accuracy of the Accounts for each Plan Year. Each Account shall be maintained separately as to all revenues, assets, liabilities, losses and expenses. Subject to the limitations of B below, the As of January 1, 2024, the Account is established pursuant to §627.351(6)(b)2., F.S. and is authorized to provide coverage as provided in the Statute and to the extent provided under each of three separate accounts that existed prior to establishment of the Account.

~~(A)(B)~~ The Corporation may pledge its revenues, assets or other property to secure indebtedness or other obligations owed to lenders, holders of Bonds, or providers of Financial Products by the Account, regardless of the ~~Account or~~ Plan Year Deficit for which levied or attributable. ~~Pledged revenues, property or assets of the Personal Lines Account and Commercial Lines Account may be commingled when in the custody of any authorized trustee, escrow agent or other custodian for the lenders, holders of Bonds or providers of Financial Products in respect of such Accounts so that the granting of parity interests to such various lenders, holders and providers in such security may be effectuated.~~

~~(B)~~ The three Accounts shall be maintained separately by the Corporation, as provided by the statute, in accordance with the terms, if any, of the financing documents. When the

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~~financing obligations in accordance with such financing documents are no longer outstanding, the Corporation may use a single account for all revenues, assets, liabilities, losses and expenses of the Corporation.~~

~~During such time as the three Accounts exist, creditors of the Coastal Account shall have a claim and recourse to the Coastal Account and shall have no claim against, or recourse to, the Personal Lines Account or the Commercial Lines Account, and creditors of the Personal Lines Account and the Commercial Lines Account may have a claim and recourse to the Personal Line Residential Account and the Commercial Lines Account and shall have no claim against, or recourse to, the Coastal Account.~~

~~(C) Revenues, assets, liabilities, losses and expenses not directly attributable to a particular Account shall be pro-rated by the Corporation among the Accounts in such proportion as the Board shall determine either (i) according to a formula using such measures as the Board may determine are reasonable and equitable such as (by way of example only) number of staff, number of policies in force, loss exposure or written premium, or (ii) on the basis of other equitable criteria as the Board may determine are reasonable and equitable, such as (by way of example only) the relative benefit received by each Account and/or the relative burden incurred by each Account in respect of such revenues, assets, liabilities, losses and expenses.~~

~~(D)~~(C) Any indenture trustee and each co-indenture trustee and separate indenture trustee (if any) appointed under a trust indenture, and each collateral trustee, co-collateral trustee and separate collateral trustee, if any, appointed under a security agreement, and each bank agent, co-bank agent and separate bank agent, if any, appointed under a bank collateral agreement, which trust indenture, security agreement or bank collateral agreement, as applicable, has been approved by the Office under the Plan, shall constitute an "authorized trustee, escrow agent or other custodian" for purposes of this Section ~~18.~~

SECTION ~~19~~ 20

BORROWING POWERS

- (A) The Board is authorized to arrange for and consummate a taxable or tax-exempt borrowing or borrowings of money for the Corporation to meet its anticipated financial obligations or to fund a Plan Year Deficit or an anticipated Plan Year Deficit upon a finding by the Board that the funds derived, or to be derived, from the borrowing are reasonably necessary for the Corporation to currently meet, or in the future be able to meet, its mandated purposes or financial obligations as set forth in the Plan or the Statute.
- (B) Any loan agreement or trust indenture shall be subject to the approval of the Board and the Office. The Corporation shall, in advance of execution of any loan agreement or trust indenture, file with the Office a statement of the purpose of the indebtedness to be incurred thereby, and a copy of such loan agreement or trust indenture (or a substantial final form thereof) and an estimate of the costs to be incurred by the Corporation in the procurement of any such indebtedness.
- (C) Any indebtedness incurred, and the costs incurred by the Corporation in processing and procuring such indebtedness, shall be properly reflected on the books and records and financial statements of the Corporation in accordance with applicable accounting principles.

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(D) — In effectuating and implementing the provisions of this Section, the Corporation shall have all power, right and authority, subject to the limitations set forth in ~~Section 18 above~~this Plan, to

(D) _____ pledge, or grant security interests in any income, Assessments levied, or to be levied under Sections 16 ~~or 17~~ through 18, surcharges, premiums, investment income, projected revenue from the FHCF and other reinsurance receivables, other funds available to the Corporation, assets, proceeds of Bonds authorized under Section ~~2021~~ of this Plan, and any other interest, right, title or expectation available to the Corporation as collateral or security for any such loan, line of credit, or other obligation or indebtedness, and shall have all other power reasonable and necessary to effectuate the requirements of this Section and Section ~~2021~~ below. Without limiting the foregoing authority, the Corporation is authorized to take all actions needed to facilitate tax-free status for any such Bonds or other indebtedness, including the formation of trusts or other affiliated entities. Any pledge or security interest granted pursuant to this Section ~~19~~, may be on a parity with any pledge or security interest granted in connection with any bonded indebtedness issued by, or on behalf of the Corporation.

SECTION ~~20-21~~

BONDING ~~POWER~~ POWERS

(A) ~~_____~~ Bonding in Conjunction with a Unit of Local Government. The governing body of any unit of local government, any resident of which is insured by the Corporation, may issue Bonds as defined in §125.013, or §166.101, F.-S., from time to time to fund an assistance program in conjunction with the Corporation for the purpose of defraying or refinancing Plan Year Deficits of the Corporation. Revenue Bonds may not be issued under this ~~Section~~ 20(A) Subsection until validated pursuant to Chapter 75, Florida Statutes, unless a state of emergency is declared by executive order or proclamation of the Governor pursuant to §252.36, F.-S., making such findings as are necessary to determine that it is in the best interests of, and necessary for, the protection of the public health, safety, and general welfare of the residents of the State and declaring it an essential public purpose to permit certain municipalities or counties to issue such Bonds as will permit relief to claimants and policyholders of the Corporation. The unit of local government shall enter into such contracts with the Corporation as are necessary to carry out this ~~paragraph~~ Subsection. Any Bonds issued under §627.351(6)(q)2., F.-S., shall be payable from and secured by monies received by the Corporation from Emergency Assessments under

(A) ~~_____~~ §627.351(6)(b) ~~3-d 5.c.~~, F.-S., ~~and, to the extent permitted by law, Regular Assessments~~ and other funds available to the Corporation, and assigned and pledged to or on behalf of the unit of local government for the benefit of the holders of such Bonds. The funds, credit, property and taxing power of the state or of the unit of local government shall not be pledged for the payment of such Bonds.

- (1) The Corporation may incur reasonable expenses in conjunction with the issuance or proposed issuance of a Bond issue or other borrowing. Such reasonable expenses shall include, but are not limited to, obtaining a rating for the Bond or other obligations; obtaining legal opinions; appearing before a body of investors for promotional purposes to encourage investing in Corporation Bonds; registering the Bond issue, and other expenses reasonably related to the Bond issue.

- (2) Bonds issued on behalf of the Corporation by a unit of local government shall be issued with such terms and conditions as the Corporation may deem proper.
 - (3) The Corporation may, subject to the limitations in Section 18 above this Plan, pledge or offer as security for a Bond issue, in conjunction with a unit of local government, any income, asset or expectation of the Corporation. The Corporation may pledge or encumber the income which is, or may be, receivable under Emergency Assessments as security for Bonds issued in conjunction with a unit of local government. However, the Corporation may not transfer to a third party the power, right or duty to impose Assessments or Policyholder Surcharges.
- (B) Bonds issued by the Corporation without the assistance of any unit of local government. The Corporation may incur taxable or tax-exempt debt in any form legally cognizable, including debt evidenced by a Bond or Bonds issued directly by the Corporation, and may use the proceeds of such Bond issue to defray expenses, fund Plan Year Deficits, purchase reinsurance, repay principal and interest of other debt incurred to defray a Plan Year Deficit or any portion thereof, or fund any other Corporation expense or liability.
- (1) The Corporation also may incur reasonable expenses in connection with Bonds issued without the cooperation of a unit of local government to enhance, encourage or increase the sale or placement of such Bonds among voluntary investors. Such reasonable expenses shall include, but are not limited to obtaining a rating for the Bond issue, obtaining legal opinions, appearing before a body of investors for promotional purposes to encourage private investing in Corporation Bonds, registering the Bond issue or such other steps reasonably calculated to enhance, encourage or increase the sale or placement of such Bonds among voluntary investors, and other expenses reasonably related to the Bond issue, which expenses may be funded by the Bonds.
 - (2) The Corporation may, subject to the limitations in Section 18 above this Plan, pledge or offer as security for a Bond issue, not in conjunction with a unit of local government, any income, asset or expectation of the Corporation. The Corporation may pledge or encumber the income which is, or may be, receivable as Assessments and surcharges imposed under the Statute, projected revenues from the FHCF, other reinsurance receivables and surcharges and other funds available to the Corporation as security for Bonds issued not in conjunction with a unit of local government. However, the Corporation may not transfer to a third party the power, right or duty to impose aan Assessment or Policyholder Surcharge.
 - (3) The Corporation shall offer any Bonds not issued in conjunction with a unit of local government with such terms and conditions as the Corporation may deem proper.
 - (4) The Corporation may, but is not required to, seek judicial validation under Chapter 75, Florida Statutes, of its Bonds or other indebtedness issued without the assistance of any unit of local government.

- (C) In effectuating and implementing the provisions of this Section, the Corporation shall have, subject to the limitations in ~~Section 18 above~~this Plan, all power, right and authority to pledge, or grant security interests in any income, Assessments levied, or to be levied under Sections 16 ~~or 17~~through 18 of this Plan, or surcharge, premiums, investment income, projected revenues from the FHCF, other reinsurance receivables and other funds available to the Corporation, assets, and any other interest, right, title or expectation available to the Corporation as security for any such Bonds, or Bonding, and shall have all other power reasonable and necessary to effectuate the requirements of this Section. Without limiting the foregoing authority, the Corporation is authorized to take all actions needed to facilitate tax-free status for any such Bonds or other indebtedness, including the formation of trusts or other affiliated entities.
- (D) It being necessary that the Corporation, in advance of the occurrence of a hurricane or other weather-related event, be in position to immediately pay claims, and also in order to develop in advance a record in the financial markets by one or more representative Bond issues that will facilitate ready access to the financial markets for additional amounts immediately after a hurricane or other weather-related event and prior to the occurrence of a Plan Year Deficit, the Corporation is authorized to provide for the issuance of Bonds through a unit of local government, as provided in ~~subsection~~Subsection (A) of this Section ~~20~~, or issue Bonds directly without the assistance of any unit of local government, as provided in ~~subsection~~Subsection (B) of this Section ~~20~~, in the absence of a hurricane or other weather-related event. The Board hereby determines that such advance financings will constitute financing mechanisms under subparagraph (c)3. of the Statute that will efficiently meet the financial obligations of the Corporation and that such financings are reasonably necessary to effectuate the requirements of the Statute.

SECTION ~~21~~22

CORPORATION INVESTMENT POLICY

- (A) The Corporation shall adopt an investment policy and procedures that is consistent with Florida Statutes, prudent financial management, and restrictions found in applicable investment documents.
- (B) The Assets of the Corporation may be invested and managed by the State Board of Administration.

SECTION 22

23

DEPOPULATION, INCENTIVE, AND CREDIT PROGRAMS

- (A) The Board shall develop and adopt programs and criteria for the implementation of the credits, bonuses and exemptions as provided under the Statute, as well as programs and procedures seeking to reduce both new and renewal writings in the Corporation pursuant to applicable provisions of the Statute and this Plan.
- ~~(B) The Board shall develop and promulgate the criteria and policies for the application of Regular Assessment credits and exemptions for Assessable Insurers qualifying as a Limited Apportionment Company.~~
- ~~(C) Further, the Board may promulgate policies in accordance with 627.351 (6) (q) 3. A., F.S. which provide credits to Assessable Insurers against Assessment or other liability as an incentive for Assessable Insurers to take risks out of the Corporation and keep risks out of the Corporation by maintaining or increasing said Assessable Insured's voluntary writings. However, no Assessable Insured, policyholder of the Assessable Insurers or of the Corporation shall be exempt from Emergency Assessments imposed pursuant to Section 17 above.~~
- ~~(D)~~(B) In implementing any programs, policies or criteria for the removal or keeping out of risks from the Corporation pursuant to the Statute or this Plan, the Corporation shall contractually acknowledge §627.3517, F.—S., and the provisions of the Statute concerning the obligation of such Assessable Insurers and the Corporation to the Agents of such policy sought to be removed or kept out of the Corporation.

SECTION ~~23~~ 24

IMMUNITY

Except as provided by law, there shall be no liability on the part of, and no cause of action of any nature shall arise against, any Assessable Insurer or its agents or employees, the Corporation or its agents or employees, members of the Board or their designees at a board meeting, Corporation committee members, or the Office or its representatives, for any action taken by them in the performance of their duties pursuant to §-627.351(6), F.S.

SECTION 24

INDEMNIFICATION OF OFFICERS, EMPLOYEES AND OTHERS

(A) — Extent of Indemnification. The Corporation shall indemnify: (i) its Board members; (ii) Board Committee members; (iii) employees of the Corporation; and (iv) employees of the Department or Office; (v) former or current Board or Committee members, or former or current Corporation or Department or Office employees; (vi) whether a natural or legal person; (vii) whether individually or as a group; (viii) where applicable, the estate, executor, administrator, heirs, legatees, devisees, trustees, assigns, or successors in interest of any such person; (ix) all persons formally employed by, or previously acting

- (A) in, any of the aforementioned capacities for the ~~FRPCJUA and FWUA Corporation's predecessors~~, including all individuals having served as members of the Board of the ~~FRPCJUA or FWUA Corporation's predecessors~~ and all members of standing or appointive committees of each; and (x) Technical Advisory Committee members. Such individuals are hereinafter individually referred to as the "Indemnified Person" and collectively referred to as the "Indemnified Persons". Indemnification shall be made, subject to, and to the fullest extent permitted by, this Section 24 and applicable Federal and State law, where claims, proceedings, or causes of action are based upon allegations as to the conduct of any person contemplated by this Plan in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties, owed to the Corporation or ~~the FRPCJUA and FWUA to its predecessors~~.
- (B) Right of Indemnification. Such indemnification shall not depend upon whether or not the Indemnified Person is a member of the Board, or any committee or subcommittee thereof, Board member, Corporation employee, Department or Office employee, or the estate, executor, administrator, heir, legatee, devisee, trustee, assign, or successor in interest of any such person at the time any claim, action, suit or proceeding is begun, prosecuted or threatened, nor on whether the liability to be indemnified was incurred, or the act or omission occurred, prior to the adoption of this Plan; provided however, that the Corporation's duty to indemnify any Indemnified Person shall arise only where claims, proceedings, or causes of action are based upon allegations as to the conduct of such Indemnified Person in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties owed to the Corporation.
- (C) Effect on Other Rights and limitations. The right of indemnification hereunder shall not be exclusive of other rights the Indemnified Person may have as a matter of law or otherwise. Nothing in this Section should be construed to indemnify any person when such indemnification is prohibited by State or Federal law.
- (D) Apportioning Expenses of Indemnification. The indemnification provided for in this Section shall be deemed to be an expense of the Corporation.
- (E) Corporation's Duty to Defend Indemnified Persons. The Corporation shall defend any Indemnified Person from all claims, proceedings, and actions, whether in contract, regulatory, administrative, or tort, or whether arising in law or equity, where such claims, proceedings, or actions are based upon allegations as to the conduct of such persons in the performance of its/his/her duties, or in the exercise of its/his/her discretion in the performance of duties owed to the Corporation. Subject to this Section, the Corporation shall advance reasonable litigation costs and attorneys fees to any Indemnified Person upon proper demand.
- (F) Limitations on the Corporation's Duty to Defend Indemnified Persons. The Corporation shall have no duty to oversee the conduct of any litigation or proceeding or otherwise assure the competence of any counsel retained by any Indemnified Person. However, if the Corporation, in its sole discretion, determines that any interest or obligation (including, without limitation, any obligation under this Section 24) of the Corporation is actually or potentially affected or implicated in any litigation or proceeding brought by or

- (F) against any Indemnified Person, the Indemnified Person shall have a duty, as a condition to any rights under this Section, to cooperate with the Corporation and its counsel, in order to advance and protect the interests or obligations of the Corporation and to lower the costs of litigation.
- (G) Limited Hold Harmless Provision. The Corporation shall hold harmless an Indemnified Person who makes a request for payment, otherwise proper under this Section, for reimbursement of final judgments or assessments of money damages, restitution, or Federal, State or local administrative penalties, fines or other monetary sanctions made against them, including interest accrued prior to judgment or assessment, of all reasonable amounts paid or agreed to be paid upon settlement, or for reimbursement of reasonable attorney's fees and costs incurred. All settlements shall be subject to the final approval of the Corporation, which shall not be unreasonably withheld so long as such settlements are reasonable under the circumstances and proper under the provisions of this Section. The Corporation has no obligation to pay for any settlement it has not approved. This right to request payment of such amounts is not subject to alienation or assignment, and no Indemnified Person shall have the right to create a contingent liability on the part of the Corporation for such payments by attempting any such assignment or alienation to any other person, including any attorney representing such Indemnified Person. Where, in its sole discretion, the Corporation determines that such requests or payments are proper, reasonable and promote the purposes of this Section, the Corporation may authorize payment for arbitration awards, costs of arbitration or mediation, or similar expenses or awards arising from alternative dispute resolution procedures.
- (H) Criminal or Unlawful Conduct. Notwithstanding the foregoing, the Corporation, in its sole discretion, may determine whether to hold harmless, indemnify, or advance costs of defense to any Indemnified Person subject to a criminal charge, publicly disclosed criminal investigation, or internal investigation by the Corporation, which charge or investigation is based upon or arises out of alleged or possible criminal or unlawful conduct by such Indemnified Person that is related to the conduct, claim, proceeding, or cause of action for which indemnification is sought.
- (I) Reimbursement. If the Indemnified Person is convicted or pleads nolo contendere to a criminal charge or is found to be liable or agrees as to liability to the Corporation based on unlawful conduct, that is related to the conduct, claim, proceeding, or cause of action for which indemnification is sought, the Indemnified Person shall reimburse the Corporation for all amounts advanced by or paid for by the Corporation under this Section.
- (J) Condition Precedent. As a condition precedent to indemnification under this Section-24, the Corporation, in its sole discretion, may require anyone eligible for indemnification to enter into a written agreement implementing the terms of this Section.
- ~~(K)~~ Decisions of the Corporation. All decisions of the Corporation under this Section shall be made by the President, with the advice of legal counsel, and communicated to the Board prior to any decision being made; except that the decision may be made by the Board if the President, Chairman of the Board, or the General Counsel determines that

- (K) the matter should be referred to the Board for a decision.
- (L) Retroactive application. Changes to this Section of this Plan of Operation adopted by the Board on January 25, 2007, are intended to have retroactive application to the fullest extent permitted by law.
- (M) Contractual indemnification. Nothing in this Section ~~24~~ is intended to prevent the Corporation from entering into contractual agreements providing for the Corporation to indemnify and hold harmless individuals or entities retained by the Corporation.
- (N) Immunity Not Waived. Nothing in this ~~section~~ Section is intended to waive the immunity provided to the Corporation or an Indemnified Person under the Statute or other law.

SECTION ~~25-26~~

APPEALING A DETERMINATION OF ASSESSMENT ~~PROCUREMENT PROTEST AND APPEAL~~

~~(A) The Board will adopt a Procurement Protest procedure as required by s. §627.351 (6)~~
~~(1)(a),~~

~~F. S.~~

~~(B)(A)~~ As provided in Sections ~~15, 16, and 17~~ if an Assessable Insurer, an Assessable Insured, ~~or the FLSO wishes to contest the Corporation's determination of a Participation Ratio in an Account, or if an Assessable Insurer, an Assessable Insured, a Corporation policyholder,~~ or the FLSO wishes to contest the Corporation's determination of an Assessment or Surcharge applicable to it, the following provisions apply:

- (1) The Assessable Insurer, the Assessable Insured, the Corporation policyholder, or the FLSO must submit a letter of appeal by certified mail to the Corporation's Executive Director within twenty-one (21) days after the date the Corporation mailed the notice of the ~~Participation Ratio, Assessment or Surcharge, as the case may be~~ Assessment or Surcharge, as the case may be. The letter of appeal must state with particularity the facts and law on which the appeal is based. Failure to state with particularity the facts and law on which the appeal is based, or to timely provide additional documentation to support such facts as reasonably requested by Citizens staff, may result in dismissal of the appeal.
- (2) If ~~at the~~ letter of appeal is submitted to the Corporation's Executive Director within the time frame specified in ~~sub paragraph (1), the Board shall meet within thirty (30) days from the Executive Director's receipt of the appeal. The Board shall~~ Subsubsection (1), Citizens' staff will conduct a review and notify the protesting Assessable Insurer,

Assessable Insured, the Corporation policyholder, or the FSLSO of ~~its decision on or before fifteen (15) days after such Board meeting. As provided in §627.351(6)(t), F.S., the policies and decisions of the corporation relating to levying of assessments are not subject to the provisions of chapter 120, F.S.~~ Citizens' decision within thirty (30) days.

(3) As provided in §627.351(6)(t), F.S., the policies and decisions of the Corporation relating to levying of assessments are not subject to the provisions of chapter 120, F.S.

(3)(4) The failure of an Assessable Insurer, Assessable Insured, a Corporation policyholder, or the FSLSO to file a letter of appeal within the time frame specified in this ~~Sub-Section~~ Subsection shall constitute approval of and consent to its ~~Participation Ratio or the~~ Assessment or Surcharge, as the case may be, and such ~~Participation Ratio,~~ Assessment or Surcharge shall become final and binding on such Assessable Insurer, Assessable Insureds, Corporation policyholders, and the FSLSO, as the case may be.

~~binding on such Assessable Insurer, Assessable Insureds, Corporation policyholders, and the FLSO, as the case may be.~~

~~(4)~~(5) If an Assessable Insurer, Assessable Insured, a Corporation policyholder, or FLSO files an appeal under this Section and there has been no final determination as to the merit of said appeal, the Assessable Insurer, Assessable Insured, or Corporation policyholder shall be obligated hereunder to pay all applicable Assessments levied by the Corporation in full pending the final determination of the appeal. The institution and filing of an appeal shall not diminish or stay the obligations of the Assessable Insurer, Assessable Insured, or the Corporation's policyholder to timely pay said Assessment obligations.

~~(5)~~(6) The appeals procedure in this Plan shall control any dispute involving an Assessable Insurer, an Assessable Insured, the Corporation's policyholders, and the Corporation concerning the need for, the amount of, or the calculations and assumptions used to determine any Assessment, ~~including calculation of Participation Ratios.~~

~~(6)~~ If a final determination is made that the appealing Assessable Insurer, an Assessable Insured, or a Corporation policyholder is entitled to a refund of a paid Assessment or Surcharge, or any portion thereof, the Corporation shall return to the Assessable Insurer, to FLSO on behalf of the Assessable Insured, or the Corporation policyholder those sums due it together with interest thereon equal to the weighted average interest as paid by the Florida State ~~Treasurer's Treasury~~ Special Purpose Investment Account calculated from the date of said Assessable Insurer's, Corporation policyholder's, or FLSO payment of the Assessment or Surcharge to the date of refund.

~~(C)(B) A transcript of any appeal hearing or procurement protest hearing shall be made at the time of hearing and supplied to any party upon request subject to the requested party paying the reasonable costs of transcription.~~

~~(D)~~ Nothing in this Section ~~25~~ is intended to waive the immunity provided in Section ~~23~~24 and

~~(C)~~ §627.351(6)(s), F.-S.

SECTION ~~26~~

27

RESIDENT AGENT FOR SERVICE OF PROCESS

The Chief Financial Officer of the State of Florida, and his or her successor in office, is designated the Corporation's ~~attorney agent~~ for service of process of all legal process issued against it in any

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civil action or proceeding in this state. Service of process upon the Chief Financial Officer of the State of Florida shall be the sole method of service of process upon the Corporation. In any suit arising under the Statute, this Plan, or any agreement (pertaining to the issuance or payment of debt) authorized by the Statute or this Plan, the Circuit Court in and for

Leon County, Florida shall be deemed the Court of Competent Jurisdiction for such actions unless otherwise agreed to in writing by the Corporation.

SECTION ~~27-28~~

PLAN AMENDMENTS

The Board may propose and adopt amendments to the Plan upon a determination, by a majority of the members of the Board. Any amendment adopted by the Board shall be adopted at a duly noticed meeting and shall be effective only upon approval by the Financial Services Commission, before or after such action by the ~~board~~Board.

SECTION ~~28-29~~

DISSOLUTION AND DEACTIVATION

- (A) Upon a determination by the Office that the conditions giving rise to the establishment and activation of the Corporation no longer exist, and upon the consent and approval thereto by Order of the Office, the Corporation may be dissolved. Upon dissolution, the assets of the Corporation shall be applied first to pay all debts, liabilities and obligations of the Corporation, including the establishment of reasonable reserves for any contingent liabilities or obligations, and all remaining assets of the Corporation shall become property of the state and deposited in the Florida Hurricane ~~Catastrophe~~Catastrophe Fund created under §215.555, F.-S., or as otherwise directed by Statute. No dissolution shall take effect as long as the Corporation has Bonds or other financial obligations outstanding unless adequate provision has been made for the payment of the Bonds or other financial obligations pursuant to the documents authorizing the issuance of the Bonds or other financial obligations.
- (B) The activation and coverages of the Corporation shall be reviewed at least annually by the Board. Should the Board find that the conditions giving rise to the activation by the Corporation of certain coverages no longer exist, the Board may, subject to the approval of the Office, deactivate the Corporation's writing of such coverage.

SECTION ~~29-30~~

CONSTRUCTION

This Plan shall be construed to conform with, and when necessary, shall be amended to conform to

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the provisions of the Statute or orders of the Financial Services Commission. To the extent there exists an inconsistency between this Plan and the Statute, the Statute will control over the Plan.

SECTION 30

31

SELECTION OF FINANCIAL SERVICES PROVIDERS AND UNDERWRITERS

- (A) If and when the Corporation undertakes to select financial service providers or underwriters, the Corporation shall provide reasonable notice by publishing such notice ~~in at least two (2) newspapers of general circulation in on the State of Florida~~ Corporation's website and at least in one (1) financial trade journal. The website notice in such publication shall be posted for at least two (2) consecutive weeks and notice in any financial trade journal(s) shall appear once a week for two (2) consecutive weeks. The notice shall include specific information about the procedure for submission of proposals. Furthermore, the notice shall provide appropriate information on whom to contact at the Corporation regarding information about the bond issuance. In the event of an emergency, as reasonably determined by the Board, the Corporation is not bound to the notice provisions herein, but rather shall use reasonable notice based on the existing situation and circumstances.
- (B) The Corporation shall not engage the services of any person or firm as a securities broker or bond underwriter that is not eligible to be engaged by the State under the provisions of §215.684, F.-S.
- (C) The Corporation shall make all selections of any financial service providers and/or managing underwriters at a noticed public meeting, noticed in the same way as other publicly noticed meetings held by the Board of the Corporation.
- ~~(D)~~ Before any managing underwriter or financial advisor may be chosen by the Corporation to participate in any way in any bond or other security issuance allowed pursuant to (D) §621 §627.351(2)(g)(26), F.-S., the managing underwriter or financial advisor must provide to the Corporation a disclosure statement required by §627.3513, F.-S., containing at least the following information:
- (1) An itemized list setting forth the nature and estimated amounts of expenses to be incurred by the managing underwriter in connection with the issuance of such bonds. Notwithstanding the foregoing, any such list may include an item for miscellaneous expenses, provided such item includes only minor items of expense which cannot be easily categorized elsewhere in the statement.
 - (2) The names, addresses, and estimated amounts of compensation of any finders connected with the issuance of the bonds.
 - (3) The amount of underwriting spread expected to be realized and the amount of fees and expenses expected to be paid to the financial adviser.

- (4) Any management fee charged by the managing underwriter.
- (5) Any other fee, bonus, or compensation estimated to be paid by the managing underwriter in connection with the bond issue to any person not regularly employed or retained by it.

- (6) The name and address of each financial advisor or managing underwriter, if any, connected with the bond issue.
- (7) Any other disclosure which the Corporation may require.
- (E) No underwriter, commercial bank, investment banker, or financial consultant or adviser shall pay any finder any bonus, fee, or gratuity in connection with the sale of bonds issued by the Corporation unless full disclosure is made in writing to the Corporation prior to or concurrently with the submission of a purchase proposal for bonds by the underwriter, commercial bank, investment banker, or financial consultant or adviser, providing the name and address of any finder and the amount of bonus, fee, or gratuity paid to such finder.
- (F) As used in this Section, "finder" shall mean a person who is neither regularly employed by, nor a partner or officer of, an underwriter, bank, banker, or financial consultant or adviser and who enters into an understanding with either the issuer or the managing underwriter, or both, for any paid or promised compensation or valuable consideration, directly or indirectly, expressed or implied, to act solely as an intermediary between such issuer and managing underwriter for the purpose of influencing any transaction in the purchase of such bonds.
- (G) Nothing contained in this Section is intended to restrict or prohibit the employment of professional services relating to bonds issued under §627.351(6), F.S., or the issuance of any other bonds permitted to be issued by the Corporation.
- (H) The failure of the Corporation to comply with any provision of this Section shall not affect the validity of the bond issue; however, the failure of the Corporation to comply in good faith with this Section shall constitute a violation of this Plan and a violation of the Insurance Code.

SECTION ~~31~~32

CLEARINGHOUSE

- (A) Effective January 1, 2014, the Corporation shall establish a clearinghouse program as an organizational unit within the Corporation pursuant to ~~section §~~627.3518, F.S.
- (B) The Corporation shall establish a program for personal residential risks in order to facilitate the diversion of ineligible applicants and existing policyholders from the Corporation into the voluntary insurance market.

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- (C) The program shall have all the rights and responsibilities in carrying out its duties as a licensed general lines agent.
- (D) The Corporation may:

- (1) Require all new applicants and all policyholders whose policies are due for renewal to submit an application for coverage.
- (2) Employ or otherwise contract for administrative and professional services.
- (3) Enter into contracts with participating insurers.
- (4) Provide funds to operate the program.
- (5) Develop an enhanced application.
- (6) Provide a waiting period of two days for participating insurers to make offers to applicants.

- An
- (E) A new applicant or renewal policy for new personal residential coverage from the Corporation is not eligible for such coverage, if provided an offer of coverage from an authorized insurer through the program at a premium that is at or below the eligibility threshold in Section 89.

~~(F) — When an offer of coverage for a personal lines risk is received for a policyholder of the Corporation at renewal from an authorized insurer through the program, if the offer is equal to or less than the Corporation's renewal premium for comparable coverage, the risk is not eligible for coverage with the Corporation.~~

~~(G) — An applicant for coverage from the Corporation who was previously insured by the Corporation and declared ineligible for coverage at renewal by the Corporation in the previous thirty-six (36) months due to an offer of coverage through the Clearhouse shall, upon obtaining coverage with the Corporation be considered a renewal if the Corporation determines that the authorized insurer who made the offer of coverage rendering the policyholder ineligible continued to insure the applicant and increased the rate on the policy in excess of the increase allowed for the Corporation under s. 627.351 (6) (n) 6., F.S.~~

- ~~(H)(F)~~ Submission of an application for coverage by the Corporation to the program does not constitute the binding of coverage by the Corporation, and failure of the program to obtain an offer of coverage by an insurer may not be considered acceptance of coverage of the risk by the Corporation.

- ~~(H)(G)~~ The 45-day notice of nonrenewal requirement set forth in ~~s. §627.4133-(2)-(b) 4-b5~~., F. S., applies when a policy is nonrenewed by the Corporation because the risk has received an offer of coverage pursuant to ~~s. §627.3518~~, F.-S. which renders the risk ineligible for coverage by the Corporation.

- ~~(J)(H)~~ Ownership of policies:

- (1) Independent insurance agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program are granted and must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the Corporation or through an insurer participating in the program, notwithstanding ~~s. §627.351-(6)-(c)-5.-a.-(I)(B) or (II)(B), F.S.~~ Such ownership is granted for as long as the insured remains with the agency or until sold or surrendered in writing by the agent. ~~Contracts with the Corporation or required by the~~Contracts with the Corporation or required by the Corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

~~Corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.~~

- (2) Exclusive agents submitting new applications for coverage or that are the agent of record on a renewal policy submitted to the program must maintain ownership and the exclusive use of expirations, records, or other written or electronic information directly related to such applications or renewals written through the Corporation or through an insurer participating in the program, notwithstanding ~~s. §627.351-(6) (c)-5. a.-(I)(B) or (II)(B), F.S.~~ Contracts with the Corporation or required by the Corporation must not amend, modify, interfere with, or limit such rights of ownership. Such expirations, records, or other written or electronic information may be used to review an application, issue a policy, or for any other purpose necessary for placing such business through the program.

~~(K)(I)~~ The program may not include commercial nonresidential policies.

~~(L) — The Corporation shall also develop appropriate procedures for facilitating the diversion of ineligible applicants and existing policyholders for commercial residential coverage into the private insurance market and shall report such procedures to the President of the Senate and the Speaker of the House of Representatives by January 1, 2014.~~

SECTION ~~32~~ 33

EFFECTIVE DATE

The Plan, as amended shall become ~~—~~ effective, upon ~~approval by the date that~~ the Financial Services Commission ~~(the "Effective Date")~~ has approved the Plan, as amended.

History

<u>Action</u>	<u>Date</u>
<u>Created</u>	<u>August 01, 2002</u>
<u>Revised</u>	<u>October 10, 2013</u>
<u>Revised</u>	<u>TBD</u>