

Executive Summary

Market Accountability Advisory Committee Meeting, April 10, 2018

Board of Governors Meeting, April 11, 2018

2018 Legislative Report – Regular Session

The 2018 legislative session ended on Sunday, March 11th after an extension to complete the 2018-2019 General Appropriations Act, including the Implementing Bill, and a comprehensive tax package. In total, Legislative and Cabinet Affairs reviewed 3,192 bills filed and approximately 2,721 amendments. There was a total of 199 bills passed, which included two Citizens led initiatives. This year reflects one of the lowest total number of bills passed in a given session going back to 2001. Approximately 6% of bills filed passed during the 2018 Session as compared to roughly 16% in 2001.

With the conclusion of this year's session, legislators have returned to their districts to focus on the 2018 election, this election season will be extremely complex with the majority of Senate seats either open or up for re-election as well as all 120 seats in the House of Representatives.

The four most significant bills to Citizens that passed are CS/CS/HB 11267 and HB 7097, both filed at Citizens' request, relating to public record exemptions, CS/CS/HB 1011 requiring a new flood insurance disclosure and CS/CS/HB 465 an insurance omnibus bill. A summary of these bills is outlined below.

CS/CS/HB 1127 CS/CS/HB 1127 by Representative Lee (D - Fort Pierce):

This bill creates a narrowly crafted public records exemption and meeting requirements for certain data and information held by Citizens Property Insurance Corporation relating to information technology security programs; authorizes certain entities or agencies to access such records; provides retroactive application; provides for future legislative review and repeal; and provides statements of public necessity. This mirrors what state agencies and universities already have in place.

This bill was approved by the Governor and went into effect March 21, 2018.

HB 7097 by Representative Santiago (R – Deltona):

This bill reenacts current public records exemption for the Citizens Clearinghouse. When the Legislature created the Clearinghouse program, it also created a public record exemption for proprietary business information provided to the Clearinghouse by insurers with respect to identifying and selecting risks for an offer of coverage.

The Governor approved the bill which will go into effect on October, 1 2018.

CS/CS/HB 1011 by Representative Janet Cruz (D – Tampa):

The bill revises the current notice applicable to homeowner's property insurance policies to require the following statement on initial policies and every renewal issued after January 1, 2019. The specific verbiage must be in a minimum of 18 point font and in bold:

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"LAW AND ORDINANCE: LAW AND ORDINANCE COVERAGE IS AN IMPORTANT COVERAGE THAT YOU MAY WISH TO PURCHASE. PLEASE DISCUSS WITH YOUR INSURANCE AGENT."

"FLOOD INSURANCE: YOU MAY ALSO NEED TO CONSIDER THE PURCHASE OF FLOOD INSURANCE. YOUR HOMEOWNER'S INSURANCE POLICY DOES NOT INCLUDE COVERAGE FOR DAMAGE RESULTING FROM FLOOD EVEN IF HURRICANE WINDS AND RAIN CAUSED THE FLOOD TO OCCUR. WITHOUT SEPARATE FLOOD INSURANCE COVERAGE, YOU MAY HAVE UNCOVERED LOSSES CAUSED BY FLOOD. PLEASE DISCUSS THE NEED TO PURCHASE SEPARATE FLOOD INSURANCE COVERAGE WITH YOUR INSURANCE AGENT."

This bill was approved by the Governor and will go into effect on January 1, 2019.

CS/CS/HB 465 by Representative Santiago (R – Deltona):

This comprehensive bill makes many changes specific to policies and procedures administered by the Department of Financial Regulation (DFS). The following changes were included in CS/CS/HB 465:

- The stock of a subsidiary corporation or related entity of a foreign insurer is exempt from certain limitations on valuation and investment requirements for solvency evaluation purposes if the investments are permissible in the insurer's domicile state that is a member of the National Association of Insurance Commissioners and the investments meet specified requirements.
- An applicant for licensure as an all-lines adjuster certified as a Claims Adjuster Certified Professional from WebCE, Inc., does not have to take the adjuster examination.
- Repeals a requirement that surplus lines insurers request eligibility from the Florida Surplus Lines Service Office.
- Includes a recent amendment of the Gramm-Leach-Bliley Act for purposes of privacy standards applicable to certain notices required by rules adopted by the Department of Financial Services and the Financial Services Commission.
- An insurer may issue an insurance policy without certain signatures.
- A new requirement that a notice of policy change summarize the changes made to the policy before renewal.
- Provides that an insurer is not required to participate in a mediation of a property insurance claim requested by an assignee of policy benefits.
- Allows motor vehicle insurers to use the Intelligent Mail barcode, or similar method approved by the United States Postal Service, to document proof of mailing of certain required notices.
- Authorizes specialty insurers to overcome a presumption of control regarding acquisition of stocks, interests, and assets of other companies by filing a disclaimer of control with the Office of Insurance Regulation, and provides that authorized viatical settlement providers are specialty insurers.
- Expands the confidentiality of documents submitted to the Office of Insurance Regulation under Own-Risk and Solvency Assessment requirements to make such documents inadmissible as evidence in any private civil action, regardless of from whom they were obtained.
- Changes the unearned premium reserve requirements for reciprocal insurers.

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- Allows for electronic posting of certain policy information by health maintenance organizations and motor vehicle service agreement companies.

The Governor received this bill on March 26th and must take action by April 10th. If approved, the bill will go into effect upon becoming a law.

In addition to the bills outlined above, **CS/HB 7087 by Representative Renner (R-Palm Coast)**, a comprehensive tax package, passed and was signed into law which provides for nearly \$500 million dollars in tax cuts including the following:

Sales Tax Holidays to Save Families \$38.5 Million – The tax cut package includes funding for two sales tax holidays which will save Floridians in the upcoming fiscal year. These sales tax holidays include:

- \$32.7 million from a 3-day back-to-school sales tax holiday; and
- \$5.8 million from a one-week disaster preparedness sales tax.

Sales Tax Exemptions in Agricultural Materials to Save Farmers \$11.6 Million – The tax cut package includes tax relief for Florida’s farmers to help in their continued recovery Hurricane Irma.

- \$8.8 million from a sales tax exemption on nonresidential farm building materials
- \$2.8 million from a sales tax exemption on agricultural fencing.

The 2019 interim legislative committee meetings will not begin until after the November election and the 2019 session is scheduled to convene on March 5th and end on May 3rd.