2014 Legislative Summary

Jeff Atwater
Chief Financial Officer

Florida Department of Financial Services

INTRODUCTION

This document is an overview of legislation passed by the Florida Legislature during the 2014 Regular Legislative Session affecting the Department of Financial Services.

Access to all bills, their final action, legislative staff analyses, floor amendments, bill history and Florida Statutes citations are available through the Internet. The Internet address for the Florida Legislature Online Sunshine web site is:

http://www.leg.state.fl.us

For additional information on legislation passed by the Florida Legislature you may contact the Office of Legislative Affairs at (850) 413-2863.

TABLE OF CONTENTS

Page

SB 86 – Dentists: Chapter 2014-64, LOF; effective July 1, 2014; by Senator Latvala.

The bill prohibits an insurer, health maintenance organization, or prepaid limited health service organization from contracting with a licensed dentist to provide services to an insured or subscriber at a specified fee unless such services are "covered services" under the applicable contract. "Covered services" are defined as dental care services for which a reimbursement is available under the insured's contract, or for which a reimbursement would be available for the application of a contractual limitation. The bill also prohibits an insurer from requiring that a contracted health care provider accept the terms of other practitioner contracts with a prepaid limited health service organization that is under common management and control with the contracting insurer.

HB 227 – Victims of Wrongful Incarceration: Chapter 2014-___, LOF; effective July 1, 2014; by Representative Kerner.

To Gov 6/13 – action due by 6/28

The existing Victims of Wrongful Incarceration Act ("Act") provides an administrative process for persons who have been found to have been wrongfully incarcerated to qualify for and receive compensation. Among the conditions for eligibility, an applicant must provide a copy of a court order vacating his or her conviction and sentence.

This bill provides a limited expansion of the Act for those persons who cannot obtain the court order. Under the bill, a person who has been wrongfully incarcerated can qualify for compensation if:

- The person was convicted and sentenced to death on or before December 31, 1979;
- A Governor issued an executive order appointing a special prosecutor to review the conviction;
- The special prosecutor entered a nolle prosequi, or a dismissal of the charges for which the defendant was convicted and sentenced to death; and
- The wrongfully incarcerated person applies for compensation by July 1, 2016.

An applicant for compensation must comply with all other requirements of the Act.

HB 271 – Workers' Compensation: Chapter 2014-109, LOF; effective July 1, 2014; by Representative Cummings.

The bill amends provisions related to stop work orders (SWO) and associated penalties relating to Florida's Workers' Compensation Law as follows:

- Extends the number of days for an employer to provide requested records to the Department of Financial Services (DFS) from five to 10 days or be subject to a SWO.
- Authorizes DFS to issue an order of conditional release from a SWO to an employer that has secured appropriate coverage if the employer pays $1,000 as a down payment toward the penalty and agrees to pay the remainder of the penalty in periodic installments or in full.

- Authorizes an immediate reinstatement of the SWO if the employer does not pay the full penalty or enter into a payment agreement within 28 days of the conditional release of the SWO.
- Credits the initial payment of the premium made by the employer to secure coverage against the assessed penalty for not having coverage if the employer that has not previously been issued a SWO. The bill provides a similar credit if coverage is secured through an employee leasing company. The bill provides a minimum $1,000 penalty if the calculated penalty, after the application of the credit, is less than $1,000.
- Reduces the look-back period for failure to comply with coverage requirements from 3 to 2 years while increasing the penalty multiplier from 1.5 to 2 times the amount of unpaid premiums in order to maintain the punitive effect of the penalty.

The bill codifies a recent court decision regarding the calculation of workers' compensation indemnity benefits to allow the payment of such benefits at either 66.67 percent or the current 66 2/3 percent of the employee's average weekly wage. This change has no fiscal impact because it reflects current procedures used by carriers.

The bill also revises the assessment methodology for the Workers' Compensation Special Disability Trust Fund (trust fund). The trust fund reimburses employers (or their carriers) for the excess in workers' compensation benefits they have provided to an employee with a pre-existing impairment who is subsequently injured in a compensable accident. The bill requires the assessment to be calculated by DFS based upon the net premiums written by carriers and self-insurers, the amount of premiums calculated by the Department for self-insured employers, and the anticipated disbursements and expenses of the trust fund. This change in the assessment calculation will allow DFS to draw down the trust fund balance to pay older, approved reimbursement requests without increasing the assessment rate. The bill requires all approved but unpaid reimbursement requests, as of June 30, 2014, to be paid by October 31, 2014. The bill reduces the maximum assessment rate from 4.52 percent to 2.50 percent. These provisions will not have a fiscal impact on DFS.

HB 291 – Warranty Associations: Chapter 2014-111, LOF; effective July 1, 2014; by Representative Santiago.

Under the bill, the parameters for delivery of motor vehicle service agreements, home warranties, and service warranty contracts are consistent and the same. The bill allows the electronic delivery of motor vehicle service agreements, home warranties, and service warranty contracts. The bill specifies electronic transmission of motor vehicle service agreements, home warranty agreements, and service warranty agreements constitutes delivery of the agreement to the purchaser. All electronic transmissions of agreements must include a notice to the purchaser indicating the purchaser's right to receive a paper copy of the agreement. If the purchaser notifies the company that he or she does not agree to an electronic transmission of the agreement, a paper copy must be sent via US mail to the purchaser. The bill requires service warranty contracts to be hand delivered, delivered by US mail, or electronically delivered.

The bill provides an exemption for service warranty associations licensed in any other part of ch. 634, F.S. for the 7-to-1 premium to assets ratio for the service warranty premium written under part III, if the association has an insurance policy covering all claims after the point of the association's insolvency under s. 634.406(3), F.S. The insurer issuing the policy must maintain a minimum capital surplus of $200 million and an "A" or higher A.M. Best rating. The bill eliminates a current prohibition in s. 634.406(6)(c)3., F.S., that bans affiliations between contractual liability insurers and warranty associations.

Additionally, the bill removes an exemption for writing ratio requirements that applies to nationally traded companies issuing in states other than Florida in s. 634.406(7), F.S. The Office of Insurance Regulation indicates a majority of these national companies choose to receive their exemption though s. 634.406(6), F.S., and those affected by the change in the bill will be able to do the same.

SB 308 – Public Assistance Fraud: Chapter 2014-69, LOF; effective July 1, 2014; by Senator Brandes.

This bill gives new authority to the Division of Public Assistance Fraud within Department of Financial Services to obtain information to investigate and prosecute public assistance fraud. The Division combats fraud in the major public assistance programs, such as Medicaid, Supplemental Nutritional Assistance Program, and Temporary Assistance for Needy Families.

The bill grants public assistance investigators the authority to administer oaths and affirmations. Without this authority, investigators must pay to become a Notary Public to administer oaths, which increases costs for the Division.

The bill also gives public assistance fraud investigators the power to issue subpoenas. Currently investigators cannot issue subpoenas for business and education records needed for investigations. Investigators must ask the local state attorneys to issue the subpoena on their behalf and the state attorneys only have authority to issue subpoenas for criminal, not civil matters.

HB 321 – Title Insurance: Chapter 2014-112, LOF; effective July 1, 2014; by Representative Passidomo.

The bill changes the unearned premium reserve requirement for title insurers holding $50 million or more in surplus to policyholders. Those title insurers must have a reserve of a minimum of 6.5 percent of the total of direct premiums written and premiums for reinsurance assumed, with certain adjustments. Title insurers having less than $50 million in surplus as to policyholders must continue to record unearned premium reserve in accordance with current law (30 cents per $1,000 of net retained liability).

The bill amends statutes relating to the release of unearned premium reserve by creating a new schedule for the release of the unearned premium reserve over 20 years for companies with more than $50 million in surplus, as follows:

- 35 percent of the initial sum during the year following the year the premium was written or assumed,
- 15 percent during each year of the next succeeding 2 years, 10 percent during the next succeeding year,
- 3 percent during each of the next succeeding 3 years,
- 2 percent during each of the next succeeding 3 years, and
- 1 percent during each of the next succeeding 10 years.

This bill allows a title insurer organized under the laws of another state which transfers its domicile to Florida to have an unearned premium reserve as required by the laws of the title insurer's former state. That reserve is released according to the requirements of law in effect in the former state at the time of domicile. The release of reserve based on premium written after the insurer moves to Florida is governed by Florida law.

The above referenced provisions were also passed in HB 805.

This bill provides that only contract remedies are available for the breach of a duty that arises solely from the terms of a contract of title insurance or other instrument, relating to real estate closings, issued and approved by the Office of Insurance Regulation (OIR).

This bill provides that title insurance agency and agent applications may be filed electronically using the DFS approved online application. This bill applies the same naming requirements applicable to title insurance agents to title insurance agencies, effective October 1, 2014. This bill removes the requirement that a title insurance agency deposit securities with DFS having a market value of $35,000 or a bond in the same amount at the time of application for licensure.

This bill changes the date from March 31 to May 31, which title insurers and agencies must report information required by the OIR for the analysis of title insurance premium rates.

HB 413 – Consumer Collection Practices: Chapter 2014-116, LOF; effective October 1, 2014; by Representative Santiago.

The bill expands the Office of Financial Regulation's (OFR) registration and enforcement authority over consumer collection agencies (CCA) under the Florida Consumer Collection Practices Act (the Act).

The bill creates new requirements in s. 559.555, F.S., for applicants, including a criminal background check. A "control person" of an applicant must submit live-scan fingerprints for processing by the Florida Department of Law Enforcement (FDLE) for state criminal background checks and by the Federal Bureau of Investigation for federal criminal background checks to

enable OFR to determine applicants' fitness for registration. "Control person" is defined as an individual or entity that possesses the power to direct the management or policies of a company, whether through ownership of at least 10 percent of a class of voting securities, by contract, or otherwise.

The bill subjects approved registrants to reporting requirements provided in a new s. 559.5551, F.S. This section requires registrants to notify OFR when control persons enter certain convictions or pleas, and when changes occur in the information contained in the initial application (such as a new business address) and in the registrant's business organization (such as a new control person). The bill provides that OFR may bring an administrative action to ensure compliance, in order to deter registrants from adding an unqualified control person without regulatory approval.

The bill creates a new section 559.5541, F.S., to authorize OFR to make unannounced examinations and investigations to determine whether a person (as opposed to only registrants) has violated the Act or related rules, regardless of whether a consumer complaint has been filed against the CCA or not. The Act also permits OFR to enter into joint or concurrent examinations with a state or federal regulatory agency, as long as the other regulator abides with provided confidentiality requirements.

The bill provides additional grounds for administrative action, such as unregistered activity, material misstatements on a registration application, regulatory actions and certain civil judgments, failure to maintain books and records, and acts of fraud and misrepresentation. These acts can subject an applicant or registrant to denial, suspension, revocation, and administrative fines. The bill provides that OFR may impose an administrative fine of up to $1,000 per day for each day that a CCA acts without a valid registration.

The bill authorizes OFR to summarily suspend registrations pursuant to s. 120.60(6), F.S., based on the arrest for specified crimes of the registrant or control person, and provides that such arrests are deemed sufficient to constitute an immediate danger to the public's health, safety, and welfare. The bill also allows OFR to deny requests to terminate a registration or to withdraw a registration application if OFR believes there are grounds for denial, suspension, restriction, or revocation.

HB 415 – Public Records/Investigations and Examinations by Office of Financial Regulation: Chapter 2014-117, LOF; effective October 1, 2014; by Representative Santiago.

The bill creates a public records exemption for certain information held by the OFR relating to investigations and examinations of consumer collection agencies. The linked bill, HB 413, increases OFR's registration, examination, and investigation authority over consumer collection agencies but OFR has no authority to withhold from public disclosure any information relating to consumer complaints, investigations, examinations, and registrations. HB 413 also authorizes

OFR to conduct joint or concurrent examinations with other state or federal regulatory agencies and to share examination materials.

This bill provides that information relative to an investigation or examination by OFR is confidential and exempt from public records requirements while the investigation or examination is active. For purposes of the public record exemption, "active" means OFR or a law enforcement or administrative agency is proceeding with reasonable dispatch and has a reasonable good faith belief that the case may lead to the filing of an administrative, civil, or criminal proceeding or to the denial or conditional grant of a registration. Once the investigation or examination is no longer active, information made confidential and exempt by this bill is no longer confidential and exempt unless disclosure would jeopardize another active investigation or examination, reveal the personal identifying information of a consumer, reveal the identity of a confidential source, reveal investigative techniques or procedures, or reveal trade secrets.

The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature. It also provides a statement of public necessity as required by the State Constitution.

SB 424 – Discriminatory Insurance Practices: Chapter 2014-___, LOF; effective July 1, 2014; by Senator Lee.

To Gov 6/13 – action due by 6/28

The bill provides that it is an unfair, discriminatory practice for a personal lines property or automobile insurer to:

- Refuse to issue, renew, or cancel a policy or charge an unfairly discriminatory rate based on the lawful ownership, possession, or use of a firearm or ammunition by the applicant, insured, or a household member of the applicant or insured.
- Disclose the lawful ownership or possession of firearms of an applicant, insured, or household member of the applicant or insured to a third party or an affiliated entity of the insurer unless the insurer discloses to the applicant the need for the disclosure, and the applicant or insured expressly consents or "opts in" to the disclosure.

The bill provides limited exceptions to the general provision of the bill regarding sharing firearm-related information. These exceptions occur only when it becomes necessary to disclose the information in order to quote or bind coverage, continue coverage, or adjust a claim.

The bill provides that an insurer is not prohibited from charging a supplemental premium when a separate rider is voluntarily requested by a policyholder or prospective policyholder to insure a firearm or firearm collection (if the value of the collection exceeds standard policy coverage) so long as it is not unfairly discriminatory.

If an insurer engages in discriminatory practices prohibited under part IX, of ch. 626, F.S., the insurer would be subject to fines and other administrative actions by the Office of Insurance Regulation.

SB 490 – Motor Vehicle Liability Policy Requirement : Chapter 2014-76, LOF; effective July 1, 2014; by Senator Garcia.

The bill extends the underwriting period from 30 to 60 days for non-cancellable coverage required to reinstate driving privileges revoked or suspended for failure to maintain required security or for driving under the influence (DUI). During the underwriting period, the policy is effective but the insurer may cancel the policy. The bill also allows the insured to change the coverage amounts without requiring the policy to be cancelled, so long as the minimum required coverage amounts are maintained.

HB 515 – Public Assistance Fraud: Chapter 2014-119, LOF; effective October 1, 2014; by Representative Smith.

The bill creates s. 414.39(5)(c) and (d), F.S., which:

- Makes it a third degree felony if the value of the public assistance fraud or identification wrongfully received, retained, misappropriated, sought, or used is of an aggregate value of $200 or more *but less than $20,000* in any 12 consecutive months.
- Makes it a second degree felony if the value is of *$20,000 or more, but less than $100,000* in any 12 consecutive months.
- Makes it a first degree felony if the value is of *$100,000 or more* in any 12 consecutive months.

The bill requires the Department of Children and Families (DCF) or the director of DCF's Office of Public Benefits Integrity, to pay a reward to a person who furnishes and reports original information relating to a violation of the state's public assistance fraud laws, unless the person declines the reward. The information and report must:

- Be made to the DCF, DFS, or FDLE;
- Relate to criminal fraud upon public assistance program funds or a criminal violation of public assistance fraud laws by another person; and
- Lead to the recovery of a fine, penalty, or forfeiture of property.

The reward requirement is subject to availability of funds and may not exceed 10 percent of the amount recovered or $500,000, whichever is less, in a single case. The reward must be paid from the state share of the recovery in the Federal Grants Trust Fund from moneys collected pursuant to s. 414.41, F.S. The bill specifies that a person who receives a reward is not eligible to receive funds pursuant to the Florida False Claims Act for Medicaid fraud for which the reward was received.

The bill amends s. 414.095(14), F.S., to add two additional prohibitions and restrictions. The first prohibition limits the out-of-state use of temporary cash assistance (TCA) benefits to 30 consecutive days and requires termination of the TCA benefits if used out-of-state for more than 30 days. The bill directs DCF to adopt rules providing for the determination of temporary absence and a recipient's intent to return to the state.

The second prohibition requires a parent or caretaker relative who has been disqualified due to fraud to have a protective payee designated to receive the TCA benefits for an eligible child. The requirements for designation of a protective payee are the same as provided in s. 414.065(2)(b), F.S. The bill specifies that an individual disqualified for fraud cannot be designated as a protective payee and in a two-parent household, if only one parent is disqualified, the other parent may be designated as the payee of the benefit.

SB 542 – Flood Insurance: Chapter 2014-80, LOF; effective *upon becoming law*; by Senator Brandes.

The bill creates s. 627.715, F.S., governing the sale of personal lines, residential flood insurance. Authorized insurers may sell four different types of flood insurance products:

- Standard coverage, which covers only losses from the peril of flood as defined in the bill, which is the definition used by the National Flood Insurance Program (NFIP). The policy must be the same as coverage offered from the NFIP regarding the definition of flood, coverage, deductibles, and loss adjustment.
- Preferred coverage, which includes the same coverage as standard flood insurance and also must cover flood losses caused by water intrusion from outside the structure that are not otherwise covered under the definition of flood in the bill.
- Customized coverage, which is coverage that is broader than standard flood coverage.
- Supplemental coverage, which supplements an NFIP flood policy or a standard or preferred policy from a private market insurer. Supplemental coverage may provide coverage for jewelry, art, deductibles, and additional living expenses. It does not include excess flood coverage over other flood policies.

The bill requires prominent notice on the policy declarations or face page of deductibles and any other limitations on flood coverage or policy limits. Insurance agents that receive a flood insurance application must obtain a signed acknowledgement from the applicant stating that the full risk rate for flood insurance may apply to the property if flood insurance is later obtained under the NFIP.

An insurer may establish flood rates through the standard process in s. 627.062, F.S. Alternatively, rates filed before October 1, 2019, may be established through a rate filing with OIR. Specifically, the flood rate is exempt from the "file and use" and "use and file" requirements of s. 627.062(2)(a), F.S., and are also exempt from the requirement to provide information necessary to evaluate the company and the reasonableness of the rate. OIR may, however, examine a rate filing at its discretion. Insurers must maintain actuarial data related to

flood coverage for 2 years after the effective date of the rate change. Upon examination, OIR will use actuarial techniques and the standards of the rating law to determine if the rate is excessive, inadequate or unfairly discriminatory.

Insurers that write flood coverage must notify OIR at least 30 days before doing so in this state and file a plan of operation, financial projections, and any such revisions with OIR.

The bill allows surplus lines agents to export flood insurance without making a diligent effort to seek coverage from three or more authorized insurers. This provision expires July 1, 2017.

The bill prohibits Citizens Property Insurance Corporation from providing flood insurance. The bill prohibits the Florida Hurricane Catastrophe Fund from reimbursing flood losses.

The bill allows projected flood losses for personal residential property insurance to be a rating factor. Flood losses may be estimated using a model or straight average of models found reliable by the Florida Commission on Hurricane Loss Projection Methodology.

The bill also specifies that the OIR Commissioner may provide a certification required by federal law or rule as a condition of qualifying for private flood insurance or disaster assistance. The certification is not subject to review under ch. 120, F.S.

SB 590 – Money Services Businesses: Chapter 2014-81, LOF; effective July 1, 2014; by Senator Richter.

The bill revises provisions relating to the regulation of money services businesses by the OFR. Money services businesses (MSBs) offer financial services such as check cashing, money transmittals (wire transfers), sales of monetary instruments and currency exchange, and deferred presentment transactions ("payday loans") outside the traditional banking environment. The bill provides the following changes:

- Allows OFR to suspend the license of a MSB immediately pursuant to s. 120.60(6), F.S., if specified criminal charges are filed against a natural person listed on the application or if such person is arrested for specified crimes.
- Expands prohibited acts to include a violation under s. 560.310(2)(d), F.S., relating to OFR database reporting requirements applicable to check cashers. A person who knowingly and willfully violates this provision commits a third-degree felony.
- Provides that a deferred presentment transaction is void if the person conducting the transaction is not authorized pursuant to ch. 560, F.S., and such person has no right to collect funds relating to such a transaction.
- Updates outdated cross references to federal regulations.

HB 633 – Division of Insurance Agents and Agency Services: Chapter 2014-123, LOF; effective July 1, 2014; by Representative Ingram.

The bill amends statutes relating to the regulation of insurance agents and agencies by the DFS. This bill:

- Provides for service of documents used to initiate administrative proceedings by electronic mail if service cannot be obtained by other means, allows for service by hand delivery by a DFS investigator and allows for service by publication.
- Eliminates the insurance agency licensing requirement for agencies owned and operated by a single licensed agent if the branch agencies transact business under the same tax identification number and if the agent has designated an agent in charge for each location.
- Allows third parties to sign agency applications.
- Repeals a provision allowing insurance agencies to obtain a registration in lieu of a license, converts all agency registrations to licenses, and eliminates the 3-year expiration period for agency licenses.
- Provides for agency licenses to automatically expire if the agency does not designate a new agent in charge with DFS within 90 days after the agent in charge on record has left the agency.
- Creates a new type of insurance agent, an unaffiliated insurance agent, to allow an agent who is not appointed by an insurance company to maintain his or her license instead of allowing the license to expire after 4 years.
- Requires DFS to immediately suspend the license or appointment of licensees charged with crimes that would preclude them from applying for licensure from the Department.
- Provides new conditions in which DFS can deny an application for certification or suspend certification or approval as a neutral evaluator or mediator including misstatements on an application, demonstrated lack of fitness or trustworthiness, and fraudulent or dishonest practices.
- Provides that individuals seeking to act as DFS approved mediators must be certified by the Florida Supreme Court as circuit court mediators or have been active mediators for DFS prior to July 1, 2014.
- Exempts members of the United States Armed Forces, their spouses, and veterans who have retired within 24 months from the application filing fee for specified licenses.

HB 641 – Computer Crimes: Chapter 2014-___, LOF; effective October 1, 2014; by Representative La Rosa.

To Gov 6/13 – action due by 6/28

The bill addresses the increase in computer-related crimes by expanding the application of various existing statutes to include electronic devices and creating additional offenses. The bill expands the entities that can bring a civil action against persons convicted of computer-related offenses and provides for exceptions to computer-related offenses for persons who act pursuant to a search warrant, an exception to a search warrant, within the scope of lawful employment or who perform authorized security operations of a government or business.

Four crimes are added to "offenses against users of computer networks and electronic devices":

- Audio and video surveillance of an individual without that individual's knowledge by accessing any inherent feature or component of a computer, computer system, computer network, or electronic device without authorization;
- Intentionally interrupting the transmittal of data to or from, or gaining unauthorized access to a computer, computer system, computer network, or electronic device belonging to a mode of public or private transit;
- Endangering human life; and
- Disrupting a computer, computer system, computer network, or electronic device that affects medical equipment used in the direct administration of medical care or treatment to a person.

"Offenses against public utilities" are created in the bill and two additional crimes are created:

- Gaining access to a computer, computer system, computer network, or electronic device owned, operated, or used by a public utility while knowing that such access is unauthorized, a third degree felony; and
- Physically tampering with, inserting a computer contaminant into, or otherwise transmitting commands or electronic communications to a computer, computer system, computer network, or electronic device which causes a disruption in any service delivered by a public utility, a second degree felony.

SB 708 – Insurance Claims: Chapter 2014-86, LOF; effective July 1, 2014; by Senator Bean.

The bill creates a "Homeowner Claims Bill of Rights" (BOR) and requires a residential property insurer to provide this BOR to policyholders within 14 days of receiving a communication relating to a claim. The BOR informs consumers of their right to an acknowledgment within 14 days, their right to receive confirmation that a claim is covered in full or in part, that a claim is denied, or a claim is being investigated within 30 days after submitting a proof of loss form. The BOR also informs consumers of services offered by DFS and provides advice for dealing with property insurance issues. The BOR does not create a civil cause of action against insurers but insurers can be disciplined by the state regulator for failing to provide it.

The bill amends provisions relating to mediators and neutral evaluators and gives DFS increased power to take disciplinary action against neutral evaluators similar to how the Department takes disciplinary action against insurance agents.

The bill prohibits insurers from denying claims or canceling insurance policies or contracts based on credit information available in the public record if the insurance policy or contract has been in effect for more than 90 days.

Insurance contracts often contain an appraisal provision allowing parties who agree that there is a covered loss to use an umpire to determine the amount of the loss. This bill allows parties to disqualify an umpire for specified conflicts of interest such as where the umpire is related to one of the parties or has been employed by one of the parties.

HB 781 – Legal Notices: Chapter 2014-___, LOF; effective October 1, 2014; by Representative Powell.

To Gov 6/13 – action due by 6/28

Currently, legal notices published in a newspaper must also be posted on the newspaper's website. This bill provides that a newspaper's legal notices webpage must be clearly titled and that legal notices must be the predominant feature of the webpage. In addition, newspapers will not be permitted to charge a fee or require registration by members of the public in order to view or search legal notices.

Current law also provides that legal notices posted on a newspaper's website must also be posted on a statewide website maintained by the Florida Press Association. This bill provides that the statewide website must make legal notices searchable by case name and number and each legal notice must be on-line for 90 days. Legal notices posted on the statewide website after October 1, 2014, must be searchable, free to the public, and on-line for 18 months.

Finally, this bill repeals a section of law which provided that the requirements of legal notice were deemed met if the printed version of a legal notice was correct. Any mistakes which appeared in a legal notice posted on a newspaper's website or on the statewide website were considered harmless error.

HB 785 – Workers' Compensation: Chapter 2014-131, LOF; effective July 1, 2014; by Senator Albritton.

The bill revises provisions relating to the regulation of workers' compensation retrospective rating plans by the Office of Insurance Regulation (OIR). Currently, under such a plan, the final workers' compensation insurance premium paid by the employer is based on the actual loss experience of the employer during the policy, plus negotiated expenses and charges. If the employer controls the amount of claims, it pays lower premiums. The bill authorizes retrospective rating plans to contain a provision that allows the employer and insurer to negotiate the premium when the employer has multistate exposure, an estimated annual standard premium in Florida of $100,000 or more, and an annual estimated countrywide standard premium of $750,000 or more. Only insurers with $500 million or more in surplus would be eligible to engage in the negotiation of premiums with eligible employers.

The bill exempts these retrospective rating plans from the provisions of s. 627.072(1), F.S., which specifies the factors used in determining workers' compensation rates. The bill requires such retrospective rating plans and associated forms to be filed by the rating organization, the National Council on Compensation Insurance, and approved by OIR. However, an individual

employer's premium negotiated pursuant to an approved retrospective rating plan is not subject to part I of ch. 627, F.S.

The bill also provides that reimbursement for oral vitamins, nutrient preparations, or dietary supplements is prohibited. Reimbursement will not be made for medical foods, as defined in 21 U.S.C. s. 360(b)(3), unless the self-insured employer or the carrier in its sole discretion authorizes the provision of such food. Such authorization may be limited by frequency, type, dosage, and reimbursement of such food as part of a proposed written course of medical treatment.

HB 805 – Title Insurer Reserves: Chapter 2014-132, LOF; effective *upon becoming law*; by Representative Moraitis.

The bill changes the unearned premium reserve requirement for title insurers holding $50 million or more in surplus to policyholders. Those title insurers must have a minimum reserve of 6.5 percent of the total of direct premiums written and premiums for reinsurance assumed, with certain adjustments. Title insurers having less than $50 million in surplus as to policyholders must continue to record unearned premium reserve in accordance with current law (30 cents per $1,000 of net retained liability).

This bill creates a new schedule for the release of unearned premium reserve over 20 years for companies with more than $50 million in surplus, as follows:

- 35 percent of the initial sum during the year following the year the premium was written or assumed,
- 15 percent during each year of the next succeeding 2 years, 10 percent during the next succeeding year,
- 3 percent during each of the next succeeding 3 years,
- 2 percent during each of the next succeeding 3 years, and
- 1 percent during each of the next succeeding 10 years.

The bill allows a title insurer organized under the laws of another state which transfers its domicile to Florida to have an unearned premium reserve as required by the laws of the title insurer's former state. That reserve is released according to the requirements of law in effect in the former state at the time of domicile. The release of reserve based on premiums written after the insurer moves to Florida is governed by Florida law.

The above referenced provisions were also passed in HB 321.

Additionally, the bill:

- Reduces the insurance premium tax paid by title insurers, effective January 1, 2015;
- Provides that the premium tax shall not be imposed on any portion of the title insurance premium retained by a title insurance agent or agency. Currently, title insurance agents

and agencies retain up to 70 percent of the premium for the performance of title insurance services while the insurer pays the premium tax on the entire premium;
- Provides that the provision reducing the premium tax expires December 31, 2017, unless reenacted by the Legislature;
- Provides legislative intent that premium tax reduction is contingent on title insurers adding employees to their payroll; and
- Requires title insurers to add a minimum of 600 Florida-based employees to their payroll as verified by the Department of Economic Opportunity and requires the department to report such verification to the President of the Senate and the Speaker of the House by October 1, 2016.

HB 811 – Foreign Investments: Chapter 2014-134, LOF; effective July 1, 2014; by Representative Hager.

The bill modifies the Protecting Florida's Investments Act, which requires the State Board of Administration (SBA) to identify and divest assets in foreign companies doing business in Iran and Sudan, by providing that SBA investment in exchange-traded funds will not be subject to the divestiture requirements. The bill also makes terminology changes to reflect that South Sudan is now an independent nation.

The bill allows the SBA to invest up to 50 percent of any of its funds in foreign corporate securities and obligations, an increase from the current maximum of 35 percent.

The bill also provides that a domestic insurer with investments in a company included on the Iran and Sudan scrutinized company lists must report such investments yearly to the Office of Insurance Regulation.

SB 846 – Governmental Ethics: Chapter 2014-___, LOF; effective July 1, 2014; by Senator Latvala.

To Gov 6/13 – action due by 6/28

This bill applies the standards of conduct, anti-nepotism provisions, and voting conflicts provisions for state officers in the Code of Ethics to the following entities:
- The Florida Clerk of Courts Operations Corporation;
- Enterprise Florida, its divisions, and corporations required to contract with its divisions; and
- The Florida Development Finance Corporation.

The bill also provides that the Executive Director of Citizens Property Insurance is subject to the Code of Ethics. It prohibits the Executive Director, senior managers, and members of the Board of Directors of Citizens Property Insurance from having any employment or contractual relationship with an insurer that has entered a take-out bonus agreement with the corporation for a period of two years after retirement or termination of service to the corporation.

Additionally, the bill amends the Code of Ethics for Public Officers and Employees as follows:

- Provides that, beginning January 1, 2015, all elected municipal officers are required to complete four hours of training covering the ethics laws, public records laws, and open meetings laws;
- Clarifies that those subject to the ethics training requirement that take office prior to March 31, must complete the ethics training during that calendar year; while those who take office after that date do not have to complete the annual ethics training until the next calendar year;
- Requires those subject to the ethics training requirement to certify that they have completed the training on their annual financial disclosure form; and provides that failure to do so is not "immaterial, inconsequential, or de minimis;"
- Amends the financial disclosure statutes to require the Commission on Ethics to initiate an investigation of any financial disclosure filer who has accrued the maximum automatic fine and has failed to file their financial disclosure;
- If the Commission determines that the failure to file was willful, it is required to enter an order recommending removal of executive, county and municipal officers; in the case of a legislator the Commission may enter such an order if requested by the committee to which the matter was referred by the presiding officer;
- Specifies that the Division of Elections is only required to forward a copy of a candidate's financial disclosure to the Commission if that candidate is an incumbent;
- Requires Citizen Support Organizations and Direct Support Organizations to adopt a code of ethics, which must be conspicuously posted on the organization's website, and specifies some of the contents of that code of ethics;
- Prohibits a person from lobbying before a water management district until they have registered as a lobbyist;
- Permits a water management district to create its own lobbyist registration form or adopt the state executive branch or legislative branch lobbyist registration forms;
- Allows a water management district to adopt a lobbyist registration fee of up to $40;
- Provides the Commission on Ethics jurisdiction to hear complaints against lobbyists of water management districts; and give the Governor authority to enforce the Commission's findings; and
- Permits the water management to adopt rules to establish procedures, adopt forms, and set the lobbyist registration fees.

The bill also provides that state, county, and municipal officers may abstain from voting when presented with a conflict of interest established in an additional or more stringent standard of conduct adopted pursuant to s. 112.326, F.S. The disclosure requirement is satisfied by compliance with the agency, county, or municipal disclosure requirement. The bill also provides that a member of a board may abstain to assure a fair proceeding that is free from potential bias or prejudice.

Finally, the bill establishes a code of ethics for the Miami-Dade Expressway Authority which:

- Prohibits representing a person or entity for compensation before the Expressway Authority for two years after the end of service;
- Prohibits employment in connection with a contract under certain conditions;
- Provides that the General Counsel of the Expressway Authority is the Ethics Officer;
- Requires the Ethics Officer to review and update the Authority's code of ethics biennially;
- Requires certain additional disclosures;
- Prohibits executive branch lobbyists, Authority employees, and consultants from serving on the Authority's Board of Directors; and
- Provides that violations of the additional statutory standards of conduct carry the same punishment as violations of the state Code of Ethics for Public Officers and Employees.

SB 850 – Education: Chapter 2014-___, LOF; effective *upon becoming law, or as otherwise expressly provided*; by Senator Legg.

To Gov 6/13 – action due by 6/28

The bill builds on the Career and Professional Education (CAPE) provisions and expands rigorous acceleration, curricular, instructional, and assessment options for public elementary, middle, and high school students. In addition, the bill:

- Requires the Florida College System (FCS) institutions to establish a collegiate high school program for students in every school district in the colleges' designated service area.
- Restructures middle grades education requirements regarding early warning indicators, anti-hazing policy, and professional development.
- Strengthens accountability, delivery, and review of Department of Juvenile Justice (DJJ) education programs.
- Expands access to the Florida Tax Credit (FTC) Scholarship Program as a choice option for students from low-income families and strengthens accountability for program administration.
- Creates the Florida Personal Learning Scholarship Accounts Program for students with disabilities.
- Provides diploma options for students with disabilities.

Florida Personal Learning Scholarship Accounts Program

- Creates the Florida Personal Learning Scholarship Accounts Program and assigns the administration of the program to a SFO.
- Charges the DOE with oversight of the Florida Personal Learning Scholarship Accounts Program.
- Authorizes a Florida private school student and home education program student to participate in the Florida Personal Learning Scholarship Accounts Program if he or she: is eligible to enroll in kindergarten through grade 12 in a Florida public school; has a disability; and has an individual education plan (IEP) or has received a diagnosis of a disability from a licensed physician or psychologist.

- Defines disability, for the purposes of student eligibility for the Florida Personal Learning Scholarship Accounts Program, as autism, cerebral palsy, Down syndrome, an intellectual disability, Prader-Willi syndrome, Spina bifida, Williams syndrome, and, for a student in kindergarten, being a high-risk child, which means a child from 5 years of age with a developmental delay in cognition, language, or physical development.
- Creates an application process for a charitable organization to become an SFO. The organization must submit an application for approval to DOE by September 1 of the year prior to the year in which the organization intends to begin offering scholarships.
- Requires an eligible SFO to annually submit a renewal application to maintain eligibility to continue to participate in FTC.
- Authorizes DOE, in review of the initial and renewal application, to consult with the Department of Revenue (DOR) and the Chief Financial Officer. The DOE will notify the organization of any deficiencies, and allow 30 days for correction. The DOE will provide a recommendation for each initial or renewal application to the State Board of Education for final approval or disapproval. Any funds held by an SFO whose application for renewal is denied will revert to DOR for redistribution to eligible SFOs.
- Requires a parent to be responsible for signing an agreement with the SFO and annually submitting a notarized, sworn compliance statement to the SFO affirming that the student meets the regular attendance requirements and takes all appropriate assessments.
- Requires parents to use the Florida Personal Learning Scholarship Accounts Program funds only for authorized purposes. Prohibits parents from transferring any college savings funds to another beneficiary and taking possession of any funding provided for personal learning scholarship accounts.
- Requires use of funds for specified purposes, such as instructional materials, curriculum, specialized services selected by the parent, enrollment in, or tuition or fees associated with enrollment in an eligible private school, an eligible postsecondary educational institution, a private tutoring program, a virtual instruction program, the Florida Virtual School, an approved online course, or contributions toward a Florida Prepaid College Program.
- Assigns students to a Level 3 services category for purposes of the scholarship amount and authorizes parents to request an IEP and a matrix of services to determine student eligibility for receiving a higher level of funding.
- Provides for funding of the Florida Personal Learning Scholarship Accounts Program in the General Appropriations Act. Provides funds on a first-come, first-served basis for the 2014-2015 school year.

The bill increases SFO accountability and transparency by strengthening audit requirements and review. The bill requires the Auditor General to conduct operational audits of SFO accounts and records. This audit will include review of any contracts for services with related entities, and a determination of compliance with applicable law. The Auditor General must provide a report on the results of the audit to the Governor, the President of the Senate, the Speaker of

the House the Chief Financial Officer, and the Joint Legislative Auditing Committee, within 30 days of completion of the audit.

HB 953 – State Contracting: Chapter 2014-135, LOF; effective July 1, 2014; by Representative Peters.

The bill requires state agencies to consider the prior relevant experience of a vendor when evaluating the responses to a request for proposal or an invitation to negotiate. Currently, state agencies may consider prior relevant experience but are not required by law to do so.

SB 1012 – Financial Institutions: Chapter 2014-91, LOF; effective July 1, 2014; by Senator Richter. *(Linked to SB 1278)*

The Office of Financial Regulation (OFR) regulates state-chartered financial institutions, loan originators, mortgage brokers, mortgage lenders, and other specified entities that provide financial services. The bill provides the following changes relating to the regulation of these financial services:

Financial Institutions

- Updates provisions of the Florida Control of Money Laundering in Financial Institutions Act to codify the requirements of the Federal USA PATRIOT Act and the Office of Foreign Asset Control, which will allow OFR to enforce these provisions.
- Expands the scope of persons subject to prohibited acts and practices to include affiliates and related interests.
- Authorizes OFR to issue immediate cease and desist orders for persons using misleading banking-related names to perpetrate fraud on Florida consumers.
- Clarifies permissible activities for out of state trust companies and business trusts.
- Expands competitive equality for Florida-chartered financial institutions by clarifying that the par value requirement only applies to the settlement of checks between financial institutions, and provides that such institutions may charge fees to cash checks.
- Expands competitive equality to Florida-chartered credit unions by authorizing employee benefit plans and specified types of insurance coverage that is consistent with regulations governing federal credit unions.
- Provides a general rule of preemption to the state for financial or lending activities, and requires financial institutions to report any administrative or civil proceedings or civil investigations initiated by a county or municipality to OFR.
- Provides that a financial institution is not civilly liable for the actions or operations of a borrower solely by virtue of extending a loan or a line of credit to such borrower.
- Repeals the $2,000 annual assessment imposed on each international representative office, international administrative office, and international trust company.

Loan Originators, Mortgage Brokers, and Mortgage Lenders

- Provides licensees an additional 2 months to renew their license if such licensees remit a reinstatement or late fee in addition to the respective annual registry fees.
- Authorizes OFR to take administrative action against applicants found to be in violation of the Nationwide Mortgage Licensing System (registry) Rules of Conduct relating to pre-licensure examination misconduct.
- Authorizes OFR to conduct joint or concurrent examinations with any state or federal regulatory agency and to share examination reports with those regulators.
- Revises provisions that are affected by the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the related regulations of the Consumer Financial Protection Bureau (CFPB). These changes include the following:
    - Reenacts and updates OFR's authority to enforce the federal Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA), and related regulations of the CFPB due to the recent significant changes to those federal laws and regulations.
    - Revises the definition of "loan origination fee" to exclude payment for processing a mortgage application. Currently, any payment for processing the mortgage loan application must be included in the fee and paid to the mortgage broker. Under the Dodd-Frank Act, mortgages that meet certain requirements are deemed "qualified mortgages" and receive a "safe harbor" or "rebuttable presumption" against certain borrower lawsuits. One of the requirements is a 3 percent cap on points and fees for loan amounts that are $100,000 or greater. Under the bill, this fee does not have to be included unless the processing company being used was affiliated with the creditor and/or mortgage broker.
    - Removes the requirement that a mortgage lender provide an applicant for a mortgage loan a good faith estimate of the costs the applicant can expect to pay in obtaining a mortgage loan. Federal regulations relating to the TILA require this disclosure.
    - Repeals the 2002 Florida Fair Lending Act, which imposes requirements on high cost mortgage loans that are similar to the 2002 requirements of the federal Home Ownership and Equity Protection Act (HOEPA), but adds other provisions. Subsequent to the enactment of Florida's act, the 2010 Dodd-Frank Act substantially expanded the scope of HOEPA coverage to include purchase-money mortgages and open-end credit plans (i.e., home equity lines of credit) and amended HOEPA's coverage tests. The Dodd-Frank Act also adds new protections for high-cost mortgages, including a requirement that consumers receive homeownership counseling before obtaining a high-cost mortgage. The Florida act has not been substantially amended or updated since 2002 and does not include the provisions of the Dodd-Frank Act.
    - Repeals the arbitration provision, which authorizes arbitration between noninstitutional investors or borrowers and a mortgage lender or broker regarding mortgage broker agreements, servicing agreements, loan applications or purchase agreements. The Dodd Frank Act amends TILA by prohibiting the inclusion of mandatory arbitration terms or any other non-judicial procedure to

resolve disputes concerning a residential mortgage loan or home equity line of credit secured by a principal dwelling.

- Repeals the "Loans under Florida Uniform Land Sales Practices Law," which prescribes terms and conditions for mortgage loans of $35,000 or less that are secured by vacant land.

HB 1089 – Citizens Property Insurance Corporation: Chapter 2014-140, LOF; effective July 1, 2014; by Representative Raschein.

The bill postpones by one year, beginning July 1, 2015, after which new construction or substantial improvements of existing structures seaward of the coastal construction control line or within the Coastal Barrier Resources System are ineligible to receive coverage from the Citizens Property Insurance Corporation (Citizens). The bill also establishes that wind-only coverage from Citizens for commercial lines residential condominiums is not available for condominiums where 50 percent or more of the units are rented more than eight times in a calendar year for a rental agreement period of less than 30 days.

SB 1194 – Citizen Support and Direct-support Organizations: Chapter 2014-96, LOF; effective June 13, 2014; by Senate Governmental Oversight and Accountability Committee.

The bill requires each Citizen Support Organization (CSO) and Direct Support Organization (DSO) to report information related to its organization, mission, and finances to the agency it was created to support. A contract between an agency and a CSO or DSO must require the CSO or DSO to provide such information to the agency, and must require the agency to terminate the contract if the CSO or DSO fails to provide the information for two consecutive years. The bill requires each agency receiving such information from a CSO or DSO to make the information available on its website, and to provide a link to the CSO's or DSO's website if such a website exists.

The bill requires each agency to annually report to the Governor, the Legislature, and the Office of Program Policy Analysis and Government Accountability the information provided to the agency by the CSO or DSO, and to make a recommendation on whether to continue, terminate, or modify the agency's association with the CSO or DSO.

The bill provides that a law creating or authorizing the creation of a CSO or DSO must state that the creation or authorization is repealed on October 1 of the fifth year after enactment, unless reviewed and saved from repeal through reenactment by the Legislature. The bill directs the Legislature to review CSOs and DSOs in existence on the effective date of the bill by July 1, 2019.

The bill provides for the future repeal of certain sections of law authorizing CSOs and DSOs, unless those sections are reviewed and saved from repeal by the Legislature.

SB 1238 – Family Trust Companies: Chapter 2014-97, LOF; effective October 1, 2015; by Senator Richter. *(Linked to S1320)*

The bill creates "Family Trust Companies" in Florida. These private, family trust companies are generally formed to manage the wealth of high net-worth families in lieu of traditional individual or institutional trustee arrangements for a variety of personal, investment, regulatory, and tax reasons. Currently, there are no Florida statutes authorizing the formation of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

The bill authorizes families to form and operate family trust companies in Florida, subject to varying regulatory requirements, including a license or registration with OFR, maintenance of minimum capital accounts with a principal place of business in Florida, and certain reporting requirements. The bill specifies the powers of family trust companies such as serving as a trustee of trusts held for the benefit of family members and providing fiduciary, investment advisory, and wealth management services to a family. A family trust company cannot perform these services for the general public.

The bill authorizes OFR to investigate applications for licensure or registration, requires annual renewals and other regulatory filings from licensees and registrants, and authorizes OFR to conduct periodic examinations of family trust companies, licensed family trust companies, and foreign licensed family trust companies.

SB 1262 – Public Records and Meetings/Insurance Flood Loss Model:

Chapter 2014-98, LOF; effective June 13, 2014; by Senator Brandes.

The bill makes confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Art. I of the State Constitution trade secrets used in designing and constructing flood loss models that are provided to the Florida Commission on Hurricane Loss Projection Methodology, OIR, or the insurance consumer advocate under s. 627.0628, F.S. The bill also makes exempt any portion of a meeting by the methodology commission or a rate filing by an insurer in which trade secrets pertaining to flood loss models are discussed.

The bill is subject to the Open Government Sunset Review Act in accordance with s. 119.15, F.S., and shall stand repealed on October 2, 2019, unless reviewed and saved from repeal through reenactment by the Legislature.

SB 1278 – Public Records/Office of Financial Regulation: Chapter 2014-99, LOF; effective July 1, 2014; by Senator Richter. *(Linked to SB 1012)*

The bill creates a public record exemption for informal enforcement actions of OFR and trade secrets held by OFR in accordance with its statutory duties with respect to the Financial Institutions Codes. In addition, the bill defines:

- Examination report,
- Informal enforcement action,
- Working papers, and
- Personal financial information.

Currently, s. 655.057, F.S., exempts certain records held by OFR relating to the supervision and regulation of financial institutions chartered in Florida.

The bill provides for repeal of the exemption for informal enforcement actions and trade secrets on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act. Because this bill creates a new public records exemption, the bill provides a statement of public necessity as required by the State Constitution.

SB 1300 – Public Records/Office of Insurance Regulation: Chapter 2014-100, LOF; effective October 1, 2014, except as otherwise expressly provided; by Senator Simmons. *(Linked to SB 1308)*

The bill creates a public records exemption to incorporate the confidentiality elements for OIR to meet the National Association of Insurance Commissioners' accreditation standards. The bill provides that proprietary business information held by OIR in accordance with its statutory duties relating to insurer solvency is confidential and exempt from public record requirements. Proprietary business information includes information contained in specified reports, such as an actuarial opinion summary, enterprise risk reports, and principle-based valuation reports. The bill specifies circumstances under which such confidential and exempt information may be disclosed.

The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act.

SB 1308 – Insurer Solvency: Chapter 2014-101, LOF; effective October 1, 2014, except as otherwise expressly provided; by Senator Simmons. *(Linked to SB 1300)*

The bill revises provisions within the Insurance Code relating to solvency requirements and regulatory oversight of insurers by OIR. The bill incorporates provisions of model acts of the National Association of Insurance Commissioners (NAIC) necessary for accreditation purposes. Many of the NAIC provisions in the bill are in response to the 2008 financial crisis and the

globalization of the insurance market and are intended to enhance the regulation of insurers as well as their affiliated entities and provide more tools for evaluating solvency risks within insurance groups. The bill:

- Authorizes OIR to implement principle-based reserving for life insurers, which allows life insurers to calculate reserves that reflect current mortality rates, the life insurer's business model, and its particular risk profile.
- Requires persons that acquire controlling interests to disclose enterprise risk, and requires that ultimate controlling persons file an annual enterprise risk report with OIR, which identifies material risk within the insurance company holding company system that could pose a risk or have a material adverse effect upon the insurer.
- Incorporates a risk-based capital trend test for life and health as well as property and casualty insurers and requires health maintenance organizations and prepaid limited health service organizations to file risk-based capital reports.
- Requires insurers to file actuarial opinion summaries and supporting workpapers annually and creates an evidentiary privilege for memoranda supporting actuarial opinions on reserves, actuarial opinion summaries and related information and provides for confidentiality of enterprise risk reports, actuarial opinion summaries, and other information.
- Authorizes OIR to impose sanctions for noncompliance with the annual enterprise risk and registration statement reporting requirements.
- Allows OIR to participate in supervisory colleges with other regulators for the regulation of any domestic insurer that is part of an insurance holding company system having international operations.

SB 1320 – Public Records/Office of Financial Regulation: Chapter 2014-102, LOF; effective October 1, 2015; by Senator Richter.

The bill creates a public records exemption for certain information held by OFR relating to family trust companies, licensed family trust companies, and foreign licensed family trust companies.

This bill provides that the following records relating to family trust companies, licensed family trust companies, and foreign licensed family trust companies held by OFR are confidential and exempt from public disclosure:

- Personal identifying information appearing in records relating to a registration, an application, or an annual certification.
- Personal identifying information appearing in records relating to an examination.
- Personal identifying information appearing in reports of examinations, operations, or conditions.
- Any portion of a list of names of the shareholders or members.
- Information received from a person from another state or nation or the federal government which is otherwise confidential.

- An emergency cease and desist order until it is made permanent or unless the public is at substantial risk of financial loss.

The bill creates a third degree felony for willfully disclosing information made confidential and exempt by this bill.

The bill provides for repeal of the exemption on October 2, 2019, unless reviewed and saved from repeal by the Legislature pursuant to the Open Government Sunset Review Act. As this bill creates a new public records exemption, the bill also provides a statement of public necessity as required by the State Constitution.

SB 1344 – Insurance: Chapter 2014-103, LOF; effective July 1, 2014; by Senator Braynon.

The bill provides that the Property Casualty Insurers Association of America and the Florida Insurance Council will make recommendations to the Chief Financial Officer (CFO) for appointments to the board of governors of the Florida Medical Malpractice Joint Underwriting Association.

This bill provides that the CFO may select the representative of casualty insurers on the Florida Birth-Related Neurological Injury Compensation Association (NICA) board of directors from a list of at least three names, one recommended by the Property Casualty Insurers Association of America, one recommended by the Florida Insurance Council, and one recommended by the American Insurance Association. This bill provides that the American Congress of Obstetricians and Gynecologists, District XII will make recommendations to the CFO for an appointment to the NICA board of directors. The CFO is not required to make a selection from the trade association nominees.

This bill provides that the Governor must appoint one member to the eleven member board of directors of the Florida Workers' Compensation Insurance Guaranty Association. This member must have commercial insurance experience. This bill reduces from 3 to 2 the members of the board of directors that are selected by self-insurance funds and appointed by the CFO.

This bill changes the information that must be filed with OIR as part of an application for a certificate of authority to act as an insurance administrator and allows an insurer that uses the services of an administrator to contract with a qualified third party to conduct the required semiannual review of an administrator. The bill requires the applicant to provide the names, addresses, official positions and professional qualifications of individuals who are employed or retained by the administrator and who are responsible for the conduct of the affairs of the administrator. This bill allows an insurer who uses the services of an administrator to contract with a qualified third party to conduct the required semiannual review of an administrator that administers benefits for more than 100 certificate holders on behalf of the insurer. This bill also requires that the written agreement between an insurer and an administrator specifies the rights, duties, and obligations of the administrator and insurer.

This bill amends s. 626.89, F.S., to change the filing date for annual reports with OIR from March 1, to within 3 months after the end of the administrator's fiscal year. This bill also allows the financial statement to cover the previous fiscal year, rather than a calendar year, if the administrator's accounting is on a fiscal year basis.

This bill amends sections 626.9541 and 627.7283, F.S., to allow the refund of unearned motor vehicle insurance premium by electronic transfer.

HB 1385 – Inspectors General: Chapter 2014-144, LOF; effective July 1, 2014; by Representative Raulerson.

The bill modifies how agency inspectors general are appointed, supervised, and removed. The bill provides that upon the change or reelection of a Governor, the Governor must appoint, or may reappoint, the Chief Inspector General before adjournment sine die of the first regular session of the Legislature that convenes after the change or reelection of the Governor.

For state agencies under the jurisdiction of the Cabinet or the Governor and Cabinet, the agency head has the authority to appoint and dismiss the agency inspector general. For agencies under the jurisdiction of the Governor, the Chief Inspector General has the authority to appoint and dismiss, for cause, the agency inspector general.

The bill also provides that for state agencies under the jurisdiction of the Governor, agency inspectors general must provide final reports and responses to OPPAGA and Auditor General reports to the Chief Inspector General.

SB 1524 – Security of Confidential Personal Information: Chapter 2014-___, LOF; effective July 1, 2014; by Senator Thrasher.
To Gov 6/13 – action due by 6/28
This bill creates the "Florida Information Protection Act of 2014." The bill requires notice to be given to affected customers and the Department of Legal Affairs (DLA) when a breach of security of personal information occurs. The bill requires such notice to be given within 30 days of the discovery of the breach or belief that a breach occurred, unless delayed at the request of law enforcement for investigative purposes or for other good cause shown. The bill provides enforcement authority to the DLA under the Florida Deceptive and Unfair Trade Practices Act to civilly prosecute violations. A violator of the bill's provisions may also be subject to civil penalties, similar to current law, if breach notification is not provided timely. State governmental entities are required to provide notification of security breaches to the DLA, but are not liable for civil penalties for failure to timely report the security breaches. The bill provides exceptions for those entities that comply with breach notifications as required by the appropriate federal regulator.

The bill requires the DLA to submit an annual report to the Legislature, by February 1 of each year, detailing any reported breaches of security by governmental entities or their third-party

agents for the preceding year, along with any recommendations for security improvement. The report must also identify any governmental entity that has violated the breach notification provisions.

The bill requires customer records, both physical and electronic, to be disposed in a manner that protects personal information from being disclosed. This provision does not apply to governmental entities.

The bill repeals s. 817.5681, F.S., which contains the current law requirements for breach notification.

SB 1672 – Property Insurance: Chapter 2014-104, LOF; effective July 1, 2014, except as otherwise expressly provided; by Senate Banking and Insurance Committee.

The bill directs Citizens Property Insurance Corporation (Citizens) to offer new, separate commercial residential wind-only and all-other perils policies in the Coastal Account instead of multi-peril policies. Current Citizens commercial-residential multi-peril policies in the Coastal Account will be allowed to be renewed going forward.

The bill prohibits a public adjuster, a public adjuster apprentice, or any person acting on behalf of an adjuster or apprentice from accepting power of attorney on an adjusted property and choosing the repair contractor.

The bill prohibits referral fees from being paid to an insurance agency, agent, adjuster, or agency employee related to a mitigation inspection or any property inspection used to calculate property insurance premiums.

The bill prohibits a contractor, or a person acting on behalf of a contractor from knowingly or willfully and with intent to injure, defraud, or deceive, pay, waive, or rebate all or part of an insurance deductible applicable to payment to the contractor, or a person acting on behalf of a contractor, for repairs to property covered by a property insurance policy. A violation is a third degree felony.

The bill allows insurers and Citizens to use a quality assurance program related to the windstorm mitigation inspection form. The bill clarifies that an insurer is not required to independently verify a form if the inspector or inspection company has a quality assurance program approved by the insurer. Citizens may not re-inspect insured properties for five years if the initial windstorm mitigation inspection form was verified by a quality assurance program approved by Citizens prior to acceptance of the form.

Allows procurement protests within Citizens to be resolved by the Department of Administrative Hearings at Citizens' expense.

Requires Citizens to annually report to the legislature its estimated claims paying capacity. A duplicative legislative report from Citizens is repealed.

SB 1678 – OGSR/Agency Personnel Information: Chapter 2014-105, LOF; effective October 1, 2014; by Senate Governmental Oversight and Accountability Committee.

The bill continues the existing public records exemption for former and current agency employees' social security numbers. This bill amends the current public records exemption to allow an agency to disclose an employee's social security number under the following circumstances: as required by law or a court order; if another agency needs an employee's social security number in order to perform its duties; or if an employee consents to the release of his or her social security number.

HB 5005 – Florida Retirement System: Chapter 2014-54, LOF; effective July 1, 2014; by House Appropriations Committee.

The bill sets the employer-paid contribution rates for the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS) program, effective July 1, 2014.

The employer-paid contribution for the HIS program is increased from 1.20 percent of the employer's payroll to 1.26 percent of the employer's payroll. These funds will be deposited into the Retiree Health Insurance Subsidy Trust Fund to pay benefits to eligible retirees.

The employer-paid contribution rates to pay the normal costs and amortization of the unfunded actuarial liability of the FRS are increased. These rates are based on the rates recommended in the "Blended Rate Study" associated with the 2013 Actuarial Valuation of the FRS. These funds will be deposited into the FRS Trust Fund to fund retirement benefits to members participating in the FRS.

The bill contains legislative findings that a proper and legitimate state purpose is served when public retirement systems, including health insurance subsidies, are administered and funded in a reasonable manner.

HB 5303 – Counsel in Proceedings for Executive Clemency: Chapter 2014-59, LOF; effective July 1, 2014; by House Justice Appropriations Subcommittee.

The bill:

- Shifts the responsibility for appointing counsel to represent indigent clients in capital clemency cases from the trial court to the Board of Executive Clemency and requires the board to appoint a private attorney, rather than a State-employed attorney, as counsel. The Timely Justice Act that was enacted in the 2013 session requires completion of the executive clemency process before the Governor issues a warrant for execution.

- Raises the maximum amount of compensation that can be paid to an appointed attorney from $1,000 to $10,000, with payment made from General Revenue funds budgeted to the Parole Commission.
- Provides that the statute permitting appointment of counsel does not create a right to counsel.

HB 5601 – Economic Development: Chapter 2014-38, LOF; effective May 13, 2014; by House Finance and Tax Subcommittee.

The bill creates three temporary "tax holiday" periods during which sales of certain goods will be exempt from the sales tax:

- A three-day "back to school" holiday, beginning August 1, 2014, and ending August 3, 2014. During the holiday, statutorily specified items will be exempt from the state sales tax and county discretionary sales surtaxes.
- A nine-day hurricane supplies holiday, for the period beginning on May 31, 2014, and ending on June 8, 2014. During the holiday, statutorily specified items will be exempt from the state sales tax and county discretionary sales surtaxes.
- A three-day energy efficient products holiday for the period beginning on September 19, 2014, and ending on September 21, 2014, for the first $1,500 of the sales price for a new ENERGY STAR product or WaterSense product.

The bill also:

- Reduces the sales tax rate on electricity purchases and creates an additional gross receipts tax on electricity purchases that are subject to sales tax. The effect of these changes is to provide a small tax reduction to purchasers of electricity and to create additional revenue for construction and maintenance of educational facilities.
- Creates a three-year sales tax exemption for cement mixing drums.
- Creates a permanent sales tax exemption for child restraint systems and booster seats for use in motor vehicles.
- Creates a permanent sales tax exemption for bicycle helmets marketed for use by youth.
- Creates a permanent sales tax exemption for therapeutic pet foods available through a licensed veterinarian.
- Creates a permanent sales tax exemption for college meal plans.
- Expands the amount of credits available under the New Markets Tax Credit program.
- Delays the repeal of the Community Contributions Tax Credit program for one year and increases the credits available for affordable housing.
- Amends the statutory definition of "prepaid calling arrangement" to provide that certain prepaid mobile communications services are subject to state and local sales taxes instead of state and local communications services taxes.
- Allows sales tax dealers to receive credits or refunds of sales taxes paid on purchases made with uncollectable private-label credit card accounts.

- Revises the calculation of the premium tax imposed on bail bond premiums so that the tax rate is applied only to the amount of the premium received by the insurance company, excluding amounts retained by the bail bondsman.
- Increases cigarette tax revenue distributed to the Moffitt Cancer Center.
- Allows a local government to repeal or reduce local business taxes without establishing an equity study commission.
- Clarifies tourist development tax information sharing requirements to protect the identity of individual taxpayers.

HB 7009 – Security of Public Deposits/Qualified Public Deposits: Chapter 2014-145, LOF; effective July 1, 2014; by House Insurance and Banking Subcommittee.

The bill amends the Florida Security for Public Deposits Act (Act), which authorizes local and state governmental units (public depositors) to place public deposits in qualified public depositories (QPD). Public deposits are funds in excess of amounts required to meet disbursement needs or expenses, and QPDs are banks, savings banks, or savings associations that meet specific criteria under the act. The QPDs must secure public deposits in accordance with the Act and the collateral requirements and pledging levels established rule of the Chief Financial Officer. The bill provides the following changes to the act:

- Reduces and streamlines reporting requirements.
- Reduces the two highest collateral-pledging levels for public deposits, which would ease the regulatory burden for small and moderate sized QPDs.
- Provides protection from loss for a public depositor that fails to comply with a ministerial reporting requirement if the defaulting or insolvent QPD had classified, reported, and collateralized their account as public deposits.
- Repeals the Qualified Public Depository Oversight Board, which has been inactive since holding an initial meeting in December 2001.
- Revises and updates terminology and practices.

HB 7073 – Information Technology Governance: Chapter 2014-___, LOF; effective July 1, 2014; by House Appropriations Committee.

To Gov 6/13 – action due by 6/28

The bill establishes an enterprise information technology (IT) governance structure within the executive branch. Specifically the bill:

- Creates the Agency for State Technology (AST), administratively housed within the Department of Management Services (DMS), with an executive director who serves as the state's chief information officer, appointed by the Governor and confirmed by the Senate.
- Defines "state agency" and does not include the Department of Legal Affairs, the Department of Agriculture and Consumer Services, or the Department of Financial Services.
- Defines the duties and responsibilities of AST.

- Authorizes a type two transfer of all records, property, unexpended balances of appropriations, administrative authority, specified administrative rules, pending issues, and existing contracts of the Agency for Enterprise Information Technology to AST.
- Creates the state data center, and authorizes a type two transfer of the Northwood and Southwood Shared Resource Centers from DMS to AST.
- Establishes the Technology Advisory Council within AST for purposes of making recommendations to the executive director of AST. Four members are appointed by the Governor, two of whom must be from the private sector. The President of the Senate and the Speaker of the House of Representatives each appoint one member. The Attorney General, Commissioner of Agriculture and the Chief Financial Officer jointly appoint one member by agreement of the majority. Two of the Governor's initial appointments will serve for two-year terms. Thereafter, all appointments shall be for four-year terms.
- Clarifies the IT security duties of AST, individual agencies, and the Florida Department of Law Enforcement's Cybercrime Office.
- Requires AST to conduct a feasibility study and to provide recommendations managing state government data.
- Requires DLA, DFS, and DACS to adopt standards established in s. 282.0051(2), (3), and (8) or adopt alternative standards based on best practices and industry standards, and may contract with AST to provide or perform any of the services and functions described in s. 282.0051, F.S.
- Repeals sections of law relating to AEIT, NSRC and SSRC; energy efficient standards for data centers; and statewide e-mail service.
- For the 2014-2015 fiscal year, $3,563,573 in recurring general revenue funds, $1,095,005 in nonrecurring general revenue funds, and 25 full time equivalent positions with associated salary rate of 2,083,481 are appropriated to AST.
- For the 2014-2015 fiscal year, $144,870 in recurring general revenue funds, $7,546 in nonrecurring general revenue funds, and 2 full time equivalent positions with associated salary rate of 93,120 are appropriated to the Florida Department of Law Enforcement.

HB 7097 – Ratification of Rules/Office of Insurance Regulation: Chapter 2014-152, LOF; effective June 13, 2014; by House Rulemaking, Oversight and Repeal Subcommittee.

Pursuant to s. 120.541, F.S., a rule that meets any of three thresholds must be ratified by the Legislature. The bill ratifies Rule 69O-186.013, F.A.C., titled Title Insurance Statistical Gathering, as filed for adoption with the Department of State pursuant to the certification package dated December 30, 2013. The rule, which implements s. 627.782(8), F.S., requires Florida licensed title insurance agencies and the retail sales offices of licensed title insurers selling directly to customers to annually submit specified statistical data that OIR determines necessary to analyze title insurance premiums, title search costs, and the condition of the title insurance industry in Florida. The data will be used by the Financial Services Commission in its

promulgation of title insurance rates. The ratification is for the sole and exclusive purpose of satisfying any condition on effectiveness imposed under s. 120.541(3), F.S.

The Statement of Estimated Regulatory Costs prepared by OIR estimates that the rule will increase the costs of these agencies and retail sales offices by approximately $3,000 in the first year and $2,000 annually thereafter. The estimated cumulative 5-year impact of the rule is $22 million.