



July 2005

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Office of Insurance Regulation

2005 Legislative Summary





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KEVIN M. MCCARTY
COMMISSIONER

July 7, 2005

Dear Friends:

During the 2005 Legislative Session, the Florida Legislature passed significant pieces of legislation that will have profound affects on the Office of Insurance Regulation (Office) and the insurance companies doing business in our state. It is for this reason I present to you the Office's "2005 Legislative Summary," which will provide you with a comprehensive summary of enrolled substantive bills and legislative appropriations affecting the Office.

With the unprecedented events of the 2004 Hurricane Season, it became clear that legislative changes needed to be made for Florida's consumers as well as the insurance industry. SB 1486, relating to property insurance, was created to address many of the issues that arose during the hurricane season. This legislation was a major undertaking by the Legislature, the Office, the Department of Financial Services (Department), and the insurance industry. The bill includes multiple provisions designed to protect consumers and offer transparency to Florida policyholders about the content of their homeowner's policies. Changes to the Florida Hurricane Catastrophe Fund will make it easier for insurers to tap into the fund when disaster occurs. The Governor signed SB 1486 on June 1, 2005, and the Office has begun the process of implementing the new law.

HB 1065, relating to unauthorized insurance entities, was another legislative priority of the Office. The legislation clarifies the intent of the law and strengthens the ability of the Office to protect consumers by the issuance of a "cease and desist" order against an entity operating without a certificate of authority. The legislation will also assist in our efforts to prosecute cases against unauthorized entities by specifying that selling insurance products without a license constitutes an immediate threat and causes irreparable harm to the consumer.

It is my hope that this summary will provide you with a comprehensive understanding of the new legislation relating to insurance and the impacts the legislation will have on state agencies and the industry.

Sincerely,

Kevin M. McCarty

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2005-2006 General Appropriations Act

SB 2600 – Appropriations by Carlton/Negron

<u>Issue</u>	<u>2004-2005 Funding</u>	<u>2005-2006 Funding</u>	<u>Difference Over/(Under)</u>
Positions	305	305	0
OPS	\$3,257,750	\$3,222,750	(\$35,000)
<p>* \$1.675 million is provided for the Company and Other Regulated Entities project to design and develop a Financial Analysis “Electronic Document Management System” Workflow</p> <p>* \$300,000 is provided for the Public Hurricane Model to evaluate homeowners’ insurance rates – maintenance and support</p> <p>* \$415,000 is provided for the Small Employers Rate Data and Collection System</p>			
Expense	\$3,369,332	\$2,959,486	(\$409,846)
<p>* \$125,000 is provided for the Company and Other Regulated Entities project to design and develop a Financial Analysis “Electronic Document Management System” Workflow</p>			
OCO	\$8,500	\$152,000	\$143,500
<p>* \$150,000 is provided for the Company and Other Regulated Entities project to design and develop a Financial Analysis “Electronic Document Management System” Workflow</p>			

DISCLAIMER: The Appropriations above represent funds allocated to the Office of Insurance Regulation as approved for the annual period beginning July 1, 2005 and ending June 30, 2006.

Agency/Personnel Issues	
Salaries/ Benefits	Effective August 1, 2005, eligible employees shall receive a pay raise in the amount of 3.6%. Career Service, Senior Management Service, and Select Exempt Service employees are eligible.
State Group Health Insurance	<p>EMPLOYEE (July 1, 2005 – December 31, 2005) - no increase</p> <ul style="list-style-type: none"> • \$48.68 individual coverage • \$175.14 family coverage <p>EMPLOYEE (January 1, 2006 – June 30, 2006) – 2.7% increase</p> <ul style="list-style-type: none"> ▪ \$50.00 individual coverage ▪ \$180.00 family coverage <p>STATE (July 1, 2005 – December 31, 2005) - no increase</p> <ul style="list-style-type: none"> • \$322.44 individual coverage • \$666.85 family coverage <p>STATE (January 1, 2006 – June 30, 2006) – 7.3% increase</p> <ul style="list-style-type: none"> • \$346.16 individual share • \$715.92 family share
Prescription Drug Co-Payments	<p>\$10 generic drugs</p> <ul style="list-style-type: none"> • \$20 generic mail order <p>\$25 preferred brand name</p> <ul style="list-style-type: none"> • \$50 preferred brand name mail order <p>\$40 non-preferred brand name</p> <ul style="list-style-type: none"> • \$80 non-preferred brand name mail order
HMO Office Visits	<p>\$15 Primary Care Physician Office Visits - no increase</p> <p>\$25 Specialty Care Physician Office Visits - no increase</p>
Legal Bar Dues	Funds in the General Appropriations Act may be expended for bar dues and for legal education courses for attorneys employed by the State as legal staff.
Tuition Waivers	The state shall provide up to six (6) credit hours of tuition-free courses per term at a state university or community college to full-time employees on a space available basis.

2005-2006 Agency Performance Measures

MEASURE	STANDARD
- Compliance and Enforcement -	
Maximum number of days from date of application for a new certificate of authority initially submitted to the OIR to the date the OIR approves or denies the application pursuant to 120.80(9), F.S.	180 days
Number of applications processed	328
Number of rate and forms review completed	13,000
Number of financial review and examinations completed	11,952
Number of examinations and investigations that are completed for licensed companies and unlicensed entities	760
Current number of licensed/regulated insurance entities	3,500
Percent of financial exams completed within 18 months of exam date	98%
Percent of rate and forms filings completed within 90 days	92%
Percent of financial analysis reviews completed timely (within 90 days)	93%
Residual market premium as a percent of total premium for homeowners' (total), mobile home, dwelling fire insurance	22.50%
Residual market premium as a percent of total premium for workers compensation insurance	0.75%
Residual market premium as a percent of total premium for automobile insurance	0.50%
Average risk based capital percentage	5.00%
- Executive Direction and Support Services -	
Administrative costs as a percent of total agency costs	< 12.6%
Administrative positions as a percent of total agency positions	< 12.6%

OIR Legislative Priority Bills

*This summary presents legislative changes enacted during the 2005 Legislative Session.
For more information, please visit <http://www.leg.state.fl.us/>*

HB 811 – Health Insurance by Kreegel/Fasano

Provides that an insurance contract may not prohibit the payment of benefits directly to a licensed hospital, physician, or dentist who provides emergency care required under subsection 395.1041, Florida Statutes. Requires claims forms to provide for direct payment to the licensed hospital, physician, or dentist that provides emergency care. Allows insurers to require written assignment of benefits. Limits reimbursement to the provider to the amount the insurer would have paid without the assignment.

Provides that the small group law requirements would not apply to individual coverage marketed to an employee of a small employer that provides for payroll deduction of the premium, if the employer does not contribute to the premium and has not had group coverage within the previous 6 months. Conforms Florida law to federal law for continuation of coverage (COBRA) and increases the amount of time Floridians are able to elect to take continuation of coverage or Mini-COBRA after leaving an employer's small group coverage for 63 days instead of the current 30-day period (a benefit for consumers). Provides that insurers and health maintenance organizations (HMOs) may offer a high deductible health plan that meets the requirements of health savings accounts or health reimbursement accounts, without being subject to Florida mandates that prohibit deductibles from applying to certain benefits.

Provides that individual health policies and individual HMO contracts may elect to offer premium rebates to policyholders who participate in a wellness program instead of mandating the offer. Revises provisions relating to premium rebates for group policies and contracts.

Authorizes the Office of Insurance Regulation (OIR) to disapprove a health flex plan if the officers or directors are incompetent, untrustworthy or lacking in insurance managerial experience. Increases the financial examination interval for HMOs from three to five years, which will allow the OIR to focus examination resources on those companies requiring additional oversight and is consistent with the National Association of Insurance Commissioners model and accreditation parameters. Increases the maximum amount an HMO is charged for an examination from \$20,000 to \$50,000, which will be offset by the increase in examination intervals and will now be on a five rather than three year examination cycle.

EFFECTIVE DATE: Except as otherwise provided in this bill, these provisions take effect July 1, 2005. {Chapter Law 2005-231}

SB 1432 – Insurance Administrators by Baker/Clarke

Amends the definition of "administrator" to exempt from licensure wholly owned direct or indirect subsidiaries of an employer that provide administrative services for the employer or the employers' subsidiaries or affiliated corporations. Requires new

applicants for licensure, such as an administrator, to file audited financial statements for the two previous fiscal years. Requires new applicants to submit a detailed business plan to include staffing levels and the applicant's ability to provide a sufficient number of qualified personnel to carry out specified duties. Mandates annual reports filed by an administrator include an audited financial statement performed by an independent certified public accountant. Provides for electronic submission of documents.

Requires the insurer and its administrator to enter into a written agreement in which the insurer determines the benefits, premium rates, underwriting criteria and claims payment procedures the administrator must follow. Provides for semi-annual review of the operations of an administrator handling over 100 insurance certificate holders by insurers, which is consistent with the National Association of Insurance Commissioners Model Act regarding Third Party Administrators. Requires that one of these reviews be an on-site audit of the administrator's operations.

EFFECTIVE DATE: October 1, 2005. {Chapter Law 2005-182}

SB 1486 – Property Insurance by Garcia/Ross

Lowers retention of residential hurricane losses that all insurers must meet in total in order to be reimbursed from the Cat Fund from \$4.96 billion to \$4.5 billion per hurricane for 2005. Reduces the retention in the Florida Hurricane Catastrophe Fund (Cat Fund), to one-third of the full retention for the third and each additional hurricane in a one-year period, in order of loss magnitude. Under current law, the retention increases each year by the same percentage as the increase in the Cat Fund's exposure to losses. Requires the Department of Community Affairs (DCA) to develop a low-interest loan program, by subsidizing or guaranteeing private sector loans, to provide funds for homeowners to retrofit their homes or apply construction techniques demonstrated to reduce loss caused by hurricanes beginning in Fiscal Year (FY) 2006-2007.

Requires that the OIR study standard rating territories for residential property insurance and to submit the findings to the President of the Senate and Speaker of the House of Representatives by January 15, 2006. Provides that hurricane loss models approved by the Florida Commission on Hurricane Loss Projection Methodology are admissible and relevant in a rate proceeding only if the Commission, the OIR and the insurance consumer advocate of the Department of Financial Services (DFS) have access to all aspects of the model.

Requires public hearings for any rate filing under Section 627.062, F.S., which is based in whole or in part upon computer modeling, if the rate request is in excess of 15 percent instead of the previous standard of 25 percent. Prohibits insurers from recouping more than one year of reimbursement premium paid to the Cat Fund at a time. Requires insurers to report exposure and loss data for the development of the public hurricane model to the OIR or to a type I center within the State University System, such as the Hurricane Research Center at the Florida International University.

Restructures the makeup of the Citizens Property Insurance Corporation (Citizens) Board of Governors from seven appointed by the Chief Financial Officer (CFO), to two

members appointed by the Governor, two by the CFO, two by the President of the Senate and the remaining two by the Speaker of the House of Representatives, with at least one member by each appointing official having demonstrated expertise in insurance. Tasks the Citizens Board of Governors (Board) with creating a Market Accountability Advisory Committee to assist Citizens in developing awareness of rates and customer/agent service issues and to report to the Board at each meeting. Requires the Market Accountability Advisory Committee to consist of members appointed by agent associations, insurers, the OIR, the Board, a realtor association and a bankers association. Mandates that the executive director and senior managers of the corporation are engaged by the Board, as recommended by the CFO and shall serve at the pleasure of the Board.

Requires Citizens to provide service to policyholders, applicants and agents that are commensurate with the private insurance market. Authorizes a pilot project in Monroe County to require that rates be actuarially sound and not excessive, inadequate, or unfairly discriminatory, instead of the current standards of the highest average rate in the county as compared to the top 20 insurers in the state, for those areas where OIR determines a reasonable degree of competition does not exist. Provides that Citizens may issue bonds and incur other indebtedness to refinance outstanding bonds or other indebtedness. Provides that Citizens must make its best efforts to procure reinsurance at reasonable rates to cover a projected 100-year probable maximum loss (PML). Requires the Auditor General to conduct an operational audit of Citizens, and Citizens to submit a report to the Legislature on depopulation efforts, financial condition and other funding mechanisms, description of effort to purchase reinsurance, etc. The audit is due to the Legislature by February 1, 2006.

Creates an advisory committee appointed by the CFO to develop a standard personal lines residential policy and file a report with the Legislature by January 15, 2006. Provides the OIR with authority to disapprove a policy form with provisions that are unfair or inequitable or encourage misrepresentation, similar to current law wherein the health policies in Florida have had these protections since 1982. Codifies a similar Emergency Rule 69OER05-05, which prohibits the cancellation or nonrenewal of a personal or commercial residential policy for homes that have been damaged by a hurricane but extends the period from 60 days to 90 days after the home has been repaired. Allows for cancellation or nonrenewal for nonpayment of premium, fraud, intentional delay in repair of the dwelling, or if the insurer has paid policy limits. Permits the Financial Services Commission (FSC) to promulgate rules and the OIR to issue orders necessary to implement this section.

Requires the FSC to adopt a checklist of homeowners, mobile homeowners, dwelling or condominium unit owners' coverage and an outline of coverage for any policy delivered or issued for delivery in this state. Requires that the checklist be provided on the initial policy and each renewal thereafter.

Provides that a 10% hurricane deductible may be offered on a risk valued at \$100,000 or more. Mandates that insurers must offer hurricane deductibles of \$500, 2%, 5% and 10% based on dwelling limits, effective January 1, 2006. Requires insurers to display in the

policy the actual dollar amount of the hurricane deductible, effective October 1, 2005. Requires insurers to disclose to insureds whether the application of an inflation guard rider will result in the hurricane deductible being greater than that reflected on the declarations page, effective October 1, 2005. Allows insurers to offer commercial policies with hurricane deductibles of 10% or 3%. Provides choice to consumers by requiring insurers to offer the policyholder a seasonal hurricane deductible or a hurricane deductible that applies to each hurricane.

Provides for the option of the purchase of law and ordinance coverage of 25% or 50% of the dwelling coverage for policies issued or renewed on or after October 1, 2005 (current law is only 25%). Requires that policies providing replacement cost coverage on contents or the dwelling be paid without reservation or holdback of any depreciation value. Requires that homeowners' policies issued or renewed on or before October 1, 2005, include 18-point type, a notice regarding law and ordinance and flood coverage. Requires the OIR to submit a report to the Legislature to include findings and recommendations on law and ordinance coverage by January 1, 2006.

Expands the mediation program within the DFS to include commercial residential policies. Clarifies that the valued policy law does not apply when a loss is caused in part by a covered peril and in part by a non-covered peril and that this provision is not retroactive and will apply only to claims filed after the effective date of the legislation. Requires notification by insurers to applicants and policyholders of the availability and amount of premium discounts for fixtures and construction techniques that reduce the amount of loss in windstorm.

Allows for denial of a sinkhole claim if it is determined no sinkhole loss exists. Expands sinkhole coverage to include the cost of stabilizing the land and building as well as repair of the foundation. Establishes standards for sinkhole testing and requires insurers to provide an engineer or geologist to conduct testing at the request of the insured. Allows for payment of sinkhole claims limited to actual cash value. Requires professional reporting of paid sinkhole claims by the insurer to the county property appraiser. Requires the seller of property to disclose all aspects of a sinkhole claim to the buyer. Creates a sinkhole database, under the supervision of the DFS, which will include reports and certifications pertaining to claims paid for sinkholes.

Grants four additional positions and appropriates \$350,000 to the Office of the Consumer Advocate within the DFS from the Insurance Regulatory Trust Fund for the purposes provided in s. 627.0613, F.S.

EFFECTIVE DATE: Except as otherwise provided, June 1, 2005. {Chapter Law 2005-111}

SB 1662 – Unauthorized Entities by Fasano/Taylor

Provides that OIR and DFS may issue an immediate and final order against an unauthorized insurer to cease and desist activity that violates the unauthorized entities insurance law. Specifies a legislative finding that a violation of the prohibitions relating to representing or aiding unauthorized insurance entities constitutes an imminent threat to

the health, safety, and welfare of the residents of the state of Florida. Authorizes OIR and DFS to investigate records, accounts, transactions and documents pertaining to activities of any unauthorized insurer or person aiding or representing such insurer. Clarifies what is meant by independent procurement of coverage for the purposes of an exception to the prohibition against aiding unauthorized insurers, to specify that such coverage is not solicited, marketed, negotiated or sold in Florida.

Requires that unauthorized insurers must initially obtain a certificate of authority (COA) or deposit, securities, cash or bond when such insurers seek to defend against an enforcement action filed in circuit court by OIR or DFS. Places a time limit of 30 days after the service of process in which unauthorized insurers or their representatives may file a motion to challenge the service of process. Provides that the penalties for representing an unauthorized insurer do not apply to the actions of persons who assist OIR or DFS, at the agency's discretion, in the administration of OIR's responsibilities under the Unauthorized Insurers Process Law.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-144}

HB 1939 – Public Records & Meetings by Ross/Garcia

Creates a public records exemption for reports of hurricane loss and associated exposure data which are specific to a particular insurance company as reported to the OIR or to a type I center at a state university, for development of the public hurricane model. Defines "loss data and associated exposure data." Requires insurers to report such data in a time and manner as specified by the OIR. Provides for another public records exemption for a trade secret as defined in s. 812.081, F.S., that is used in designing and constructing a hurricane loss model, that is provided by a private company to the Florida Commission on Hurricane Loss Projection Methodology (Commission), OIR, or the consumer advocate. Creates a public meeting exemption for the portion of a meeting of the Commission or of a rate proceeding on an insurer's rate filing at which confidential information is discussed. Provides that these provisions are subject to repeal on October 1, 2010, unless reviewed and reenacted pursuant to the Open Government Sunset Review Act of 1995.

EFFECTIVE DATE: June 1, 2005. {Chapter Law 2005-264}

Life and Health Bills

HB 105 – Life Insurance & Annuity Contracts by Llorente/Garcia

Eliminates the certificate of authority (COA) requirement for insurers domiciled outside of the United States which operates from offices within the state of Florida and which issues life insurance policies and annuity contracts covering persons who, at the time of issuance, are not residents of the United States. Creates financial and disclosure requirements for the insurer. Mandates that an insurer must be an authorized insurance company in its country of domicile or a wholly owned subsidiary of an authorized insurer for three years. Provides that the insurer must have been selling the same insurance products in its country of domicile for the prior three years. Authorizes the OIR to waive the three-year requirement if the insurer has capital and surplus of at least \$25 million and has been in operation for the past year.

Provides for disclosure of financial statements, date of organization of the insurer, the identity and rating assigned by each rating entity, the identity and address of the regulatory body overseeing the insurer, and a statement that the insurer is not regulated by the Office of Insurance Regulation and does not hold a COA in the state of Florida. Relieves the OIR from responsibility in determining the actual financial condition or claims practices, however, the insurer must allow access to its books and records to the OIR.

Allows for OIR examination, at the expense of the insurer, if claims payments are not made promptly or the OIR believes the insurer to be insolvent. Provides the OIR with the ability to withdraw the eligibility of the insurer to issue policies or contracts based on the findings of the examination. Maintains that agent licensure requirements under the Insurance Code must be followed. Subjects the insurer to the Unfair Trade Practices provisions under Chapter 626, F.S., and its written policies are exempt from the Florida premium tax provisions. Applies the provisions of the Florida Money Laundering Act, ch. 896, F.S., to all single premium life insurance policies and annuity contracts issued to non-U.S. residents and who are not residents residing in the United States. Creates disclosure requirements, which include an explanation that the laws of a foreign country govern the policy and that the rating and underwriting laws applicable to policies in Florida do not apply to this coverage. Provides that the policy is not covered by the Florida Life and Health Insurance Guaranty Association should the insurer become insolvent.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-94}

SB 266 – Nursing Home Facilities by Saunders/Gibson

Creates a permanent exception in statute allowing state-designated teaching nursing homes and state-affiliated assisted living facilities to provide proof of financial responsibility as provided in s. 430.80, F.S., in lieu of the requirement mandating nursing home facilities maintain general and professional liability insurance coverage. Provides in s. 430.80, F.S., that teaching nursing homes may demonstrate proof of financial responsibility in a minimum amount of \$750,000 by either maintaining an escrow

account consisting of certain cash assets or obtaining an irrevocable, nontransferable and non-assignable letter of credit, in lieu of maintaining general and professional liability insurance coverage.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-136}

SB 404 – Health Care by Saunders/Negron

Modifies several provisions of the Florida Medicaid Program. Amends s. 400.23, F.S., to delay nursing home staffing increases for 2.9 hours of direct care per resident, per day, until July 1, 2006. Provides for the continuation of coverage for pregnant women below 185 percent of federal poverty level. Amends current law to continue services to Medically Needy recipients and eliminate eligibility for Medicare-eligible, non-institutionalized individuals effective January 1, 2006. Amends current law to provide for adult denture benefits. Repeals the Ron Silver Senior Drug Program (Prescription Affordability Act) that provided qualifying seniors with a specified amount of money per month to alleviate the cost of prescription medications. Revises the method for calculating disproportionate share payments to hospitals. Revises the duties of the Medicaid Pharmaceutical and Therapeutics Committee with respect to developing a modified preferred drug list, including removing the exemption for behavioral health drugs.

Authorizes the implementation of a program of all-inclusive care for certain children. Revises managed care rate setting methodology to clarify a provision governing assignment to a managed care option in Miami-Dade County for behavioral health services. Revises the Medicaid rate setting process and provider agreements.

Eliminates the Office of Long Term Care Policy in the Department of Elderly Affairs. Establishes an additional memory disorder clinic at Florida Atlantic University for the purpose of conducting research and training on persons suffering from Alzheimer's and other memory related diseases. Specifies that Medicaid recipients served by an adult day training program in the Family and Supported Living Waiver are not employees for the purpose of workers compensation.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-60}

SB 662 – Studies of Hurricane Damage to Hospitals by Clary/Bogdanoff

Creates a commission to study indigent care hospitals that were significantly damaged during the 2004 Hurricane Season. Establishes board composition and reimbursement for travel and per diem expenses. Establishes the purpose of the board is to identify all hospitals that currently are not able to comply with the Florida Building Code, located within 10 miles of coastline, and hospitals that are located in flood zones. Establishes the first meeting of the commission must be held by September 1, 2005. Mandates that recommendations to allow these hospitals to find alternative methods of complying with the Florida Building Code must be made to the Governor and the Legislature by January 1, 2006.

Requires the commission to report to the Legislative Budget Commission by December 1, 2005, the types of structural damage caused by hurricanes in 2004 to not-for-profit

hospitals and associated costs. Requires the commission to make recommendations for statutory changes and funding options to the Governor and the Legislature by January 1, 2006.

Creates a 13-member study group to review the use and appropriateness of high-deductible health insurance plans, including health savings accounts (HSAs) and health reimbursement arrangements (HRAs). Requires the study group to look at the effects of high deductibles on access to health care, utilization of health care services, and the ability of hospitals and physicians to collect co-payments and deductibles. Requires the group to study issues surrounding the assignment of benefits by insureds, identification cards and claim edits, and comparative cost information before service delivery to insureds and subscribers. Provides that recommendations by the study group be made to the Governor and the Legislature by January 1, 2006.

Provides for two studies to be conducted by the Legislature's Office of Program Policy and Government Accountability to evaluate whether Florida should participate in the Nurse Licensure Compact and to analyze the impact of hospices on the delivery of health care to the terminally ill. Requires the report on the Nurse Licensure Compact be presented to the Legislature by February 1, 2006. Requires the hospice care study to be presented to the Legislature by January 1, 2006.

EFFECTIVE DATE: Upon becoming law. Vetoed by Governor on June 2, 2005.

SB 838 – Medicaid by Peaden/Benson

Requires the Agency for Health Care Administration (AHCA) to contract with a vendor to identify and counsel providers whose clinical practice patterns are outside normal practice patterns. Authorizes AHCA to competitively bid single source provider contracts if less costly. Requires AHCA to determine if purchasing medical equipment is less expensive than long-term rental and authorizes AHCA to facilitate purchases in lieu of long-term rentals to protect against fraud and abuse. Requires that provider service network contracts currently in effect be extended for a period of three years and provides a definition for a provider service network.

Provides that a fixed-payment delivery system for persons 60 years of age and older will be designed and implemented by AHCA by December 1, 2005. Requires the development of two pilot programs in different areas (not specified) of the state – enrollment is voluntary in one pilot. Requires combining all funds, excluding nursing home services unless AHCA demonstrates care can be improved in a less costly manner. Excludes persons 60 years of age and older who are being served in certain waiver programs, and individuals who are residents of institutional facilities for the developmentally disabled. Requires competitive bid process for selecting entities to operate. Requires an evaluation by the Office Of Program Policy Analysis and Government and Accountability (OPPAGA) in consultation with the Auditor General. A report is due by June 30, 2008 and it requires legislative approval prior to implementation.

Directs AHCA to develop a business case process to determine whether increased reimbursement for certain services is cost-effective. Requires the Comprehensive Assessment Review and Evaluation for Long-term Care Services (CARES) staff to identify Medicare patients in nursing homes who are being inappropriately disqualified from coverage under Medicare and assist with appeal of the disqualification if such activities are federally reimbursable. Requires AHCA by April 1, 2006, to contract with an entity to develop a real-time, web-based utilization tracking system or electronic medical record for Medicaid recipients.

Requires AHCA to provide emergency department diversion programs. Directs AHCA to allow credentialed dispensing practitioners to participate in the Medicaid program regardless of the proximity of other dispensing entities. Requires AHCA to implement a Medicaid prescription drug management program to reduce costs, waste, and fraud, while improving recipient safety. Mandates that AHCA address the issue of destruction of Medicaid prescription drugs and report to the Legislature by December 1, 2005. Allows reimbursement for mental health crisis care provided in a non-hospital setting, if less expensive.

Creates s. 409.91211, F.S., to authorize AHCA to seek a federal waiver to create a statewide initiative to deliver Medicaid services in a capitated managed care system designed to replace the fee-for-service system. Allows statewide expansion of demonstration projects upon completion of evaluation and legislative approval. Provides a framework for AHCA to create a pilot program by developing, determining, or recommending a system to deliver all mandatory and optional services including: Medicaid eligibility categories to be included in a pilot; maximization of all state and federal funds; actuarially sound, risk-adjusted capitation rates that can be separated into comprehensive, enhanced services, and catastrophic care; phase in of financial risk for existing provider service networks and opportunity for federally qualified health centers to participate; stop-loss requirements and transfer of excess cost to catastrophic coverage; a process to determine and validate rate of growth of per-member costs; program standards and credentialing requirements for networks to participate in the pilot program, including financial solvency, network adequacy, and infrastructure capacity; a choice counseling system, including marketing safeguards, promotion of health literacy, reduction of minority health disparities; a system to monitor the provision of health services, including utilization and quality, and development of an encounter data-information system grievance resolution processes for recipients and providers; criteria for participation in the managed care networks; a system to prevent fraud and abuse; actuarial and benefit design analysis over five-year period; a mechanism to reimburse qualified emergency services providers, including continuation of fee-for-service payments; a system for school districts to participate in the certified school match program; and a system of primary care for children with chronic medical conditions, persons with developmental disabilities, and Medicaid-eligible children in foster care.

Provides for automatic assignment to a capitated managed care plan if Medicaid recipient has not enrolled in a plan within 30 days after eligibility. Provides a Medicaid opt-out option to allow recipients to purchase health care coverage through an employer-

sponsored plan rather than a Medicaid-certified plan. Requires AHCA to post any waiver applications on its Internet website 30 days before submission to the federal government and to submit the waiver applications to appropriate committees of the Senate and the House for review and comment at least 10 working days prior to submission. The appropriate committees are charged with making recommendations as to approve or disapprove the implementation of federally approved waivers. Requires AHCA to develop an implementation plan, including a recommended timeline for implementation and specified budgetary projections, and to submit the plan to the Legislature.

Provides rulemaking authority to AHCA after legislative approval. Requires OPPAGA and the Auditor General to conduct an evaluation of the pilot to be provided to the Governor and the Legislature no later than June 30, 2008, to consider statewide expansion. Provides for global fee reimbursement for Medicaid lung transplant services and provides an appropriation to implement it during the 2005-2006 fiscal year. Requires that at least five percent of Medicaid audits to detect Medicaid funds lost to fraud and abuse be conducted on a random basis. Requires Medicaid recipients to be provided with an explanation of benefits. Requires AHCA by December 15, 2005, to study the legal and administrative barriers to enforcing co-payments in the Medicaid program. Requires AHCA by January 6, 2006, to develop recommendations to improve third-party liability recoveries.

Requires OPPAGA by January 6, 2006, to confirm the value of long-term care community diversion programs. Requires AHCA by December 1, 2005, to study mechanisms for collecting patient-responsibility payments from persons in the long-term care diversion programs. Requires OPPAGA by January 1, 2006, to conduct a study of Medicaid buy-in programs in other states. Requires OPPAGA, in consultation with the Office of Attorney General Medicaid Fraud Control Unit and the Auditor General, by January 1, 2006, to study dollars lost to fraud and abuse in the Medicaid prescription drug program, including examination of manufacturers' pricing practices.

Allocates \$15.7 million in recurring funds, \$18.2 million in non-recurring funds and 11 full-time employees to AHCA for the purpose of implementing the act. Repeals the Medicaid rate setting provisions in Conference Committee Report for Senate Bill 404. Requires AHCA to make additional adjustment in calculating payment to prepaid health plans for the 2005-2006 fiscal year only, with a specified increase required. Requires the Senate Select Committee on Medicaid Reform to study the provider rate setting process and report recommendations by March 1, 2006, to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-133}

SB 938 – Adverse Medical Incidents by Peadar/Simmons

Incorporates provisions from Constitutional Amendment 7, the Patient's Right to Know About Adverse Medical Incidents and supplements those with statutory provisions. Grants patient access to records of adverse medical incidents of the facility or provider of which he or she is a patient and which pertain to any adverse medical incident affecting

the patient, which involves the same, or substantially similar condition, treatment, or diagnosis as that of the patient requesting access.

Applies Amendment 7 to records created, incidents occurring and actions pending on or after November 2, 2004. Provides that all laws which extend civil and criminal immunity to persons providing information to quality-of-care committees or organizations and all existing laws concerning the discoverability or admissibility into evidence of records of an adverse medical incident in any judicial or administrative proceeding remain in full force and effect. Includes provisions pertaining to the production of records.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-265}

SB 940 – Repeated Medical Malpractice by Peaden/Simmons

Combines the provisions of Constitutional Amendment 8, related to repeated medical malpractice, with supplemental statutory provisions. Applies Amendment 8 prospectively to incidents occurring on or after November 3, 2004, and defines “medical doctor” to include only allopathic physicians (licensed under chapter 458, F.S.), and osteopathic physicians (licensed under chapter 459, F.S.). Incorporates the definition of “medical malpractice” from Amendment 8, and applies the standard of care used in civil actions for medical malpractice to findings of medical malpractice under the disciplinary provisions of the medical doctor practice act and Amendment 8.

Labels the conduct proscribed in Amendment 8—committing three or more incidents of medical malpractice—as “repeated medical malpractice.” The bill also defines the term “incident” and modifies thresholds for a finding of repeated medical malpractice under current law. Requires the other state or country to have applied a standard of care and burden of proof equal to or exceeding that used in Florida for the Board of Medicine or the Board of Osteopathic Medicine, as applicable, to count a similar act committed in another state or country as medical malpractice for purposes of mandatory license denial or revocation under Amendment 8.

Assigns responsibility to the Board of Medicine or the Board of Osteopathic Medicine, as applicable, to determine by clear and convincing evidence that a medical doctor has committed repeated medical malpractice. Requires board review of the record of any incident found to be malpractice using a less stringent standard of review.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-266}

HB 1081 – Discount Medical Plan Organizations by Berfield/Saunders

Eliminates the requirement of a separate Discount Medical Plan Organization (DMPO) license for any licensed health entity. Expands the eligibility for licensee to limited liability companies and limited partnerships. Allows DMPOs and applicants who are subsidiaries to petition OIR to accept their parent company's audited financial statements with a guaranty from the parent. Specifies criteria for denial of license approval. Clarifies that DMPOs are exempt from other sections of the Insurance Code unless specifically referenced.

Provides a 30-day free-look period and a return of all funds except a processing fee up to \$30. Clarifies that prohibited terms may not be used "in a manner" that could mislead an applicant. Allows required disclosures to be made verbally in telephone solicitation and

written follow-up with a fulfillment kit. Clarifies that a DMPO must maintain copies of Provider Agreements into which it has entered. Provides that form and rate filings will be deemed approved unless specifically disapproved within 60 days from filing.

Requires OIR to disapprove any form that is unreasonable, discriminatory, misleading, or unfair. Reduces annual reporting for persons responsible for the DMPO to only changes from prior reports. Provides for administrative penalties in lieu of a suspension of license up to \$75,000. Limits DMPO responsibility for marketers to activities within the scope of their marketing agreement. Provides for a surety bond in lieu of a cash deposit and for return of the original cash deposit within 45 days following effective date of a surety bond. Clarifies that DMPO willful violations of regulation are subject to civil penalties. Repeals civil remedies provisions of the DMPO law.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-232}

SB 1122 – Third Party Liability by Saunders/Proctor

Expands a statutory reference that will facilitate the sharing of tax information between the Department of Revenue and the Agency for Health Care Administration (AHCA) in order to collect more payments under the Medicaid Estate Recovery Act. Clarifies that third-party administrators and pharmacy benefit managers must provide claims data to AHCA so that the agency's third-party liability contractor can conduct data matches. Requires that the personal representative of a Medicaid recipient who has died to submit a copy of the death certificate to AHCA as part of the current mandatory "notice of creditors." Specifies that death certificates contain Social Security numbers and indicate whether or not there is a surviving spouse.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-140}

SB 1208 – Long-Term Care Partnership Program by Peaden/Legg

Directs the Agency for Health Care Administration (AHCA) to establish the Florida Long-Term Care Partnership Program to provide incentives for individuals to purchase long-term care insurance. Provides that a person who participates in the partnership is able to qualify for coverage of the costs of long-term care under Medicaid without first being required to substantially exhaust or "spend-down" his or her assets. Requires AHCA to develop a plan for implementation of the Florida Long-Term Care Partnership Program in the form of recommended legislation prior to the 2006 Legislative Session.

EFFECTIVE DATE: Upon becoming law, except that the amendments relating to Medicaid eligibility are effective contingent upon action by Congress to amend section 1917 (b)(1)(c) of the Social Security Act to allow for approval by states of long-term care partnership plans. {Chapter Law 2005-252}

HB 1525 – Elderly Affairs by Lopez-Cantera/Fasano

Deletes the requirement for the Agency for Health Care Administration (AHCA) in consultation with the Department of Elderly Affairs (DOEA) to integrate the Frail Elder Option program into the Nursing Home Diversion program. Deletes the requirement for AHCA and DOEA to integrate the Aged and Disabled Adult Medicaid waiver and the Assisted Living for the Elderly Medicaid waiver into one combined program. Revises eligibility requirements relating to the financial solvency for entities providing services in the Nursing Home Diversion Program.

Allows existing “other qualified providers” to have a one-year waiver period to meet the revised surplus standards for the program, if they can post a performance bond in lieu of surplus. Requires providers to report quarterly to DOEA their compliance with financial and quality assurance requirements in their contract.

Requires AHCA to use a federally approved, actuarially certified rate methodology to develop reimbursement rates for the long-term care community diversion pilot project. Allows DOEA to move forward on implementation of the pilot program allowing Community Care for the Elderly lead agencies to transition over a period of time into full providers of services under the nursing home diversion program. Deletes the requirement for DOEA Comprehensive Assessment Review and Evaluation for Long-Term Care Services (CARES) program staff to annually review at least 20 percent of case files of Medicaid nursing home residents. Provides for rulemaking by DOEA in consultation with AHCA to administer the long-term care community diversion pilot projects.

EFFECTIVE DATE: June 10, 2005. {Chapter Law 2005-208}

SB 2412 – Viatical Settlement Investments by Garcia/Goodlette

Provides that viatical settlements are securities and should be regulated under the Florida Securities and Investor Protection Act (Act). Creates a registration requirement for these investments with either the Florida Office of Financial Regulation (OFR) or the federal Securities and Exchange Commission (SEC). Requires individuals selling these investments must register with the OFR and provide full disclosures regarding viatical settlement investments to buyers.

Defines a viatical settlement investment as an agreement for the purchase, sale, assignment, transfer, devise, or bequest of any legal or equitable interest in a viaticated policy as defined in ch. 626, part X, F.S. Clarifies that a viatical settlement investment does not include certain transfers or assignments of a viaticated policy to large financial investors, banks, special purpose entities, qualified institutional buyers, accredited investors, or transfers of viaticated policies pursuant to a court’s order. Defines a “qualified institutional buyer” as a designated institution under the SEC rule, which invests at least \$100 million of either its own funds or funds of others on a discretionary basis or any foreign buyer that satisfies the minimum financial requirements set forth under the SEC rule.

Provides rulemaking authority to the Financial Services Commission to: establish requirements and standards for the filing, content and circulation of a prospectus or other sales literature for several types of securities in order to determine whether such offering is fair, just and equitable; establish disclosures to buyers of viatical settlement investments and record keeping requirements for sellers of the investments; specify requirements for investment advisors deemed to have custody of client funds; and govern the conduct by and prohibited business practices for investment advisors, dealers and their associated persons.

Removes the requirement for a separate viatical settlement broker license. Amends the definition of a “special purpose entity” which is an entity created by a licensed viatical settlement provider to provide access to institutional capital markets to provide that such entity “may not obtain capital from any natural person or entity with less than \$50 million in assets” and may not enter into a viatical settlement contract. Authorizes the DFS to deny any application, or suspend or revoke a license, for persons involved in viatical settlement contract transactions for specified reasons.

Defines “life expectancy provider” as a person who determines the life expectancies or mortality ratings used to determine life expectancies. Mandates that after July 1, 2006, a person may not perform the functions of a life expectancy provider without being registered with and providing specified information to the Office of Insurance Regulation (OIR). Authorizes the OIR to deny the application, suspend, revoke, fine, or refuse to renew the registration of a life expectancy provider under certain circumstances. Requires life expectancy provider to develop an anti-fraud plan and file the plan with the Division of Insurance Fraud.

Provides for the filing of audited financial statements prepared by independent certified public accountants by viatical settlement providers as well as reports of all life expectancy providers who have provided life expectancies for use in connection with a viatical settlement contract to the OIR. Requires a deposit of \$100,000 in securities to ensure faithful performance of their obligations to viators. Requires viatical settlement providers to use life expectancies from registered life expectancy providers. Clarifies that the OIR regulates viatical settlement purchase agreements prior to July 1, 2005 (the effective date of this bill) and may examine persons possessing records relating to viatical settlement purchase agreements executed before that date.

Deletes obsolete references, eliminates definitions and makes changes in the Viatical Settlement Law in order to conform to the security requirements of the Act. Grants a grace period to provide that persons who, on July 1, 2005, are effectuating a viatical settlement purchase agreement made before July 1, must proceed within 30 days after July 1, to conclude all viatical settlement purchase transactions in progress. Provides that funds must be returned to the viatical settlement purchaser within 30 days if funds have not been matched with a viaticated policy. Repeals s. 626.99245, F.S., which removes regulation of viatical settlement providers from the OIR.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-237}

Property & Casualty Bills

HB 19 – Motor Vehicle Driving Privilege Requirements by Kravitz/Wise

Provides for a 6-month vehicle registration for anyone whose drivers license has been suspended or revoked due to a violation for DUI. Reduces the cost of registration tax and all other taxes associated with registering a vehicle in half. Requires the Department of Highway Safety and Motor Vehicles (DHSMV) to issue a validation sticker displaying the expiration date of the registration expiration. Charges the DHSMV with developing a form that the insured must present proving that he or she is carrying non-cancelable liability coverage on each motor vehicle registered in his or her name. Requires insurers to offer a non-cancelable policy, subject to general underwriting guidelines, which provides liability coverage for bodily injury, death and property damage liability coverage for a specified period to applicants seeking coverage for reinstatement of driving privileges revoked or suspended due to DUI. Authorizes insurers to cancel the policy if the driver's license of an insured driver is suspended or revoked.

EFFECTIVE DATE: October 1, 2005. {Chapter Law 2005-72}

SB 52 – Commercial Motor Vehicles by Geller/Ryan

Requires evidence of commercial liability insurance policies with limits of at least \$1 million per accident and \$1 million annual aggregate for any person engaged in the retrofitting, rebuilding or modifying of commercial trucks, truck tractors or heavy trucks, as defined in Section 320.01, F.S., into dump trucks. Requires that evidence of such insurance policy must be available at all reasonable hours for inspection by any law enforcement officer. Defines the term "dump truck". Provides any person engaged in the retrofitting, rebuilding or modifying of commercial trucks, truck tractors or heavy trucks into dump trucks must ensure all such retrofitted, rebuilt or modified dump trucks comply with all federal safety standards provided in 49 C.F.R. 393. Provides criminal penalties for violation of the new section.

EFFECTIVE DATE: October 1, 2005. Vetoed by the Governor on June 3, 2005.

HB 75 – Title Insurance by Mahon/Wise

Amends the definition of title insurance to include insurance relating to the existence, attachment, perfection and priority of security interests. Amends the definitions of "related title services" and "primary title services" to include services relating to Article 9 title insurance for personal property. Changes procedures relating to the issuance of title insurance to include procedures applicable to the issuance of Article 9 title insurance for personal property. Provides that by no later than January 1, 2006, the Office of Insurance Regulation (OIR) shall approve the title insurance form and corresponding rate for the insurance described in s. 624.608(2), F.S.

EFFECTIVE DATE: Section 4 shall take effect upon becoming law and the other sections shall take effect upon the OIR's promulgation of a form and rate. {Chapter Law 2005-153}

SB 276 – Wrecker Services by Crist/Robaina

Changes the term “wrecker operator” to “wrecker company” and “wrecker rotation system” to “wrecker allocation system.” Creates new registration for statewide wrecker companies and wrecker operator certification within the Department of Agriculture and Consumer Services (DACS). Prevents the issuance or renewal of occupational licenses unless the wrecker company is registered with DACS by counties and municipalities. Restricts participation in local government or Florida Highway Patrol wrecker allocation system to wrecker companies who are registered with DACS. Permits license plates for wreckers to be displayed on the front of the vehicle.

EFFECTIVE DATE: July 1, 2005. Vetoed by the Governor on June 3, 2005.

HB 423 - Workers’ Compensation by Ross/Atwater

Amends the criteria an owner-operator of a motor vehicle must meet in order to be excluded from workers’ compensation coverage. Defines “owner-operator” as furnishing only the motor vehicle equipment identified in the written contract between the motor carrier and the owner-operator. Changes current requirement to allow an owner-operator to pay the principal costs incidental to the contract between the motor carrier and the owner-operator rather than full cost. Allows a principal to advance costs to an owner-operator as long as the written contract between the motor carrier (principal) and the owner-operator contains the requirement that the owner-operator reimburses the advanced costs. Deletes the statutory requirement that an owner-operator has to be paid on commission. Provides for persons who meet the preceding criteria as well as the other aspects of the definition of “owner-operator,” are excluded from workers’ compensation and cannot receive workers’ compensation if injured on the job.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-78}

SB 442 – Building Safety by Bennett/Cretul

Revises the distribution of funds from the Hurricane Loss Mitigation Program and provides for the use of such funds for specified code-related education initiatives, effective July 1, 2006. Requires the Office of Insurance Regulation to review the performance of the Hurricane Loss Mitigation Program and make recommendations to the insurance industry, and such recommendations may be used by insurers for potential discounts or rebates to residential property insurance pursuant to s. 627.0629, F.S., (the Governor vetoed this section).

Allows nursing home residents or their representatives to request a change in the placement of the bed in their room, provided it does not infringe on the resident’s roommate or interfere with the resident’s care or safety. Provides that it is grounds for discipline for a building code administrator, engineer, or registered architect to perform building code inspections without the necessary insurance.

Prevents cities and counties from imposing additional certification or licensure requirements for state certified electrical and alarm contractors. Revises procedures governing the adoption and amendment of the Florida Building Code. Provides new procedures for binding review of building code decisions by local building officials. Clarifies provisions relating to truss placement plans and the code. Allows a fee owner’s

contractor, rather than only the fee owner, to use a private provider for building code inspection services.

Eliminates the requirement that the private provider of code inspection services maintain comprehensive general liability insurance and increases professional liability insurance requirements. Restricts local governments' ability to use building code fee revenues for non-related activities. Exempts commission and hearing officer panels from Administrative Procedures Act rule requirements when reviewing decisions of local building officials. Revises the administration and operation of the Florida Building Code Training Program. Modifies provisions relating to the local product approval and evaluation process and includes the International Code Council Evaluation Service as an authorized product evaluation entity.

Requires a local government that adopts a fire sprinkler requirement for one and two family residences to investigate the economic consequences of the requirement. Establishes an informal process for rendering non-binding interpretations of the Florida Fire Prevention Code. Provides a standard for the construction and retrofitting of doors and windows in essential facilities. Requires the inspection of backflow prevention assemblies every three years. Provides for the regulation of employees of fire suppression contractors who conduct inspections.

Creates certain requirements for the design of interior stairways in dwelling units. Authorizes the State Fire Marshall to adopt, by rule, standards for inspection tags for fire protection systems. Requires inspection of fire protection systems using national standards. Creates the Water-Based Fire Protection Inspector permit classification. Decreases the amount of the biennial renewal fee for fire protection certificate holders from \$250 to \$150, and provides for other fees. Establishes continuing education requirements for certain categories of permit holders. Requires that inspection of fire protection systems be conducted by certificate holders or permit holders employed by certificate holders. Provides for discipline of permit holders.

Specifies that swimming pool exit alarms that comply with Underwriters Laboratory Standard Number 2017 must satisfy the requirement of ch. 515, F.S. Incorporates by reference into the Florida Building Code permitted standards for unvented attic assemblies in the International Residential Code. Provides that an application to a county or municipality for a site development plan, building permit, or other permit must be acted upon within 120 days, unless the applicant agrees to an extension.

Directs the Florida Building Commission to update the Florida Building Code with the most recent and relevant design standards for wind resistance of buildings issued by the American Society of Civil Engineers (ASCE Standard 7). Provides that the option for designing for internal pressure for buildings, within the windborne debris region, shall be repealed immediately upon adoption of standards and conditions within the International Building Code or International Residential Code prohibiting such option design.

Appropriates \$200,000 from the Insurance Regulatory Trust Fund to the Department of

Financial Services to develop a joint program between the Florida Insurance Council and the Florida Home Builders to educate builders on the benefits and options of designing buildings for windborne debris protection (the Governor vetoed this section).

Requires the Florida Building Commission and local building officials to evaluate the damage from Hurricane Ivan and make recommendations to the Legislature for changes to the Building Code as it relates to the region from the eastern border of Franklin County to the Florida-Alabama line. Provides that the effective date of the Florida Building Code, 2004 Edition, shall be October 1, 2005, however, the bill stipulates that building plans submitted for review between July 1, and October 1, may elect to undergo compliance review using either the current edition of the Code or the new 2004 edition of the Code. Instructs the Commission to evaluate the definition of “exposure category C” in the Florida Building Code and make recommendations for changing the definition to the Legislature.

Repeals s. 553.851, F.S., relating to the procedure for recording and determining the location of underground gas pipelines. Provides that any disaster recovery mitigation organization or not-for-profit organization using volunteer labor to repair or replace disaster-impacted one-, two-, or three-family residences must obtain necessary building permits, obtain all required building code inspections, and provide for the supervision of all work by an individual with construction experience. Creates the Manufactured Housing Regulatory Study Commission to review programs regulating manufactured and mobile homes currently within the Department of Highway Safety and Motor Vehicles.

Delays the implementation of two technical modifications (relating to the use of certain plywood for roofing) to the Florida Building Code pending further review by the Building Code Commission. Instructs the Commission to amend the Florida Building Code to allow use of enclosed and unenclosed areas under mezzanines for the purpose of calculating the permissible size of mezzanines in sprinklered S2 occupancies of Type III construction. Instructs the Florida Building Commission to convene a workgroup to study the recommendation for a single product validation entity.

EFFECTIVE DATE: July 1, 2005. The Governor vetoed sections 1 & 38 of the bill on June 8, 2005. {Chapter Law 2005-147}

SB 450 – Motor Vehicle Insurance Unfair Insurance Practices: Insureds on Active Military Duty and their Covered Dependents by Geller/Lynn

Creates a new unfair or deceptive insurance trade practice provision prohibiting insurers from charging an increased premium when reinstating a motor vehicle insurance policy that was canceled or suspended by the insured solely for the reason that he or she was transferred out of this state while serving in the United States Armed Forces or on active duty in the National Guard or United States Armed Forces Reserve. Provides penalties for activities ranging from misrepresentations in advertising of insurance policies and making false statements to defamation and illegal dealings in premiums, which include suspension or revocation of their certificate of authority or fines for violations to be imposed by the Office of Insurance Regulation.

Provides that it is an unfair insurance trade practice for an insurer to charge an increased premium for a new motor vehicle insurance policy if the applicant for coverage was previously insured with a different insurer and canceled that policy solely for the reason that he or she was transferred out of this state while serving in the United States Armed Forces or on active duty in the National Guard or United States Armed Forces Reserve. Requires insurers to consider such persons as having maintained continuous coverage for purposes of determining premiums.

EFFECTIVE DATE: May 24, 2005. {Chapter Law 2005-41}

HB 531 – Mortgages/Certificates of Release by Hasner/Atwater

Creates Section 701.041, F.S., to allow a title insurer to file a certificate of release to record the satisfaction of a mortgage in certain situations. Provides requirements for filing a certificate. Provides that a title insurer is liable for damages caused by the filing of an erroneous certificate of release. Repeals Section 701.05, F.S., relating to criminal penalties for failing to record a satisfaction of a mortgage, lien or judgment. Requires the Financial Services Commission to adopt rules establishing an actuarially sound premium to be made for each certificate of release recorded pursuant to the bill.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-122}

HB 551- Vehicles/Financial Responsibility by Hays/Campbell

Expands the definition of the term “rental company” to include related rental or leasing companies that are subsidiaries of the same parent company as that of the renting or leasing company that rented the vehicle. Expands the definition of “rental company” further to include the holder of a motor vehicle title or equity interest in a motor vehicle title if the title or equity interest is or to facilitate an asset-backed securitization of a fleet of motor vehicles used solely in the business of renting or leasing motor vehicles to the general public and allow the holder of title or related rental or leasing company to qualify for protections included in s. 324.021(9)(b)2, F.S.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-156}

HB 835 – Wind-Protection/Florida Building Code by Detert/Lynn

Requires the Florida Building Commission to update the Florida Building Code, through rulemaking, with the latest edition of the wind protection requirements of the American Society of Civil Engineers. Removes the internal pressure design option for buildings within the windborne debris region upon adoption of standards and conditions within the International Building Code or International Residential Code. Appropriates \$200,000 from the Insurance Regulatory Trust Fund to develop an education program to teach benefits and options of designing buildings to withstand windborne debris to contractors, which is to be administered jointly by the Florida Insurance Council and the Florida Homebuilders Association. Requires the Florida Building Commission to evaluate the definition of “exposure category C” as currently defined and make recommendations for a new definition prior to the 2006 Legislative Session.

EFFECTIVE DATE: July 1, 2005. Vetoed by Governor on June 15, 2005.

Specialty and Miscellaneous Bills

SB 202 – Community Contributions and Tax Credits by Saunders/Goodlette

Extends the Community Contribution Tax Program through June 30, 2015. Increases from \$10 million to \$12 million the total annual amount of tax credits that may be granted under the program. Reserves 80 percent of \$10 million of the available tax credits for businesses that contribute to home ownership opportunities for low-income and very-low-income households for the first six months of each fiscal year. Specifies that for credits in excess of \$10 million, 70 percent be reserved for businesses that contribute to low-income housing programs. Revises the procedures governing the distribution of tax credits.

Revises the eligibility requirements for the Capital Investment Tax Credit Program to include a new or expanded facility engaged in a specified target industry that creates or retains at least 1,000 jobs (100 of which must be new and pay 130 percent of the average private sector wage in the area), and makes a cumulative capital investment of at least \$100 million after July 1, 2005. Limits the amount of tax credits to 50 percent of the increased annual corporate income or premium tax liability generated by the qualifying project.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-282}

HB 501 – Insurance Field Representatives by Berfield/Posey

Provides for changes pertaining to entities offering communications equipment insurance for wireless phones and similar devices and for qualifications for general lines agents. Allows entities offering communications equipment property insurance and communications equipment inland marine insurance to sell service warranty agreements for such equipment without having to obtain a separate license to sell service warranties. Authorizes limited agent licenses to be issued to the “lead” business location of retail vendor of communications equipment and its branch locations. Allows a communications equipment branch location to obtain a single appointment from its associated lead business licensee, in lieu of obtaining an appointment from an insurer or warranty association. Allows a communications equipment branch location appointed by an insurer prior to January 1, 2006, to replace its appointment with an appointment from its associated lead business licensee at no charge, and to renew its appointment every 24 months thereafter with the Department of Financial Services.

Reduces the renewal appointment fee for branch locations from \$60 to \$30 beginning July 1, 2006. Allows a general lines agent to be licensed in Florida and be licensed as a managing general agent in another state. Deletes the requirement that an insurance company include in its rate filing a per-policy fee up to a \$10 maximum, which is currently allowed by law to be charged by insurance agents for administrative costs associated with selling only a personal injury protection and property damage liability policy.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-195}

SB 652 – Public Construction Bonds by Sebesta/Murzin

Amends the model bond form which may be used as the public construction bond to add a space for entry of a bond number and to include language on the face of the bond stating that any action instituted by a claimant under the bond for payment must be in accordance with the notice and timeline provisions contained in s. 255.05(2), F.S. Amends payment provisions of all public construction bonds regardless of form, are to be construed as statutory bonds that shall not, under any circumstances, be converted into common law bonds. Requires all payment bond forms used by a public owner and executed by a surety must make reference to notice and time limitations as provided in subsection (2).

EFFECTIVE DATE: June 14, 2005. {Chapter Law 2005-218}

HB 729 – Florida Self-Insured Guaranty Association/Public Records by Goodlette/Atwater

Creates a public record exemption for certain claims files and minutes of meetings of the Florida Self-Insurers Guaranty Association, Inc. until the termination of all litigation and settlement of all claims arising out of the same accident. Maintains that medical records contained in the claims files and other information relating to the medical condition of a claimant continue to be exempt from public disclosure, even after the litigation is resolved.

EFFECTIVE DATE: Upon becoming law. {Chapter Law 2005-198}

SB 1118 – Motor Vehicle Crash Reports by Saunders/Robaina

Allows victim services programs to obtain motor vehicle crash reports immediately rather than having to wait 60 days. Defines the term victim services programs as “any community-based organization whose primary purpose is to act as an advocate for the victims and survivors of traffic crashes and their families. The victim services offered by these programs may include grief and crisis counseling, assistance with preparing victims compensation claims excluding third-party legal action, or connecting persons with other service providers, and providing emergency financial assistance.”

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-177}

SB 1912 – Insurance Agents and Agencies by Argenziano/Rivera

Mandates that insurance agencies be licensed or registered with the Department of Financial Services (DFS) as Florida is the only state in the country that does not currently license agencies. Requires insurance agencies to be licensed or registered with the DFS by October 1, 2006. Authorizes the DFS to request fingerprints and background information of agency sole proprietors, partners and owners to be taken by a law enforcement agency or other approved entity. Provides that insurance agencies that are wholly owned by licensed agents and were in business prior to January 1, 2003, incorporated agencies whose voting shares are traded on the securities exchange, and agencies that offer insurance as a service to members of nonprofit corporations must register with the DFS instead of obtaining a license.

Authorizes the use of administrative penalties for agencies that are not licensed or registered with the state. Prohibits the use of deceptive agency names that may be

misleading or imply that the agency is a charitable organization or a state or federal entity. Removes the requirement that a primary agent be designated for each agency location. Allows individuals who do not reside in Florida but work in a Florida insurance agency to obtain a Florida “resident” agent’s license. Allow nonresident title insurance agents to become Florida licensed agents in the same manner as nonresident general lines agents. Requires prominent display of its license or registration by insurance agencies. Authorizes the use of electronic scans for records of insurance entities and agents during a DFS investigation or examination.

Requires insurers to be bound by any act of their agents during the scope of the agent’s appointment. Removes examination requirements for adjusters who are changing their adjuster license type. Clarifies that agents who have their licenses revoked or suspended will not necessarily be granted a new license. Establishes the minimum ages to qualify for a customer service representative license at 18 years.

Removes the disciplinary authority that previously allowed the DFS to take action against an insurance agent when the agent committed acts that were “detrimental to the public interest.” Provides that licensed insurance agents may not be prohibited from competing or negotiating for an insurance product purchased by any political subdivision of the state on the basis of compensation, contractual, or employment arrangement granted to the agent by the insurer, licensed agency or employer.

EFFECTIVE DATE: October 1, 2005. {Chapter Law 2005-257}

SB 2006 – Warranty Associations by Garcia/Evers

Allows for the inclusion in motor vehicle service agreements of paintless dent-removal services performed by a company whose primary business is paintless dent-removal. Permits a licensed motor vehicle service agreement company that maintains net assets of \$10 million or greater and that files audited financial statements with the Office of Insurance Regulation, to use either a 50 percent reserve or contractual liability coverage for specific blocks of new service. Requires that the service agreement must distinguish how each individual service agreement is covered, and the service agreement company must maintain in its register information regarding whether the agreement is covered by contractual liability insurance or the unearned premium reserve account. Requires the company to obtain contractual liability insurance for any future deficits in the premium reserve caused by new agreements if the 50 percent reserve is used for new blocks of service agreements.

Amends the definition of a “service warranty” that may be sold by a licensed service warranty association. Expands the possible coverage to include normal wear and tear, power surge damage, and accidental damage from handling, however, any warranty contract that includes coverage for accidental damage from handling must be covered by a contractual liability policy purchased by the warranty association covering 100 percent of its total claim exposure. Revises the definition to cover warranties of one year or longer (a technical glitch fix.)

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-258}

SB 2070 – Communications Services by Constantine/Stargel

Repeals the tax on substitute communications systems and provides that the Department of Revenue will not assess this tax back to October 1, 2001, when the communications services tax was implemented. Creates a task force of experts in the areas of telecommunications policy, taxation, law, or technology to study the implications of emerging technologies on Florida’s communication service tax. Provides an appropriation of \$500,000 to the Department of Revenue to hire consultants and expert witnesses in the areas of communications technology and computer telephony. Specifies that these experts will provide information, technical consulting, analysis, and testimony regarding the current and future development of network and telecommunications architecture, products and services, and they will also help identify issues regarding taxation of those products and services.

Clarifies that voice-over-Internet-protocol (VoIP) and other enhanced services are included in the definition of “communications services” in order to maintain a level playing field for all VoIP providers and other providers of telephone service. Provides for access by the Department of Revenue to communications services companies’ books and records to properly assess taxes. Requires the registration of all sellers of communications services that have established nexus, and provides that if a seller maintains an office or place of business in the state, or solicits business from a Florida location, the seller has established nexus. Authorizes the Department of Revenue to adopt emergency rules.

EFFECTIVE DATE: July 1, 2005. {Chapter Law 2005-187}

SB 2498 – Warranty Associations by Campbell/Garcia

Creates an exception to certain specific penalty provisions for any violation of ch. 520, ch. 521, and ch. 634, part I, F.S., relating to the sale or the failure to disclose in a retail installment contract or lease, a vehicle protection product or agreement that provides for vehicle protection expenses as defined in s. 634.011(7)(b)1., F.S. The failure to disclose must have occurred prior to April 23, 2002, the date on which legislation became effective classifying vehicle window etching as a vehicle protection product authorized to be sold under a motor vehicle warranty contract. Applies the exception only if the sale of the product, contract, or agreement was otherwise disclosed to the consumer in writing at the time of the purchase or lease of the automobile. Requires that in the case of a violation of these sections for which the specified statutory penalties do not apply, the court must award actual damages and costs, including a reasonable attorney’s fee. Applies the exception retroactively to January 1, 1998.

Expands the definition of a “service warranty” that may be sold by a licensed service warranty association. Expands the possible coverage to include normal wear and tear, power surge damage, and accidental damage from handling. Requires any warranty contract that includes coverage for accidental damage from handling must be covered by a contractual liability policy purchased by the warranty association covering 100 percent of its total claim exposure. Revises the definition to cover warranties of one year or longer (a technical glitch fix.)

EFFECTIVE DATE: Upon becoming law. {Chapter Law 200-151}

Agency/Administrative Bills

SB 1010 – Administrative Procedures by Bennett/Kottkamp

Revises the duties of the Administrative Procedures Committee (APC) with respect to its review of Florida Statutes. Expands the definition of the term “small business party” to include an individual whose net worth did not exceed \$2 million at the time of a civil action or administrative proceeding initiated by a state agency. Requires an agency to file a notice of change with the APC at least 21 days prior to filing a rule for adoption when any change (other than a technical change) is made. Revises times for filing rules for adoption to not less than 28 days or more than 90 days after the notice of intended action, until 21 days after the notice to the APC that no additional change to the rule is needed, until 14 days after the final public hearing, until 21 days after the preparation of a statement of estimated regulatory costs, or until the administrative law judge has rendered a decision.

Provides that the Administration Commission may prescribe the form and substantive provisions of a required bond. Requires the Division of Administrative Hearings and agencies to recommend types of cases or disputes suitable for a statutory summary hearing process. Requires an agency’s final order in certain cases involving disputed issues of material fact to explicitly rule on the exceptions that parties raise to the recommended order.

Requires that certain information be included in forms incorporated by reference in rules. Requires Internet publication of the *Florida Administrative Weekly*. Requires the Department of State to establish training courses for all agencies required to publish materials on the *Florida Administrative Weekly* Internet website by December 31, 2006. *EFFECTIVE DATE: July 1, 2005. Vetoed by the Governor on June 22, 2005.*

SB 1144 – Public Records & Public Meetings by Argenziano/Kottkamp

Removes from the Public Records Act exemptions that apply only to a specific agency or officer, such as the Department of Health or the Chief Inspector General, and relocates them to statutes that apply to that agency or entity. Relocates provisions that regulate capital post-conviction public records. Creates headings and sub-headings for exemptions in the Public Records Act, and relocates the remaining exemptions in the Act appropriately. Revises the Open Government Sunset Review Act of 1995 to eliminate redundant provisions, and to add a requirement that during the review of an exemption, consideration be given to whether it would be appropriate to recreate that exemption as a uniform exemption.

EFFECTIVE DATE: October 1, 2005. {Chapter Law 2005-251}

SB 1146 – Procurement of Contractual Services by Argenziano/Kottkamp

Creates within the Department of Management Services (DMS), the Center for Efficient Government and the Commission for Efficient Government for the purpose of procuring contracts between the state and private companies to increase measurable outputs while reducing the cost of government for the citizens of Florida.

Provides criteria for the procurement of contractual services with private companies. Requires that an agency develop a detailed business case before a service may be outsourced, and requires that an agency submit the proposed business case with the agency's Legislative Budget Request. Prescribes the process for approval if the outsourcing is not included in the agency's approved operating budget, and provides that an agency may not privatize a service without specific authority to do so.

Creates the Commission for Efficient Government and provides the responsibilities of the commission and membership. Membership for the Commission for Efficient Government includes seven members: Four agency heads from the executive branch and three from the private sector, all must have experience with procurement, successfully increasing operational efficiency, and implementing complex projects in the private sector business environment. Excludes registered executive or legislative branch lobbyists from appointment to the Commission. Provides term limits for members and rules for participation.

Provides responsibilities, expectations, and regulations for the Center for Efficient Government. Specifies that when a contract is in excess of \$1 million, one of the negotiators must be certified as a contract negotiator by the DMS. Provides for optional review of state agency contracts by the Chief Financial Officer. Appropriates funds and authorizes positions for the Center for Efficient Government, specifies restrictions on contractor supervision of state employees, and prohibits contractor involvement in certain procurements.

EFFECTIVE DATE: July 1, 2005. Vetoed by the Governor on June 27, 2005.

HB 1159 – Florida Retirement System by Bogdanoff/Campbell

Authorizes a municipality to receive the state excise tax on property tax premiums for fire-fighter pension plans from another municipality when there is an inter-local agreement in place to provide fire protection services. Allows a local agency senior management service class employee who has withdrawn from the Florida Retirement System a one-time opportunity to elect to participate in either the defined benefit program or the Public Employee Optional Retirement Program.

EFFECTIVE DATE: October 1, 2005. {Chapter Law 2005-205}

HB 1377 – Ethics Code Revision/Public Officers and Employees by Ryan/Posey

Clarifies and revises portions of the ethics code of the State of Florida, and provides for additional restrictions on the conduct of current and former government employees and elected officials. Prohibits persons who are registered to lobby the legislative and executive branches of state government, or any local governmental entity, from serving as members of the Commission on Ethics, and further prohibits any member of the Commission from lobbying the Legislature or executive branch of state government, or any local governmental entity, while serving as a member of the Ethics Commission.

Extends the Little Hatch Act to prohibit all state employees, or employees of any political subdivision, from being involved in political campaigns while on duty. Amends the prohibition against using inside information gained while in a public position to benefit

oneself or another, clarifying that the prohibition applies to former employees and officers, except for information relating exclusively to governmental practices or procedures. Revises the “revolving door” prohibition against representing a client before one’s former agency to make the prohibition applicable to other-personal-services (OPS) employees and to exempt from prohibition’s applicability any agency employees whose positions were transferred from Career Service status to Select Exempt Service status under the “Service First” law. Applies the two-year prohibition for former local elected officials representing another person or entity to prohibit representation before the government body or agency they served (which would include staff), rather than just the body of which they were a member.

Revises post-employment restrictions to allow state employees whose jobs are privatized to work for a private entity under certain circumstances. Adds a prohibition to keep state executive branch employees from leaving government and then representing a client before their former agency in connection with the same matter in which they participated while an agency employee.

EFFECTIVE DATE: October 1, 2005. Vetoed by the Governor on June 15, 2005.

SB 1494 – Information Technology Management by Argenziano/Allen

Establishes the agency information Technology Investment Management Process to support technology investment decisions. Requires agencies to implement and administer an Information Technology Project Management Methodology, including configuration of project management teams based upon ranges of costs for special projects, for example, projects with costs ranging from \$500,000 to \$1,999,999, projects with costs ranging from \$500,000 to \$2,000,000 which involve routine hardware or software upgrades for a single agency, projects with costs ranging from \$2,000,000 to \$10,000,000, and projects with costs greater than \$10,000,000.

Requires each agency to submit its Information Technology Portfolio as part of its Legislative Budget Request. Creates the Florida Technology Council. Creates the Agency Chief Information Officers Council to enhance communications among the agency chief information officers and the Florida Technology Council. Requires the appointment of, or contracting for the services of, a chief information officer by each agency.

Assigns duties and roles previously granted to the State Technology Office (STO) to the Department of Management Services (DMS). Assigns powers, duties and functions of DMS for operating the Statewide Communications System. Authorizes DMS to adopt rules; set fees for placement of communications facilities on state property; collect fees for providing remote electronic access; and provides for a State Chief Information Officer. Requires the development of a Statewide Information Technology Strategic Plan. Authorizes DMS to develop enterprise information technology policies, standards, guidelines and procedures. Provides for the development of a statewide Internet portal presence, a state email system, and state security protocols. Creates a Technology Review Workgroup within the Legislature for the purpose of reviewing and making recommendations on agencies’ long-range information technology plans. The

Technology Review Workgroup will report and make recommendations to the Legislative Budget Commission.

EFFECTIVE DATE: July 1, 2005. Vetoed by Governor on June 27, 2005.

HB 1813 – Tax Administration by Brummer/Atwater

Creates a statute of limitations for assessments of the insurance premium tax if the amount of corporate income tax or a workers' compensation administrative assessment paid by the insurer is adjusted through an amended return or refund. Provides for an alternative method of calculating a tax credit against the insurance premium tax for certain groups of affiliated corporations. Clarifies that the term employees means adjusters, managing general lines agents and service representatives, for purposes of calculating such credit. Allows for a salary credit for employees of a service company of a mutual insurance holding company. Disallows credits if an insurance company fails to substantiate, whether by means of adequate records or otherwise, its eligibility to claim the service company exception or its salary allocation. Authorizes the Department of Financial Services to adopt rules to administer such a credit. Increases the amount of tax credits excluded from calculation of insurance retaliatory taxes.

EFFECTIVE DATE: Except as otherwise provided, July 1, 2005. {Chapter Law 2005-280}

SB 2144 – State Budget Planning and Spending by Atwater/Berfield

Creates a Joint Resolution, which places before the voters of Florida at the next general election proposed changes to s. 19, Article 3 of the State Constitution. Proposes to limit the amount of non-recurring general revenue that may be used to fund the recurring costs of state programs to 3% of the total general revenue (approximately \$800 million). Provides that this limitation may be waived by a 3/5 vote of the Legislature. Requires the Joint Legislative Budget Commission to issue a long-range financial outlook, which will recommend fiscal strategies, including workload and revenue estimates.

Establishes the Joint Legislative Budget Commission in the Florida Constitution to operate essentially as it does now. Requires the Joint Legislative Budget Commission to seek input from the public and from the executive and judicial branches when developing and implementing the long-range financial outlook. Creates a Government Efficiency Task Force in 2007, and every four years thereafter, composed of legislators and private sector appointees, to make recommendations to improve government and reduce costs.

Requires that each state trust fund be re-created once every four years after its initial creation. Requires state planning to be long-range (and updated every two years as is done now), with statewide strategic goals and objectives, and to be consistent with the long-range financial outlook.

EFFECTIVE DATE: These provisions take effect upon approval of the electors of this state at the next general election. Filed with the Secretary of State.

SB 2146 – State Planning and Budget by Atwater/Befield

Conform current statutes to the provisions of SJR 2144, which puts before the voters at the next general election proposed changes to s. 19, Article 3 of the State Constitution. Limits the amount of non-recurring general revenue that may be used to fund the recurring costs of state programs to three percent of total general revenue (approximately \$800 million). Provides that this limitation may be waived by a 3/5 vote of the Legislature.

Establishes the Joint Legislative Budget Commission in the Florida Constitution to operate essentially as it does now. Maintains that membership remains at seven Senators and seven Representatives. Provides that the chair of the Commission will be appointed in alternate years by the President of the Senate and the vice chair appointed by the Speaker of the House of Representatives (instead of the chairs of the appropriations committees serving as chair and vice chair); in alternate years, appointing authority is reversed. Directs the Commission to convene at the call of the presiding officers (instead of the chair and vice chair). Directs the Joint Legislative Budget Commission to develop a long-range three-year financial outlook, which will be updated each year with the assistance of each state agency providing information to support the Commission's development and updates of the long-range financial outlook.

Establishes a detailed calendar for Commission development of the fiscal strategies of the financial outlook and the required agency response to the financial outlook. Outlines a plan to ensure an integrated state planning and budget process to assure consistency between the agency's long-range plan and the agency's Legislative Budget Request.

Creates a Government Efficiency Task Force in 2007, and every four years thereafter, composed of legislators and private sector appointees, to make recommendations to improve government and reduce costs. Provides that the task force will be composed of 13 members; five members will be appointed by the President of the Senate, five members will be appointed by the Speaker of the House of Representatives, and three members will be appointed by the Governor. Allows for members of the task force to include private sector representatives. Requires the task force to complete its work within one year.

Requires state planning to be long-range and updated every two years (as is done now), with statewide strategic goals and objectives, and to be consistent with the long-range financial outlook.

EFFECTIVE DATE: Upon amendment to the State Constitution contained in SJR 2144. Vetoed by Governor on June 27, 2005.

SB 2610 – State Financial Matters/Management by Carlton/Brummer

Modifies the Legislative Budget Request (LBR) process to allow agencies additional time to analyze needs and make recommendations to the Governor and the Legislature. The LBR must be submitted no later than October 1, unless the Governor and the Legislative Committee on Appropriations agree that it is in the best interest of the state to provide an alternative date for submission.

Mandates that additional information must be addressed in the LBR, which includes: a cost benefit analysis, business case analyses, performance contracting procedures, service comparisons, performance standards, justification for any new outsourcing or privatization issues, an evaluation of outsourcing and privatization initiatives undertaken during the last five years that have exceeded \$10 million over the term of the contract, and a performance evaluation of the contractor that identifies the estimated and actual cost savings achieved.

Delays the submission date for the Governor's budget recommendations by 15 days (30 days before Session). Requires the Governor to modify the budget recommendations if the official estimate of revenues is not sufficient to fund the recommendations. Provides that in a case whereby the Legislature does not certify its needs to the Governor in a timely fashion, the Governor must use the current year's appropriation levels for the Governor's budget recommendations. Allows the Governor to submit independent recommendations on the judicial branch budget.

Requires the judicial branch to submit certain budget amendments to the Legislative Budget Commission (LBC) for approval, similar to the treatment afforded the executive branch. Deletes the Child Welfare System and Juvenile Justice Estimating Conferences. Expands the requirement to complete fiscal impact statements before taking final action that will affect revenues or appropriations to actions by the Governor, all agencies and statutorily created entities.

Modifies the salary rate control process to establish rate control at the department level as specified in the General Appropriations Act. Allows agencies to request additional rate with the approval of the LBC. Provides additional budget flexibility to agencies by increasing the agency's 5% transfer threshold from \$150,000 to \$250,000. Consolidates and clarifies other transfer authority into a single statute. Modifies the certifications forward process, effective July 1, 2006, to allow only type A's (expended but not disbursed) to be certified forward. Maintains that if the funds are not paid by September 30, the appropriations revert.

Transfers the functions related to the Florida Single Audit Act from the Executive Office of the Governor to the Chief Financial Officer. Eliminates references to the Working Capital Fund. Modifies the criteria to be considered when the state is faced with a deficit in the General Revenue Fund. Clarifies that the LBC is involved in the process rather than the Administration Commission, and allows the presiding officers of the Legislature to certify a deficit if the Governor does not.

EFFECTIVE DATE: Unless otherwise provided, upon becoming law. {Chapter Law 2005-152

Financial Services Commission

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