officials until such time as, in the DOH's opinion, vaccine will be available in sufficient quantity for such deferred vaccinations to be completed.

(6) Florida SHOTS (State Health Online Tracking System) Opt Out Provision – Parents or guardians may elect to decline participation in the Florida immunization registry, Florida SHOTS, by submitting a Florida SHOTS Notification and Opt Out Form to the DOH. The form, either a DH Form 1478 (English) or DH Form 1478S (Spanish) or DH Form 1478H (Haitian-Creole), incorporated by reference, is available from the DOH, Bureau of Immunization, 4052 Bald Cypress Way, Bin #A-11, Tallahassee, FL 32399-1719. The immunization records of children whose parents choose to opt-out will not be shared with other entities that are allowed by law to have access to the child's immunization record via authorized access to Florida SHOTS.

(7) Florida SHOTS Private Provider Participation – Any health care practitioner licensed in Florida under Chapter 458, 459 or 464, F.S., may request authorization to access Florida SHOTS by filling out a DH Form 1479, Authorized Private Provider User Agreement for Access to Florida SHOTS (January 2007), incorporated by reference, available from the DOH Bureau of Immunization, 4052 Bald Cypress Way, Bin #A-11, Tallahassee, FL 32399-1719. The DH Form 1479 will be returned to the Department of Health for processing and authorization to access Florida SHOTS. Notification of access approval and instructions for accessing Florida SHOTS will be provided by the DOH. The authorized user and the applicable licensing authority or agency shall notify the DOH, Bureau of Immunization Florida SHOTS personnel when an authorized user's license or registration has expired or has been suspended or revoked.

(8) Florida SHOTS School and Licensed or Registered Child Care Facility Participation – Any public or nonpublic school, or licensed or registered child care facility may request authorization to access Florida SHOTS by completing a DH Form 2115, Authorized School and Licensed or Registered Child Care Facility User Agreement for Access to Florida SHOTS (January 2007), incorporated by reference, available from the DOH, Bureau of Immunization, 4052 Bald Cypress Way, Bin #A-11, Tallahassee, FL 32399-1719. The DH Form 2115 will be returned to the DOH for processing and authorization to access Florida SHOTS. Notification of access approval and instructions for accessing Florida SHOTS will be provided by the DOH. The authorized user and the applicable licensing authority or agency shall notify the DOH, Bureau of Immunization Florida SHOTS personnel when an authorized user's license or registration has expired or has been suspended or revoked.

Specific Authority 381.0011(13), 381.003(1), (2), 381.005(2), 1003.22 FS. Law Implemented 381.0011(4), 381.003(1), 381.005(1)(i), 1003.22 FS. History–New 11-20-06, Amended 7-15-07.\_\_\_\_\_.

Editorial Note: History–Formerly 10D-3.88, 10D-3.088 and 64D-3.011.

NAME OF PERSON ORIGINATING PROPOSED RULE: Dr. Karla Schmitt, Chief, Bureau of STD Prevention and Control NAME OF SUPERVISOR OR PERSON WHO APPROVED THE PROPOSED RULE: Thomas Arnold, Deputy Secretary for Health, Public Health on behalf of Dr. Ana Viamonte Ros, State Surgeon General

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 16, 2008

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: April 18, 2008

Section III Notices of Changes, Corrections and Withdrawals

#### DEPARTMENT OF EDUCATION

#### **State Board of Education**

RULE NO.:	RULE TITLE:
6A-1.09942	State Uniform Transfer of Students in
	the Middle Grades
	NOTICE OF CONTINUATION

Notice is hereby given that the above rule, as noticed in Vol. 34, No. 23, June 6, 2008 Florida Administrative Weekly has been continued from June 17, 2008 to August 19, 2008.

# DEPARTMENT OF REVENUE

#### Sales and Use Tax RULE NO.: RULE TITLE

RULE NO.:	RULE IIILE:
12A-1.043	Manufacturing
	NOTICE OF CHANGE

Notice is hereby given that the following changes have been made to the proposed rule in accordance with subparagraph 120.54(3)(d)1., F.S., published in Vol. 34, No. 12, March 21, 2008 issue of the Florida Administrative Weekly.

In response to written comments received from the Joint Administrative Procedures Committee, dated April 10, 2008, the Department has changed the proposed amendments to paragraphs (d), (e), (f), and (g) of subsection (6) of Rule 12A-1.043, F.A.C., Manufacturing. When adopted, those paragraphs will read as follows:

(d)<u>1. Materials and labor may be purchased tax-exempt</u> when the purchaser extends an exemption certificate to the vendor or supplier certifying that the materials and labor will be used directly and solely for research or development purposes, as provided in Section 212.052, F.S. Any person, including affiliated groups, as defined in s. 1504 of the Internal Revenue Code, as amended, who manufactures, produces, compounds, processes, or fabricates in any manner tangible personal property for such taxpayer's own use directly and solely in research or development shall not be subject to the tax upon the cost of the product so manufactured, produced, compounded, processed, or fabricated for the purpose of research and development. However, the tax shall be due on the purchase, rental, or repair of real property or tangible personal property employed in research or development.

2. The following is a suggested format for an exemption certificate for purchases of materials and labor:

# EXEMPTION CERTIFICATE ITEMS OF TANGIBLE PERSONAL PROPERTY AND LABOR

# USED IN RESEARCH OR DEVELOPMENT

This is to certify that purchases of tangible personalpropertyorlaboronorafter(date)from(SellingDealer'sBusiness Name) will be directly and solely used in research ordevelopment activities, as provided in Section 212.052, FloridaStatutes.These research or development activities are locatedat:

(Street)

#### (City and State)

<u>I understand that if I fraudulently issue this certificate to</u> <u>evade the payment of tax, I will be liable for payment of the tax</u> <u>plus a penalty of 200% of the tax and be liable for fine and</u> <u>punishment provided by law for conviction of a felony of the</u> <u>third degree, as provided in Sections 775.082, 775.083, or</u> <u>775.084, Florida Statutes.</u>

<u>Under penalties of perjury, I declare that I have read the</u> foregoing document and that the facts stated in it are true.

Purchaser's Name (Pr	int or Type) Purchaser's Address
Signature and Title	Florida Sales and Use Tax Number (if applicable)
Date	Federal Employer's Identification

<u>Number (if applicable)</u> (e)1. Machinery and equipment, including materials and labor used in the self-fabrication of machinery and equipment, may be purchased or leased tax-exempt when the purchaser extends an affidavit to the vendor or supplier stating that the item(s) will be used predominantly for research or development purposes, as provided in Section 212.08(18), F.S.

2. The following is a suggested format of an affidavit to be provided to the selling dealer or lessor:

# <u>AFFIDAVIT</u> <u>MACHINERY AND EQUIPMENT USED</u> <u>IN RESEARCH OR DEVELOPMENT</u>

I, the undersigned individual, hereby swear and affirm that the purchase(s) or lease(s) of machinery and equipment, including materials and labor used in the self-fabrication of machinery and equipment, on or after (date) from (Selling Dealer's Business Name), will be used predominantly in research or development activities, as provided in Section 212.08(18), Florida Statutes. These research or development activities are located at:

#### (Street)

#### (City and State)

I understand that if I fraudulently issue this affidavit to evade the payment of Florida sales tax, I will be liable for payment of the tax plus a penalty of 200% of the tax and be subject to conviction of a third degree felony.

<u>Under the penalties of perjury, I swear or affirm that I have</u> read the foregoing affidavit and that the facts stated herein are true to the best of my knowledge and belief.

Purchaser's Name (Print or Type)

Signature and Title

#### Date

Sworn to and subscribed before me this \_\_\_\_\_day of \_\_\_\_\_20\_\_\_\_BY\_\_\_\_ (name of person making statement).

Personally Known:\_\_\_\_

Or Produced Identification:	Signature of Notary
Type of Identification Produced:	(Print, Type, or Stamp
	Commissioned Name of
	Notary)

(f) Instead of furnishing an exemption certificate, as provided in paragraph (d), or an affidavit, as provided in paragraph (e), any purchaser who holds a valid Sales and Use Tax Direct Pay Permit, as provided in Rule 12A-1.0911, F.A.C., may extend a copy of the permit to the selling dealer to make purchases tax-exempt under this subsection.

(g)(e) The tax imposed by Section 212.052, Florida Statutes shall apply to any product of research or development that is tangible personal property which is offered for sale. When a prototype or product of research or development is used <u>by the developer</u> for any purpose other than research or development, <u>including being offered for sale</u>, it <u>is subject to</u> tax shall be taxable.

# **BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND**

Notices for the Board of Trustees of the Internal Improvement Trust Fund between December 28, 2001 and June 30, 2006, go to http://www.dep.state.fl.us/ under the link or button titled "Official Notices."

# **EXECUTIVE OFFICE OF THE GOVERNOR**

#### Office of Tourism, Trade and Economic Development

RULE NOS.:	RULE TITLES:
27M-3.001	Definition and Forms
27M-3.002	<b>Competitive Application Process</b>
27M-3.003	Certification Decision
	NOTICE OF CHANGE

Notice is hereby given that the following changes have been made to the proposed rule in accordance with subparagraph 120.54(3)(d)1., F.S., published in Vol. 34, No. 9, February 29, 2008 issue of the Florida Administrative Weekly.

#### 27M-3.001 Definitions and Forms.

As used in this Rule Chapter 27M-3, F.A.C., the following capitalized terms have the meanings indicated. All referenced forms are available on the internet at http://www.flgov.com/florida bbibor may be obtained from the Office.

(1) through (3) No change

(4) "Application" means the standard "Application for Certification as Eligible Recipient of Funds under the Black Business Loan Program" form OTTED 7102-1 (6/08), which is hereby incorporated by reference.

(5) "Application Evaluation Form" means the standard "Black Business Loan Program Application Evaluation" form OTTED 7102-2 (6/08), which is hereby incorporated by reference.

(6) through (7) No change.

(8) "Certification and Allocation Decision Form" means the standard "Black Business Loan Program Certification Decision" form OTTED 7102-4 (6/08), which is hereby incorporated by reference.

(9) through (11) No change.

(12) "Recipient" means an Applicant that, after a certification process, the Office certifies to receive Program funds and that enters into an Agreement with the Office.

(13) "Summary Recommendation Form" means standard "Black Business Loan Program Summary Recommendation" form OTTED 7102-3 (6/08), which is hereby incorporated by reference.

Specific Authority 288.7102(6)(a) FS. Law Implemented 288.7094(2), 288.7102 FS. History–New\_\_\_\_\_.

27M-3.002 Application Process.

(1) through (4) No change.

(5) Within thirty (30) days after the close of the Application Period, the Board shall deliver to the Office the completed Summary Recommendation Form along with (a) the original and one copy of each Application and its related Application Evaluation Form and (b) the names and organizational affiliations of all persons who participated in the evaluation process.

Specific Authority 288.7102(6)(a) FS. Law Implemented 288.7094(2), 288.7102 FS. History–New\_\_\_\_\_.

#### 27M-3.003 Certification Decision.

(1) Within ten (10) business days after receiving the Summary Recommendation Form and supporting materials, the Office shall decide which Applicants to certify as Recipients. The Office shall consider the following factors: the Board's recommendations, which shall not be binding; the amount of documented match raised; and the Applicant's past performance.

(2) The Office shall transmit its completed Certification Decision Form to the Board, and explain any differences with the Board's recommendations. The Office shall also issue a letter to each Applicant certified as a Recipient of program funds. Receipt of Program funds shall be conditioned upon their appropriation and availability, and upon the Recipient's execution of the Agreement. The Office shall notify in writing each Applicant whose Application is denied. The Office's certification decisions shall be subject to review under Chapter 120 of the Florida Statutes.

Specific Authority 288.7102(6)(a) FS. Law Implemented 288.7094(2), 288.7102 FS. History–New .

# AGENCY FOR HEALTH CARE ADMINISTRATION

Medicaid

RULE NO.:	RULE TITLE:
59G-4.055	County Health Department Clinic
	Services
	NOTICE OF CODDECTION

NOTICE OF CORRECTION

Notice is hereby given that the following correction has been made to the proposed rule in Vol. 34, No. 24, June 13, 2008 issue of the Florida Administrative Weekly.

The date that the Proposed Rule Development was published in the FAW was March 7, 2008 not May 28, 2008.

# DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

#### **Division of Pari-Mutuel Wagering**

RULE NO.:	RULE TITLE:
61D-11.012	Duties of Cardroom Operators
	NOTICE OF WITHDRAWAL

Notice is hereby given that paragraph 61D-11.012(5)(d) of the above rule, as noticed in Vol. 34, No. 11, March 14, 2008 issue of the Florida Administrative Weekly has been withdrawn.

#### DEPARTMENT OF ENVIRONMENTAL PROTECTION

Notices for the Department of Environmental Protection between December 28, 2001 and June 30, 2006, go to http://www.dep.state.fl.us/ under the link or button titled "Official Notices."

# DEPARTMENT OF ENVIRONMENTAL PROTECTION

RULE NOS.:	RULE TITLES:
62-16.100	General
62-16.200	Definitions
62-16.300	Renewable Energy Technologies
	Grants Program
62-16.400	Renewable Energy Technologies
	Grants Program for Bioenergy
62-16.500	Solar Energy Systems Incentives
	Program
62-16.600	Renewable Energy Technologies
	Investment Tax Credit
62-16.700	Renewable Energy Technologies
	Sales Tax Program
62-16.900	Forms
	NOTICE OF WITHDRAWAL

Notice is hereby given that the above proposed rule development, as noticed in Vol. 34, No. 21, May 23, 2008 issue of the Florida Administrative Weekly has been withdrawn.

#### FINANCIAL SERVICES COMMISSION

#### **OIR – Insurance Regulation**

RULE NO.:	RULE TITLE:
69O-144.007	Credit for Reinsurance from Eligible
	Reinsurers
	NOTICE OF CHANGE

Notice is hereby given that the following changes have been made to the proposed rule in accordance with subparagraph 120.54(3)(d)1., F.S., published in Vol. 34, No. 14, April 4, 2008 issue of the Florida Administrative Weekly.

These changes are being made to address concerns expressed The new rule reads, in its entirety:

<u>690-144.007 Credit for Reinsurance from Eligible</u> <u>Reinsurers.</u>

(1) Purpose. Paragraph (3)(e) of Section 624.610, F.S., gives the Commissioner the option to allow credit for reinsurance without full collateral for transactions involving assuming insurers not meeting the requirements of Section 624.610(3)(a)-(d), F.S. These rules implement that paragraph. This rule does not apply to reinsurers that meet the requirements of Section 624.610(3)(a)-(d), F.S. This rule is not an attempt to assert extraterritorial jurisdiction. Insurers that write in states other than Florida will need to comply with the laws of those states. This rule applies only to property and casualty insurance; it does not apply to life and health.

(2) Definitions. As used in this rule the following terms have the following meanings:

(a) "Ceding insurer" means a domestic insurer, as defined by paragraph (1) of Section 624.06, F.S.

(b) "Eligible reinsurer" means an assuming insurer which does not meet the requirements of paragraph (3)(a), paragraph (3)(b) or paragraph (3)(c) of Section 624.610, F.S., and which has been determined by the commissioner by order to have met the requirements set forth in subsections (6) and (7) of this rule.

(c) "Eligible jurisdiction" means a jurisdiction which has met the requirements set forth in subsection (8) of this rule.

(3) With respect to reinsurance contracts entered into or renewed on or after the effective date of this rule, a ceding insurer may elect to take credit, as an asset or deduction from reserves, for reinsurance ceded to an eligible reinsurer, provided that the eligible reinsurer holds surplus in excess of \$100 million and maintains, on a stand-alone basis separate from its parent or any affiliated entities, a secure financial strength rating from at least two of the rating agencies indicated in paragraphs (a) through (e) of this subsection. The credit is subject to the limitations set forth in this rule. The rating agencies are:

(a) Standard & Poor's;

(b) Moody's Investors Service;

(c) Fitch Ratings;

(d) A.M. Best Company; or

(4) The collateral required to allow 100% credit shall be no less than the percentage specified for the lowest rating as indicated below:

Collateral	Best	<u>S&amp;P</u>	Moody's	Fitch
<u>Required</u> 0% 10%	$\frac{A++}{A+}$	<u>AAA</u> <u>AA+,</u> AA,	<u>Aaa</u> <u>Aa1, Aa2, Aa3</u>	<u>AAA</u> <u>AA+,</u> AA,
<u>20%</u> 75%	<u>A, A-</u> <u>B++, B+</u>	<u>AA-</u> <u>A+, A, A-</u> <u>BBB+,</u>	<u>A1, A2, A3</u> Baa1, Baa2,	<u>AA-</u> <u>A+, A, A-</u> <u>BBB+, BBB,</u>
		<u>BBB,</u>	Baa3	BBB
<u>100%</u>	<u>B,B-,C++,</u> C+,C,C-,	<u>BBB-</u> <u>BB+,BB,B</u> B-,B+,B.B	<u>Ba1,Ba2,Ba3,B</u> 1,B2,B3,Caa,C	<u>BB+,BB,BB</u> -,B+,B,B-,C
	<u>C+,C,C-,</u> <u>D,E,F</u>	<u>_,CCC,CC</u>	<u>1,62,65,Caa,C</u> <u>a,C</u>	<u>-,b+,b,b-,c</u> <u>CC+,CCC,C</u>
		<u>,C,D,R,NR</u>		CC-,DD

For reinsurance ceded by Florida domestic property insurers for short-tailed lines as defined below, any collateral required to be posted may be subject to a one-year deferral from the date of the first instance of a liability reserve entry as a result of a catastrophic loss from a named Hurricane. For these purposes, a short-tailed line of business is defined as any one of the following lines of business as reported on the NAIC annual financial statement:

Line 1	Fire
Line 2	Allied Lines
Line 3	Farmowners multiple peril
Line 4	Homeowners multiple peril
Line 5	Commercial multiple peril

Line 9 Inland marine

Line 12 Earthquake

Line 21 Auto physical damage

(5) Nothing in this rule shall be construed to deny the ceding insurer the ability to take credit for reinsurance for the remainder of its liabilities with an eligible reinsurer so long as those amounts are secured with acceptable collateral pursuant to Section 624.610(4), F.S.

(6) In addition to the trust fund required under paragraph (3)(c) of Section 624.610, F.S., the commissioner may permit an assuming insurer that maintains a trust fund in a qualified United States financial institution, as that term is defined in paragraph (5)(b) of Section 624.610, F.S., for the payment of the valid claims of its United States cedent insurers and their assigns and successors in interest to also maintain in a qualified United States financial institution a trust fund constituting a trusteed amount at least equal to the collateral required in accordance with subsection (4) of this rule to secure the liabilities attributable to United States cedent insurers under reinsurance policies (contracts) entered into or renewed by such assuming insurer on or after the effective date of this rule or such other date as may be established in other states for cedent insurers domiciled in such states.

(7) A ceding insurer may not take credit pursuant to this rule unless:

(a) The reinsurer has been determined, by order of the commissioner, to be an eligible reinsurer, pursuant to subsection (7) of this rule;

(b) The ceding insurer maintains satisfactory evidence that the eligible reinsurer meets the standards of solvency, including standards for capital adequacy, established by its domestic regulator;

(c) All reinsurance contracts between the ceding insurer and the eligible reinsurer must provide:

<u>1. For an insolvency clause in conformance with Section</u> <u>624.610(8), F.S.</u>;

2. For a service of process clause in conformance with Section 625.610(3)(f)1. and 2., F.S.; and

<u>3. For a submission to jurisdiction clause in conformance</u> with Section 625.610(3)(f)1. and 2., F.S.

(8) Status as eligible reinsurer.

(a) Application for a determination as an eligible reinsurer under this rule shall be made by cover letter from the insurer requesting a finding of eligibility as a reinsurer pursuant to this rule. The cover letter shall be accompanied with the following:

<u>1. Audited financial statements from inception or for the</u> <u>last 3 years, whichever is less, filed with its domiciliary</u> <u>regulator by the reinsurer or, in the case of a rated group, by the</u> <u>group, pursuant to or including a reconciliation to U.S. GAAP,</u> <u>U.S. Statutory Accounting Principles, or International</u> <u>Financial Property Standards (IFRS); the requirement for 3</u> <u>years reconciliation shall be waived by the office if the</u> commissioner determines that other provided financial information will be as useful in the determination of financial health of the reinsurer;

2. Documentation that the applicant submits to the jurisdiction of the United States courts, appoints an agent for service of process in Florida, and agrees to post 100% collateral for its Florida liabilities if it resists enforcement of a valid and final judgment from a court in the United States, or if otherwise required by the Office pursuant to this rule:

3. A report that provides information to the office as to its ceded and ceding insurance; the information may be provided in the form of the NAIC Property and Casualty Annual Filing Blank Schedule F, or in any manner determined by the office to provide the information needed by the office in its determination as to whether the reinsurer should be made eligible;

4. A list of all disputed or overdue recoverables due to or claimed by ceding insurers, whether or not the claims are in litigation or arbitration;

5. A certification from the domiciliary regulator of the insurer that the company is in good standing and that the regulator will provide financial and operational information to the Office.

(b) The determination of eligibility will be made by order executed by the Commissioner.

(c) To become an eligible reinsurer, the reinsurer, at a minimum:

1. Shall hold surplus in excess of \$100 million;

2. Shall be authorized in its domiciliary jurisdiction to assume the kind or kinds of reinsurance ceded by the ceding insurer; and,

<u>3. Shall be domiciled in an eligible jurisdiction as defined</u> in subsection (8).

(d) If the Commissioner determines, based upon the material submitted, and any other relevant information, that it is in the best interests of market stability and the solvency of ceding insurers, the Commissioner will find, by order, that the insurer is an eligible reinsurer and will set an amount of credit allowed for the reinsurer if lower than the amount set forth in subsection (4).

(e) Every eligible reinsurer shall file the following information annually with the Office, on the anniversary of the order granting it eligibility:

1. A statement certifying that there has been no change in the provisions of its domiciliary license or any of its financial strength ratings, or a statement describing such changes and the reasons therefore;

<u>2. A copy of all financial statements filed with their domiciliary regulator;</u>

3. Any change in its directors and officers;

<u>4. An updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from U.S. domestic ceding insurers; and</u>

5. Any other information that the Office may require to assure market stability and the solvency of ceding insurers.

(f) An eligible reinsurer must immediately advise the Office of any changes in its ratings assigned by rating agencies, or domiciliary license status.

(g) At any time, if the Commissioner determines that it is in the best interests of market stability and the solvency of ceding insurers, the Commissioner will withdraw, by order, any determination of an insurer as an eligible reinsurer or require the reinsurer to post additional collateral.

(h) If the rating of an eligible reinsurer rises above that used by the Commissioner in his or her determination of the credit allowed for the reinsurer, an affected party may petition the Commissioner for a redetermination of the credit allowed. If it is in the best interests of market stability and the solvency of ceding insurers, the Commissioner will raise the credit allowed for the reinsurer.

(9) Status as an eligible jurisdiction

(a) The determination of a jurisdiction as an eligible jurisdiction is to be made by the Commissioner. No jurisdiction shall be determined to be an eligible jurisdiction unless:

<u>1. The insurance regulatory body of the jurisdiction agrees</u> <u>that it will provide information requested by the Office</u> <u>regarding its eligible domestic reinsurers;</u>

2. The Office has determined that the jurisdiction has a satisfactory structure and authority with regard to solvency regulation, acceptable financial and operating standards for reinsurers in the domiciliary jurisdiction, acceptable transparent financial reports filed in accordance with generally accepted accounting principles, and verifiable evidence of adequate and prompt enforcement of valid U.S. judgments or arbitration awards;

<u>3. The Office has determined that the history of performance by reinsurers in the jurisdiction is such that the insuring public will be served by a finding of eligibility;</u>

4. For non-US jurisdictions, the jurisdiction allows U.S. reinsurers access to the market of the domiciliary jurisdiction on terms and conditions that are at least as favorable as those provided in Florida law and regulations for unaccredited non-U.S. assuming insurers; and

5. There is no other documented information that it would not serve the best interests of the insuring public and the solvency of ceding insurers to make a finding of eligibility.

(b) If the NAIC issues findings that certain jurisdictions should be considered eligible jurisdictions, the Commissioner shall, if it would serve the best interests of the insuring public and the solvency of ceding insurers, make a determination that jurisdictions on the NAIC list are eligible jurisdictions. (c) If the Commissioner determines that it is in the best interests of market stability and the solvency of ceding insurers, the Commissioner shall withdraw, by order, the determination of a jurisdiction as an eligible jurisdiction.

(10)(a) If the rating of an eligible reinsurer is below or falls below that required in subsection (4) for the respective amount of credit, the existing credit to the ceding insurer shall be adjusted accordingly. Notwithstanding the change or withdrawal of a eligible reinsurer's rating, the Commissioner, upon a determination that the interest of ensuring market stability and the solvency of the ceding insurer requires it, shall, upon request by the ceding insurer, authorize the ceding insurer to continue to take credit for the reinsurance recoverable, or part thereof, relating to the rating change or withdrawal for some specified period of time following such change or withdrawal, unless the reinsurance recoverable is deemed uncollectible.

(b) If the ceding insurer's experience in collecting recoverables from any eligible reinsurer indicates that the credit to the ceding insurer should be lower, the ceding insurer shall notify the office of this.

(11) The ceding insurer shall give immediate notice to the Office and provide for the necessary increased reserves with respect to any reinsurance recoverables applicable, in the event:

(a) that obligations of an eligible reinsurer for which credit for reinsurance was taken under this rule are more than 90 days past due and not in dispute; or

(b) That there is any indication or evidence that any eligible reinsurer, with whom the ceding insurer has a contract, fails to substantially comply with the solvency requirements under the laws of its domiciliary jurisdiction.

(12) The Commissioner shall disallow all or a portion of the credit based on a review of the ceding insurer's reinsurance program, the financial condition of the eligible reinsurer, the eligible reinsurer's claim payment history, or any other relevant information when such action is in the best interests of market stability and the solvency of the ceding insurer. At any time, the Commissioner may request additional information from the eligible reinsurer. The failure of an eligible reinsurer to cooperate with the Office is grounds for the Commissioner to withdraw the status of the insurer as an eligible reinsurer or for the disallowance or reduction of the credit granted under this rule.

(13)(a) Upon the entry of an order of rehabilitation, liquidation, or conservation against the ceding insurer, pursuant to Chapter 631, Part I, F.S., or the equivalent law of another jurisdiction, an eligible reinsurer, within 30 days of the order, shall fund the entire amount that the ceding insurer has taken, as an asset or deduction from reserves, for reinsurance recoverable from the eligible reinsurer; provided, however, the commissioner may waive part or all of the foregoing requirement upon a showing of good cause. (b) If an eligible reinsurer fails to comply on a timely basis with paragraph (a) of this subsection, the Commissioner shall withdraw the reinsurer's eligibility under this rule, or take such other steps as necessary in the best interests of market stability and the solvency of the ceding insurers.

(14) The Commissioner may, by order, determine that credit shall not be allowed to any insurer for reinsured risk pursuant to this rule if it appears to the Commissioner that granting of the credit to the ceding insurer would not be in the public interest or serve the best interests of the ceding insurer's solvency.

(15) Nothing in this rule prohibits a ceding insurer and a reinsurer from entering into agreements establishing collateral requirements in excess of those set forth in this rule.

<u>Specific Authority 624.308, 624.610(14)</u> FS. Law Implemented 624.307(1), 624.610 FS. History–New \_\_\_\_\_.

# Section IV Emergency Rules

# DEPARTMENT OF STATE

#### **Division of Elections**

 RULE NO.:
 RULE TITLE:

 1SER08-2
 Constitutional Amendment Initiative

 Petition; Submission Deadline:
 Signature Verification

SPECIFIC REASONS FOR FINDING AN IMMEDIATE DANGER TO THE PUBLIC HEALTH, SAFETY OR WELFARE: Pursuant to Section 120.54(4)(b), Florida Statutes, this emergency rule pertains to the public health, safety, and welfare as it involves the interpretation and implementation of the requirements of Chapters 97-102 and 105 of the Florida Election Code.

During the 2008 Legislative session, Senate Bill 866 was enacted and signed into law by the Governor. Effective July 1, 2008, the new law deleted the requirement for supervisors of elections to record verified signatures on initiative petition in the statewide voter registration system. Instead, the law requires the supervisors of elections to record initiative petition data in a manner prescribed by the Secretary of State.

The statewide voter registration system was designed for recording voter registrations, not signatures on initiative petitions. In the past, discrepancies have existed in the numbers of signatures being verified in the statewide voter registration system for initiative petitions. These discrepancies seriously undermined the reliability of the number of signatures recorded in the statewide voter registration system. The Secretary of State lacks confidence in the accuracy of signature verification numbers reported in the statewide voter registration system. The Secretary of State believes paper certifications from the county supervisors of elections reflect the most accurate accounting of verified signatures; therefore, this emergency rule requires the supervisors of elections to submit paper certifications to the Division of Elections. The verification process instituted by this emergency rule is very similar to the process that existed in rule prior to January 2007, which was the date that the Legislature initially mandated that the verified signatures be recorded in the statewide voter registration system.

The Emergency Rule is necessary to bring the existing rule in compliance with the new requirements of Section 100.371, Florida Statutes, as amended by Senate Bill 866. There is insufficient time to amend Rule 1S-2.0091 through the normal rulemaking process prior to the law's July 1st deadline. Procedures must be in place on July 1st that will provide the supervisors of elections guidance for the proper recording and reporting of signature verifications on initiative petitions. This emergency rule is necessary to make the certification on initiative petitions proposing constitutional amendments comply with the amended statute. The rule helps to ensure and maintain the efficiency, integrity, and public confidence in the initiative process. Absent this emergency rule, there will be an adverse effect on the conduct of elections and the initiative process in the State of Florida. Based on the foregoing, the Department of State finds that the adoption of this rule is necessary to prevent an immediate danger to the public health, safety and welfare.

REASON FOR CONCLUDING THAT THE PROCEDURE IS FAIR UNDER THE CIRCUMSTANCES: The Division of Elections is aware of the rulemaking procedures prescribed by Section 120.54, Florida Statutes. That process requires advance notice to the general public of intended rules and the opportunity to submit comments on the intended rule, prior to the agency's adoption of the rule. The time period for general rulemaking takes at least 60 days and the July 1, 2008 effective date of the amended statute will prevent the timely amendment and adoption of a rule needed to amend the method used by the supervisors of elections and the Secretary of State to record and verify the signatures on constitutional amendment initiative petitions. This emergency rule will permit the Secretary of State to make the most accurate determination whether the requisite number of signatures has been obtained. This emergency rule incorporates newly enacted amendments to Section 100.371, Florida Statutes, and represents a return to the way in which the Secretary of State determined by rule prior to January 2007 if the requisite number of signatures on initiatives has been obtained for ballot position. The Department of State will undergo the normal rulemaking process for this rule in the near future.

SUMMARY: Based upon statutory amendments, this emergency rule removes the requirement that the determination of the constitutionally requisite number of signatures verified by the supervisors of elections with respect to constitutional initiative petitions be based upon the number