

FLORIDA SURPLUS LINES SERVICE OFFICE



# PLAN OF OPERATION

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SEPTEMBER 2023

A nonprofit association created by the 1997 Florida Legislature and incorporated pursuant to Chapter 617, Florida Statutes.

**SECTION 1. NAME.**

This organization shall be known as the Florida Surplus Lines Service Office, Inc.

**SECTION 2. PURPOSE.**

The Florida Surplus Lines Service Office, Inc. is a nonprofit association incorporated pursuant to Chapter 617, Florida Statutes, which was created by the 1997 Florida Legislature to protect consumers seeking insurance in the state of Florida, permit surplus lines insurance to be placed with approved surplus lines insurers, establish a self-regulating organization which will promote and permit access to surplus lines insurance in Florida, increase the number and types of insurance products available to consumers in Florida, provide a source of advice and counsel to consumers, surplus lines agents, insurers, and government agencies relating to the operation of the surplus lines insurance market, and protect the revenues of the state of Florida.

**SECTION 3. DEFINITIONS.**

As used in this Plan of Operation:

- A. "Association" or "Service Office" or "FSLSO" means the Florida Surplus Lines Service Office, Inc. established pursuant to Section 626.921, Florida Statutes, and incorporated pursuant to Chapter 617, Florida Statutes.
- B. "Board" means the Board of Governors of the Service Office as determined and constituted under Section 626.921(4), Florida Statutes.
- C. "Chief Financial Officer" means the Chief Financial Officer of the state of Florida, who may also be known as the Treasurer.
- D. "Department" means the Department of Financial Services of the State of Florida.
- E. "Commission" means the Financial Services Commission.
- F. "Office" means the Office of Insurance Regulation of the Financial Services Commission. The head of the Office is the Director of the Office, who may also be known as the Commissioner of Insurance.
- G. "Plan" means the Plan of Operation of the Service Office.

**SECTION 4. APPLICATION.**

All licensed surplus lines agents shall be members of the Association and shall report to and file with the Service Office information specified by the Plan and must otherwise comply with the Plan.

The FSLSO should be informed within sixty (60) days if there is a change in address or other pertinent information so that the FSLSO may properly direct all necessary reports and correspondence.

A surplus lines agent shall, within thirty (30) days after the date of request by the FSLSO, furnish the FSLSO an exact copy of any and all requested policies, including applications, certificates, cover notes, or other forms of confirmation of insurance coverage or any substitutions thereof or endorsements thereto. The confirmation shall also include the exact same information as the insured's copy in accordance with Section 626.923, Florida Statutes.

The records of all licensed surplus lines agents shall be open for examination at all times by the Department or the FSLSO without notice and shall be kept available and open for five (5) years after expiration or cancellation of the contract.

**SECTION 5. EFFECTIVE DATE.**

The Plan and any subsequent amendments hereto, shall become effective upon written approval by order of the Office, except that this amendment acknowledging the incorporation of the Service Office under Chapter 617, Florida Statutes, shall not be effective until the date of incorporation.

**SECTION 6. BOARD OF GOVERNORS.**

- A. The Service Office shall operate pursuant to the Plan of Operation under the supervision of a Board of Governors or its designees.
- B. The Board of Governors shall consist of nine (9) persons as follows:
  - (1) Five (5) individuals nominated by the Florida Surplus Lines Association and appointed by the Department from the regular membership of the Florida Surplus Lines Association.
  - (2) Two (2) individuals appointed by the Department, one from each of the two largest domestic agents' associations, each of whom shall be licensed surplus lines agents.
  - (3) The Insurance Consumer Advocate.
  - (4) One (1) individual appointed by the Department, who shall be a risk manager for a large domestic commercial enterprise.
- C. Board members shall be appointed by and serve at the pleasure of the Department for a three year term. Each term shall begin on the first day of January regardless of when during the calendar year the Department makes the appointment. Board members may be reappointed for subsequent terms. Board members shall serve until their successors are duly appointed by the Department.
- D. Vacancies on the Board shall be filled for the remaining period of the vacating Board Member's term by the Department in accordance with (B) above.

- E. The Board of Governors shall, at its annual meeting, elect one of its members to serve as Chairman of the Board, another member to serve as Vice Chairman of the Board, and another member to serve as Secretary/Treasurer of the Board.
- F. Any officer elected or appointed by the Board may be removed from office by a majority vote of the Board whenever in the judgment of the Board the best interests of the Service Office would be served thereby.
- G. The Chairman shall appoint all committees and subcommittees. The Chairman shall appoint an Executive Committee of three (3) Board members, which shall consist of the Chairman, Vice-Chairman, and the Secretary-Treasurer. The Executive Committee shall have the power to act between Board meetings on the business of the Service Office with respect to unusual or emergency matters that, in the judgment of the Chairman, should not be deferred until the next Board meeting. Such actions shall be reported to the next Board meeting for approval by the Board.
- H. The Chairman may appoint non-Board members to committees established by the Board which non-Board appointee shall serve at the pleasure of the Board.
- I. The Chairman shall call all meetings of the Board. However, a meeting of the Board shall also be held within fourteen (14) days after receipt of written requests delivered to the Chairman by any three (3) members of the Board unless a different meeting date is otherwise agreed to by the three (3) requesting members. All meetings of the Board shall be held in compliance with Chapter 286, Florida Statutes, and subsequent amendments thereto, to the extent required by law. Public notice shall be given at least fourteen (14) days in advance of all non-emergency meetings held by the Board or by any committee established by the Board that is subject to Chapter 286, Florida Statutes.
- J. The Vice Chairman shall serve as Chairman when the Chairman is unavailable to serve.
- K. At any meeting of the Board, each Board member shall have one (1) vote.
- L. Five (5) members of the Board shall constitute a quorum for the transaction of business, and acts of a majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board.
- M. At any Board of Governors meeting voting by proxy shall not be permitted except that the office of the Insurance Consumer Advocate may send a representative of that office to attend any meeting and that representative shall have the right to vote as the Insurance Consumer Advocate.
- N. Members of the Board or any Committee members shall receive reimbursement from the Association for their actual and necessary expenses incurred in attending Board meetings and in performing Association business in accordance with the Association adopted Travel and Reimbursement policy.

- O. The Board may conduct Board meetings by telephonic conference call so long as said conference call permits the general public to be included as parties to the conference call and to hear all Board members in attendance and other speakers at the meeting. A Board member may participate telephonically in any Board meeting.

**SECTION 7. OPERATIONS.**

- A. The official address of the Service Office shall be the permanent office of the Service Office.
- B. The Service Office shall conduct the following activities:
  - (1) Receive, record, and review a copy of or information on all surplus lines insurance policies or documents.
  - (2) Maintain a copy of or information on surplus lines insurance policies or documents reported to the Service Office and prepare monthly reports for the Office in such forms approved by the Commission.
  - (3) The information specified in paragraphs (1) and (2) above will be submitted to and is maintained by the Service Office electronically in a format submitted to and approved by the Commission.
  - (4) Make information available electronically to each surplus lines agent on policies reported to this office for the agent's verification. The agent's quarterly report affidavit will be executed and filed with the Service Office as required. Records maintained by the Service Office will be kept for five (5) years or as required by law, whichever is longer.
  - (5) Collect and remit to the Department the surplus lines premium receipt tax as provided for in Section 626.932, Florida Statutes.
  - (6) Receive, and record a copy of or information on every insured that procures or causes to be procured insurance with an unauthorized foreign or alien insurer as provided for in Section 626.938 (1), Florida Statutes.
  - (7) Collect and remit to the Department the five percent (5%) tax on Independently Procured Coverage as provided for in Section 626.938 (3), Florida Statutes.
  - (8) Perform a reconciliation of the policies written in the surplus lines market, as provided by surplus lines insurers, with the policies reported to the Service Office by the surplus lines agents, and prepare and deliver to the Office a report on the results of the reconciliation of the policies in such forms approved by the Commission.
  - (9) Submit an annual budget for the operation of the Service Office to the Office for review and approval.

- (10) Collect from each surplus lines agent and independently procured coverage (IPC) policyholder on a quarterly basis a service fee of up to three-tenths percent (0.3%) as determined by the Office, of the total gross premium of each surplus lines policy reported by such agent or IPC policyholder for the previous calendar quarter under the Plan for the cost of operating the Service Office. The service fee shall be paid by the insured. The Service Office will bill and collect the service fee on a quarterly basis.
- (11) Collect from each surplus lines agent and IPC policyholder on a quarterly basis an assessment, as imposed by Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund and the \$2.00/\$4.00 Emergency Management Preparedness and Assistance Surcharge
- (12) Employ and retain such personnel as are necessary to carry out the duties of the Service Office.
- (13) Borrow money, as the Board deems advantageous or necessary, to carry out the purposes of the Service Office. The Chairman or the Executive Director or any other officer of the Service Office directed by resolution of the Board may negotiate and execute loan agreements authorized by the Board.
- (14) Open one or more bank accounts. Open a separate trust account under the joint control of the Service Office and the Department for the collection of surplus lines premium tax. Reasonable delegation of deposit and withdrawal authority to such accounts for Service Office business may be made consistent with prudent fiscal policy.
- (15) Enter into contracts, as necessary, to affect the purposes of the Service Office.
- (16) Perform other acts to facilitate and encourage compliance with the surplus lines law of the State of Florida and rules adopted thereunder.
- (17) Provide other services incidental or related to the purposes of the Service Office.
- (18) Contract for an annual audit to be furnished to the Office. The Audit Committee Chair or his or her designee may sign the audit engagement letter if required by governmental auditing standards or recommended best practices.
- (19) Make a written request to the Office for eligibility of an unauthorized insurer to become an eligible surplus lines insurer as provided by Section 626.918, F.S.
- (20) Procure such bonds and insurance covering the Service Office, the Board members, officers, employees, and agents of the Service Office, and its properties and activities as it determines to be appropriate for the Service Office and the members.

- (21) The Service Office shall prepare, maintain, and distribute a procedures manual to each surplus lines agent setting forth the procedure for submitting surplus lines insurance information to the Service Office and other matters germane to the operation of the Service Office. The manual shall be prepared in cooperation with the Department, and any changes, updates, or amendments shall be submitted to the Department for review prior to distribution.
- (22) Take any action to administer and implement the provisions of a cooperative reciprocal agreement entered into by the Department of Financial Services and the Office of Insurance Regulation as authorized by Section 626.9362, F.S., and the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) including providing clearinghouse operational and technology services as contemplated by the Nonadmitted Insurance Multi-State Agreement (NIMA) entered into by the State of Florida pursuant to the NRRA.
- (23) Annual Summary of Operations. The Service Office shall prepare an annual summary of operations which contains information on transactions, conditions, operations, and investments during the preceding year; such report is to contain such matters and information as prescribed by and in such form as approved by the Board. The Commission or the Office may at any time require the Service Office to furnish additional information with respect to any matter connected therewith and considered to be material in evaluating the economic, efficient, fair and nondiscriminatory operation of the Service Office.

## **SECTION 8. EXECUTIVE DIRECTOR.**

The Chairman shall nominate an Executive Director for the Service Office, subject to approval by the Board. The Chairman or the Chairman's designee shall negotiate and execute the employment contract of the Executive Director subject to any directives or guidelines that may be adopted by the Board. The Board shall establish the compensation of the Executive Director based on the recommendation of the Chairman. The Executive Director shall be responsible for the day-to-day operation and management of the Service Office and for carrying out the objectives of the Service Office consistent with the directions of the Board, this Plan and Sections 626.901-626.939, F. S., and in furtherance thereof, the Executive Director shall:

- A. Establish an initial Association office in Tallahassee, Florida, and is duly authorized and directed to take such measures as are necessary to establish and assure the efficient operation of such office;
- B. Open Association bank account(s) and incur the necessary expenditures to conduct the business of the Association;
- C. Hire and supervise personnel to carry out the business of the Association subject to any guidelines or procedures as may be adopted by the Board;

- D. Locate and employ individuals or entities to provide administrative or professional services to effectuate the Plan of Operation, subject to approval by the Executive Committee;
- E. Enter into contracts for the leasing of office space and for the purchase and/or lease of furnishings and equipment for the operation of the Association subject to the approval of the Executive Committee;
- F. Incur and approve office expenses such as water, electric, janitorial, telephone, security, and any other similar expenses necessary to operate the office;
- G. Incur on behalf of the Association and approve office expenses to conduct Association business such as machine copying, postage, facsimile transmittals, maintenance contracts for office equipment, stationery and any other similar expenses necessary to operate the office;
- H. Approve and prepare the payroll and take the necessary steps to timely meet payroll through a proper signatory;
- I. Arrange for proper and timely notice of all meetings of the Board of Governors. Timely prepare the agenda with the approval of the Chairman for each meeting and provide a copy of same to each member as soon as practicable prior to each meeting. Board members desiring to place an item on the agenda shall do so through the Executive Director subject to the approval of the Chairman, and any member of the public desiring to appear before the Board shall communicate such requests to the Chairman;
- J. Approve all travel, lodging, and per diem expenses and devise appropriate guidelines and forms for presenting the same for reimbursement (the Executive Director's travel, lodging and per diem shall be approved by the Chairman pursuant to travel, lodging and per diem expense guidelines previously approved by the Board);
- K. Prepare budgets for the operation of the Association to be approved by the Board, and arrange for an annual audit of the same;
- L. Maintain the books and records of the Association and arrange for the proper auditing and review of the Association operations. Such audits shall be submitted to the Board for review as expeditiously as possible.
- M. Negotiate the terms of and execute contracts. The Board or Executive Committee must authorize contracts over one hundred thousand U.S. dollars (\$100,000). Once authorized, the Executive Director shall have the authority to negotiate the terms and conditions of the contract.

**SECTION 9. CODE OF CONDUCT.**

- A. Employee Security Checks:

- (1) Any person occupying the staff positions of Executive Director, Chief Financial Officer or Assistant Director is subject to a security background check, including fingerprinting, as a condition of employment.
- (2) A person can be disqualified for employment in any designated position by reason of:
  - a) The conviction or prior conviction of a crime which is reasonably related to the nature of the position sought or held by the individual; or
  - b) The entering of a plea of “no contest” or, when a jury verdict of guilty is rendered but adjudication of guilt is withheld, with respect to a crime which is reasonably related to the nature of the position sought or held by the individual.
- (3) The Association shall give the office written notice of any change of personnel among the Executive Director, Chief Financial Officer, or Assistant Director positions within 45 days of such change. The written notice at a minimum shall contain the information required by Section 628.051(b), Florida Statutes.

**B. Notification of Suspected Insurance Fraud or Criminal Misconduct**

- (1) The Executive Director and/or the Chairman of the Board of Governors must notify the Division of Insurance Fraud within 48 hours of any suspected insurance fraud by an employee or that is uncovered as part of the Association’s business activities.
- (2) The Executive Director and/or the Chairman of the Board of Governors must notify the appropriate law enforcement authority of any suspected criminal misconduct by an employee or that is uncovered as a part of the Association’s business activities.

**C. Conflicting Employment or Contractual Relationship**

No employee shall permit their private interests to conflict with the proper discharge of their official duties for the Association nor shall they use their position or knowledge gained therein in such a manner as to give the appearance of such conflict. Conflicts of interest may be considered to exist in those instances where the actions or activities of an individual on behalf of Association may result in (a) improper personal gain or advantage to the individual, (b) unnecessary adverse effect upon the Association’s interest, or (c) improper gain or advantage to a third party. Any person who, for whatever reason, believes they have a conflict of interest, shall declare such conflict to the Board, and shall abstain from participating in any vote or decision pertaining to such conflict.

**D. Conflict of Interest**

- (1) All employees must disclose to the Executive Director and/or Chairman of the Board of Governors any activity which is a potential or actual conflict of interest.

“Conflict of Interest” means a situation in which regard for a private interest tends to lead to disregard of a public duty or interest.

- (2) No employee may be involved in a decision during the course of Association duties with the knowledge that the decision will further the employee’s private interest.
- (3) The Executive Director shall cause to be created and distributed an employee “Code of Ethics”.

**E. Solicitation or Acceptance of Gifts**

- (1) No employee may accept any compensation, payment, or gift when the employee knows, or with the exercise of reasonable care, should know, that it was given to influence an action or decision the employee is expected to participate in as part of his or her job duties.
- (2) No employee may solicit anything of value to the employee including a gift, loan, favor, promise of future employment, or service based upon any understanding about the outcome of an action or decision of the employee.

**F. Post-employment Restrictions**

The Executive Director, Chief Financial Officer, and Assistant Directors of the Association may not personally represent another person or entity for compensation before the Association for a period of two years following vacation of their position, unless employed by a state agency.

**G. Reporting Receipt of Gifts**

- (1) All FLSO employees must file a written statement with the Board of Governors and the Office of Insurance Regulation on the last day of each quarter, for the previous calendar quarter, listing any gift received, which he or she believes to be in excess of \$100, from a business entity or individual subject to FLSO oversight.
- (2) (2) The statement should include a description of the gift, the name of the person making the gift, and the date the gift was received.

**H. Disclosure or Use of Certain Information**

No Association employee may disclose or use information not available to members of the general public and gained by reason of his or her official position for his or her personal gain or benefit or for the personal gain or benefit of any other person or business entity.

**SECTION 10. IMMUNITY.**

There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member or its agents or employees, agents or employees of the Association, members of the Board of Governors of the Association, or the Department or its representatives, for any action taken by them in the performance of their duties or

responsibilities under this subsection. Such immunity does not apply to actions for breach of any contract or agreement pertaining to insurance, or any willful tort.

**SECTION 11. INDEMNIFICATION.**

- A. Extent of indemnification. The Association shall indemnify: (i) its Board Members; (ii) Board committee members; (iii) employees of the Association; and (iv) employees of the Department. The Association shall indemnify such persons whether they are: (i) former or current Board members, or employees; (ii) whether a natural or legal person; and (iii) whether individually or as a group; and (iv) where applicable, the estate, executor, administrator, heirs, legatees, devisees, trustees, assigns, or successors in interest of any such person; and (v) where applicable, any person, not previously described, who is or may be vicariously liable for the actions of any aforementioned person. These persons shall be referred to in this Article as "Indemnified Persons." Indemnification shall be made where claims or causes of action are based upon allegations as to the conduct of any person contemplated by this Plan in the performance of their duties, or in the exercise of their discretion in the performance of duties, owed to the Association, and all persons vicariously liable for the actions of any such persons.
- B. Right of Indemnification. Such indemnification shall not depend upon whether or not the Indemnified Person is a member of the Association, or is a member of the Board, or any committee or subcommittee thereof, Board member, Association employee, Department employee or a person vicariously liable for the actions of any such persons, or the estate, executor, administrator, heir, legatee, devisee, trustee, assign, or successor in interest of any such person at the time any claim, action, suit or proceeding is begun, prosecuted or threatened, nor on whether the liability to be indemnified was incurred, or the act or omission occurred, prior to the adoption of this Plan; provided however, that the Association's duty to indemnify any person shall arise only where claims or causes of action are based upon allegations as to the conduct of such persons in the performance of their duties, or in the exercise of their discretion in the performance of duties, or upon vicarious liability therefore, owed to the Association. This Section shall not be construed to indemnify any person liable for any payment, debt or obligation to the Association. The Association shall not indemnify or hold harmless any person who is the subject of any legal action seeking to impose criminal or administrative sanctions unless and until such individual(s) is fully exonerated.
- C. Effect on Other Rights. The right of indemnification hereunder shall not be exclusive of other rights the Indemnified Party may have as a matter of law or otherwise.
- D. Determination of Questions Involving Indemnification. In each instance in which a question of indemnification hereunder arises, including, without limitation, those instances in which two or more Indemnified Persons are seeking indemnification hereunder as a result of the same occurrence, determination in the first instance of the right to indemnification hereunder, and of the time, manner and amount of payment thereof, shall be made by the

Board. Nothing in this paragraph is intended to make an adverse determination finally binding upon an Indemnified person, or to preclude any Indemnified Person from appealing an adverse determination or from instituting legal proceedings to enforce a right of indemnification under this Section.

- E. Apportioning Expenses of Indemnification. The indemnification provided for in this Article shall be deemed to be an expense of the Association.
- F. Association's Duty to Defend Indemnified Persons. The Association shall defend any Indemnified Person from all claims and actions, whether in contract or tort, law or equity where such claims or actions are based upon allegations as to the conduct of such persons in the performance of their duties or in the exercise of their discretion in the performance of duties, or upon vicarious liability therefore owed to the Association. The Association shall advance reasonable litigation costs and attorneys fees to any Indemnified Person upon proper demand and approval by the Board. The Association will not indemnify any person subject to a claim, charge or cause of action for a crime; unless and until said individual(s) is fully exonerated. Furthermore, the Association will not indemnify any person subject to a claim for fines payable to any state or federal agency, or any governmental or regulatory authority.
- G. Limitations on the Association's Duty to Defend Indemnified Persons. The Association shall advance reasonable litigation costs and attorneys fees to any Indemnified Person upon proper demand and approval by the Board. The Association shall have no duty to oversee the conduct of any litigation or otherwise assure the competence of any counsel retained by any Indemnified Person. However, if the Board, in its sole discretion, determines that any interest of the Association is implicated in any litigation brought by or against any Indemnified Person, the Indemnified Person shall have a duty to cooperate with counsel for the Association, in order to advance the interests of the Association and lower the costs of litigation.
- H. Limited Hold Harmless Provision. The Association shall hold harmless an Indemnified Person who makes a request for payment, otherwise proper under this Article, for reimbursement of awards of money damages made against them, including interest accrued prior to judgment, or amounts paid or agreed upon settlement. This right to request payment of such amounts is not subject to alienation or assignment, and no Indemnified Person shall have the right to create a contingent liability on the part of the Association for such payments by attempting any such assignment or alienation to any other person, including any attorney representing such Indemnified Person. Where, in its sole discretion, the Board determines that such requests or payments are proper and promote the purposes of this Section, the Board may authorize payment for arbitration awards, costs of arbitration or mediation, or similar expenses or awards arising from alternative dispute resolution procedures. Notwithstanding the foregoing, the Association will not hold harmless any person subject to a criminal charge unless and until said individual is fully exonerated. Furthermore, the Association will not hold harmless any

person subject to a claim for fines payable to any state or Federal agency, or any governmental or regulatory authority.

**SECTION 12. CONFIDENTIALITY.**

The Service Office shall comply with Chapter 119, Florida Statutes, and subsequent amendments thereto, to the extent required by law. Information furnished to the Department under Section 626.92, Florida Statutes, or contained in records subject to examination by the Department under Section 626.930, Florida Statutes, is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Article I of the Florida Constitution if disclosure would reveal information specific to a particular policy or policyholder. The exemption does not apply to any proceeding instituted by the Department or Office against an agent or insurer.

Information furnished to the Service Office under the Surplus Lines Law is confidential and exempt from Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the Florida Constitution if disclosure would reveal information specific to a particular policy or policyholder. The Florida Surplus Lines Service Office may provide such information to the department in the furtherance of its duties and responsibilities. The exemption does not apply to any proceeding instituted by the Department or Office against an agent or insurer.

**SECTION 13. NOTICE OF RIGHT TO INITIAL APPEAL.**

You have the right to request an appeal of any action or decision against you by the Service Office, or any committee thereof. Appeals must be made in writing, and must be received no later than twenty-one (21) days from the date of receipt of notification of such decision. Any written request for relief or redress received within the specified time period shall be deemed an appeal. Requests received on the twenty-second (22<sup>nd</sup>) day will not preserve your right to appeal. Appeals should state the decision being appealed, the reason relief or redress is being requested, and must be addressed to: Executive Director, Florida Surplus Lines Service Office, 1441 Maclay Commerce Drive, Suite 200, Tallahassee, Florida 32312. No request for appeal shall be honored unless made in writing and received within the specified time period. **YOUR FAILURE TO REQUEST AN APPEAL WITHIN TWENTY-ONE (21) DAYS OF RECEIPT OF NOTIFICATION OF AN ADVERSE DECISION AGAINST YOU SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO APPEAL.**

**SECTION 14. RESIDENT AGENT FOR SERVICE OF PROCESS.**

The Executive Director of the Association shall be designated as the Resident Agent for service of process upon the Association. In any suit arising under this Plan of Operation, or any agreement authorized by Statute or this Plan, the Circuit Court in and for Leon County, Florida shall be deemed the Court of Competent Jurisdiction for such actions unless otherwise agreed to in writing by the Association.



**SECTION 15. DISSOLUTION AND DEACTIVATION.**

Upon a determination by the Board of Governors that the conditions giving rise to the establishment and activation of the Association no longer exist, and upon the consent and approval thereto by Order of the Office, the Association may be dissolved. Prior to dissolution, the assets of the Association shall be applied first to pay all debts, liabilities and obligations of the Association (including the establishment of reasonable reserves for any contingent liabilities or obligations), and all remaining assets of the Association shall be transferred to the Office or to another organization established for the same or similar purpose, as the Office may direct.

**SECTION 16. AMENDMENTS.**

This Plan may be amended at any annual, regular or special meeting of the Board by the affirmative vote of not less than five (5) Board members. Amendments shall be effective upon approval by order of the Office, unless another effective date is specified in Section 5 above.

**SECTION 17. CONSTRUCTION.**

This Plan of Operation shall be construed to conform and when necessary amended to conform to the provisions of Sections 626.921, 626.931, 626.932, 626.9325, and 626.938, Florida Statutes.