

The Florida Senate  
**HOUSE MESSAGE SUMMARY**

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Prepared By: The Professional Staff of the Banking and Insurance Committee

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BILL: CS/CS/CS/HB 1495, Engrossed 2 (CS/CS/SB 1950, 1st Eng.)  
INTRODUCER: Rep. Nelson and others  
SUBJECT: Property Insurance  
DATE: May 1, 2009

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**I. Amendments Contained in Message:**

**House Amendment 1 – 257873** (body with title)

**II. Summary of Amendments Contained in Message:**

**House Amendment 1** does the following:

Citizens Property Insurance Corporation

- Implements a rate “glide path” capped at 10 % per year for Citizens’ policyholders until rates are actuarially sound.
- Allows Citizens to increase its rates to pay the CAT Fund’s “cash build up” program for 5 years. Estimated rate impact to be less than one percent.
- Staggers the terms of office for members of the Board of Governors.
- Insurers may offer ex-wind policies to homeowners in the HRA (high risk account) who do not qualify for Citizens because they own \$2+ million properties or \$750,000+ properties without shutters.
- Deletes the provision that required on January 1, 2010, a seller of a home which is insured by Citizens and located in the wind-borne debris region, with an insured value of \$500,000 or more, to disclose in writing to the prospective purchaser its windstorm mitigation rating based on the uniform home grading scale, prior to sale.
- Extends to Dec. 2010, (10 months) the requirement that Citizens reduce its high risk account (HRA) area boundaries in order to lower its 100-year probable maximum loss (PML).

Florida Hurricane Catastrophe Fund

- Implements provisions to reduce the CAT Fund’s exposure by phasing out the Temporary Increase in Coverage Limit (TICL) layer of coverage over a 6 year period at a rate of \$2 billion per year.
- Increases the price of the TICL layer by an additional multiple each year until TICL is eliminated in 6 years.
- Authorizes the CAT Fund to implement a “cash build up” factor based on increased reimbursement premiums phased in over a five year period.
- Allows small insurers to purchase an additional amount of FHCF reimbursement coverage up to \$10 million.

- Establishes the contract period for the CAT Fund to be the calendar year (Jan. through Dec.).

#### My Safe Florida Homes Program (“MSFH”)

- Adds mitigation improvements relating to roof hardening to help facilitate the MSFH program to access federal “weatherization” stimulus money and FEMA grant money.
- Clarifies that the MSFH program provide grants rather than participate in a no-interest loan program.
- Revises the threshold for grant and contract review by the Legislative Budget Commission.

#### Insurance Rate Filings

- Provides that the separate rate filing for insurers be expedited according to specified dates; that insurers purchasing reinsurance do so at a price no higher than would be paid in an “arms-length” transaction; and that costs incurred to pay additional Cat Fund premium be included in the filing. The separate filing is still capped at 10% per policyholder as in the original Senate bill.
- Prohibits “use and file” rate filings to Dec. 31, 2010.
- Restores current law pertaining to administrative proceedings in rating determinations which specifies that certain findings by DOAH are “findings of fact” for purposes of OIR review.

#### Public Adjusters

- Prohibits public adjusters and public adjuster apprentices from accepting referrals of business from any person with whom the public adjuster or apprentice conducts business.
- Requires public adjuster apprentices to pass a written examination prior to licensure.
- Limits the number of public adjuster apprentices that are maintained by public adjusting firms.
- Requires OPPAGA to review the practices and laws relating to Public Adjusters and submit a report to the Governor, Senate President, Speaker, the CFO and the Insurance Commissioner by Feb. 2010.

#### Other Provisions

- Authorizes the Florida Hurricane Loss Projection Methodology Commission to study and issue a report on mitigation credits, discounts and deductibles.
- Provides that premium discounts resulting from the home grading scale (due in 2011 from OIR) will supersede the current mitigation discounts approved by OIR.
- Authorizes reinsurers to issue coverage directly to a self-insuring public housing authority.
- Allows insurance agents to explain the applicability of FIGA to consumers.
- Repeals statute that prevents OIR attorneys from asserting attorney-client privilege or work-product confidentiality on certain communications with other OIR personnel.
- Changes recoupment by insurers for Citizens assessments, eliminating need to receive prior OIR approval pursuant to recouping costs from policyholders. Instead, OIR would review the final accounting report of the recoupment after it has been completed.