



CS/CS/HB 1089, Engrossed 1

2014

1                   A bill to be entitled  
2           An act relating to Citizens Property Insurance  
3           Corporation; amending s. 627.351, F.S.; extending the  
4           date after which certain structures cease to be  
5           eligible for coverage by the corporation; providing  
6           that a condominium is deemed ineligible for commercial  
7           residential wind-only coverage under certain  
8           conditions; providing an effective date.

9  
10   Be It Enacted by the Legislature of the State of Florida:

11  
12           Section 1. Paragraph (a) of subsection (6) of section  
13   627.351, Florida Statutes, is amended to read:

14           627.351 Insurance risk apportionment plans.—

15           (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

16           (a) The public purpose of this subsection is to ensure  
17   that there is an orderly market for property insurance for  
18   residents and businesses of this state.

19           1. The Legislature finds that private insurers are  
20   unwilling or unable to provide affordable property insurance  
21   coverage in this state to the extent sought and needed. The  
22   absence of affordable property insurance threatens the public  
23   health, safety, and welfare and likewise threatens the economic  
24   health of the state. The state therefore has a compelling public  
25   interest and a public purpose to assist in assuring that  
26   property in the state is insured and that it is insured at



27 | affordable rates so as to facilitate the remediation,  
28 | reconstruction, and replacement of damaged or destroyed property  
29 | in order to reduce or avoid the negative effects otherwise  
30 | resulting to the public health, safety, and welfare, to the  
31 | economy of the state, and to the revenues of the state and local  
32 | governments which are needed to provide for the public welfare.  
33 | It is necessary, therefore, to provide affordable property  
34 | insurance to applicants who are in good faith entitled to  
35 | procure insurance through the voluntary market but are unable to  
36 | do so. The Legislature intends, therefore, that affordable  
37 | property insurance be provided and that it continue to be  
38 | provided, as long as necessary, through Citizens Property  
39 | Insurance Corporation, a government entity that is an integral  
40 | part of the state, and that is not a private insurance company.  
41 | To that end, the corporation shall strive to increase the  
42 | availability of affordable property insurance in this state,  
43 | while achieving efficiencies and economies, and while providing  
44 | service to policyholders, applicants, and agents which is no  
45 | less than the quality generally provided in the voluntary  
46 | market, for the achievement of the foregoing public purposes.  
47 | Because it is essential for this government entity to have the  
48 | maximum financial resources to pay claims following a  
49 | catastrophic hurricane, it is the intent of the Legislature that  
50 | the corporation continue to be an integral part of the state and  
51 | that the income of the corporation be exempt from federal income  
52 | taxation and that interest on the debt obligations issued by the



53 corporation be exempt from federal income taxation.

54       2. The Residential Property and Casualty Joint  
55 Underwriting Association originally created by this statute  
56 shall be known as the Citizens Property Insurance Corporation.  
57 The corporation shall provide insurance for residential and  
58 commercial property, for applicants who are entitled, but, in  
59 good faith, are unable to procure insurance through the  
60 voluntary market. The corporation shall operate pursuant to a  
61 plan of operation approved by order of the Financial Services  
62 Commission. The plan is subject to continuous review by the  
63 commission. The commission may, by order, withdraw approval of  
64 all or part of a plan if the commission determines that  
65 conditions have changed since approval was granted and that the  
66 purposes of the plan require changes in the plan. For the  
67 purposes of this subsection, residential coverage includes both  
68 personal lines residential coverage, which consists of the type  
69 of coverage provided by homeowner's, mobile home owner's,  
70 dwelling, tenant's, condominium unit owner's, and similar  
71 policies; and commercial lines residential coverage, which  
72 consists of the type of coverage provided by condominium  
73 association, apartment building, and similar policies.

74       3. With respect to coverage for personal lines residential  
75 structures:

76       a. Effective January 1, 2014, a structure that has a  
77 dwelling replacement cost of \$1 million or more, or a single  
78 condominium unit that has a combined dwelling and contents



79 replacement cost of \$1 million or more is not eligible for  
80 coverage by the corporation. Such dwellings insured by the  
81 corporation on December 31, 2013, may continue to be covered by  
82 the corporation until the end of the policy term. The office  
83 shall approve the method used by the corporation for valuing the  
84 dwelling replacement cost for the purposes of this subparagraph.  
85 If a policyholder is insured by the corporation before being  
86 determined to be ineligible pursuant to this subparagraph and  
87 such policyholder files a lawsuit challenging the determination,  
88 the policyholder may remain insured by the corporation until the  
89 conclusion of the litigation.

90 b. Effective January 1, 2015, a structure that has a  
91 dwelling replacement cost of \$900,000 or more, or a single  
92 condominium unit that has a combined dwelling and contents  
93 replacement cost of \$900,000 or more, is not eligible for  
94 coverage by the corporation. Such dwellings insured by the  
95 corporation on December 31, 2014, may continue to be covered by  
96 the corporation only until the end of the policy term.

97 c. Effective January 1, 2016, a structure that has a  
98 dwelling replacement cost of \$800,000 or more, or a single  
99 condominium unit that has a combined dwelling and contents  
100 replacement cost of \$800,000 or more, is not eligible for  
101 coverage by the corporation. Such dwellings insured by the  
102 corporation on December 31, 2015, may continue to be covered by  
103 the corporation until the end of the policy term.

104 d. Effective January 1, 2017, a structure that has a



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105 dwelling replacement cost of \$700,000 or more, or a single  
106 condominium unit that has a combined dwelling and contents  
107 replacement cost of \$700,000 or more, is not eligible for  
108 coverage by the corporation. Such dwellings insured by the  
109 corporation on December 31, 2016, may continue to be covered by  
110 the corporation until the end of the policy term.

111  
112 The requirements of sub-subparagraphs b.-d. do not apply in  
113 counties where the office determines there is not a reasonable  
114 degree of competition. In such counties a personal lines  
115 residential structure that has a dwelling replacement cost of  
116 less than \$1 million, or a single condominium unit that has a  
117 combined dwelling and contents replacement cost of less than \$1  
118 million, is eligible for coverage by the corporation.

119 4. It is the intent of the Legislature that policyholders,  
120 applicants, and agents of the corporation receive service and  
121 treatment of the highest possible level but never less than that  
122 generally provided in the voluntary market. It is also intended  
123 that the corporation be held to service standards no less than  
124 those applied to insurers in the voluntary market by the office  
125 with respect to responsiveness, timeliness, customer courtesy,  
126 and overall dealings with policyholders, applicants, or agents  
127 of the corporation.

128 5.a. Effective January 1, 2009, a personal lines  
129 residential structure that is located in the "wind-borne debris  
130 region," as defined in s. 1609.2, International Building Code



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131 (2006), and that has an insured value on the structure of  
132 \$750,000 or more is not eligible for coverage by the corporation  
133 unless the structure has opening protections as required under  
134 the Florida Building Code for a newly constructed residential  
135 structure in that area. A residential structure is deemed to  
136 comply with this sub-subparagraph ~~subparagraph~~ if it has  
137 shutters or opening protections on all openings and if such  
138 opening protections complied with the Florida Building Code at  
139 the time they were installed.

140 b. Any major structure as defined in s. 161.54(6) (a) for  
141 which a permit is applied on or after July 1, 2015 ~~2014~~, for new  
142 construction or substantial improvement as defined in s.  
143 161.54(12) is not eligible for coverage by the corporation if  
144 the structure is seaward of the coastal construction control  
145 line established pursuant to s. 161.053 or is within the Coastal  
146 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
147 3510.

148 6. With respect to wind-only coverage for commercial lines  
149 residential condominiums, effective July 1, 2014, a condominium  
150 shall be deemed ineligible for coverage if 50 percent or more of  
151 the units are rented more than eight times in a calendar year  
152 for a rental agreement period of less than 30 days.

153 Section 2. This act shall take effect July 1, 2014.