

1                   A bill to be entitled  
2           An act relating to property insurance; amending s.  
3           627.062, F.S.; requiring residential property  
4           insurance rate filings to account for windstorm  
5           mitigation measures undertaken by policyholders;  
6           amending s. 627.0629, F.S.; requiring wind uplift  
7           prevention to be included in windstorm damage  
8           mitigation techniques for residential property  
9           insurance rate filings; amending s. 627.351, F.S.;  
10          revising rate change limitations for specified  
11          policies written by the Citizens Property Insurance  
12          Corporation; revising the applicability of flood  
13          coverage requirements for personal lines residential  
14          policyholders of the corporation; authorizing the  
15          corporation to adopt policy forms that provide for the  
16          resolution of certain disputes in proceedings before  
17          the Division of Administrative Hearings; providing  
18          that such policies are not subject to mandatory  
19          binding arbitration provisions; authorizing the  
20          corporation to contract with the division to conduct  
21          proceedings; creating s. 627.7155, F.S.; requiring  
22          property insurers to verify coverage for the peril of  
23          flood in certain circumstances; prohibiting issuance  
24          of coverage for the peril of wind in certain  
25          circumstances; requiring an acknowledgement;

26 specifying a type of acceptable proof of coverage;  
 27 providing an appropriation; requiring a wind-loss  
 28 mitigation study conducted by the Office of Insurance  
 29 Regulation; providing requirements for the study;  
 30 providing reporting requirements; providing effective  
 31 dates.

32

33 Be It Enacted by the Legislature of the State of Florida:

34

35 Section 1. Paragraph (j) of subsection (2) of section  
 36 627.062, Florida Statutes, is amended to read:

37 627.062 Rate standards.—

38 (2) As to all such classes of insurance:

39 (j) With respect to residential property insurance rate  
 40 filings, the rate filing must account for mitigation measures  
 41 undertaken by policyholders to reduce hurricane losses and  
 42 windstorm losses.

43

44 The provisions of this subsection do not apply to workers'  
 45 compensation, employer's liability insurance, and motor vehicle  
 46 insurance.

47 Section 2. Subsection (1) of section 627.0629, Florida  
 48 Statutes, is amended to read:

49 627.0629 Residential property insurance; rate filings.—

50 (1) It is the intent of the Legislature that insurers

51 provide savings to consumers who install or implement windstorm  
52 damage mitigation techniques, alterations, or solutions to their  
53 properties to prevent windstorm losses. A rate filing for  
54 residential property insurance must include actuarially  
55 reasonable discounts, credits, or other rate differentials, or  
56 appropriate reductions in deductibles, for properties on which  
57 fixtures or construction techniques demonstrated to reduce the  
58 amount of loss in a windstorm have been installed or  
59 implemented. The fixtures or construction techniques must  
60 include, but are not limited to, fixtures or construction  
61 techniques that enhance wind uplift prevention, roof strength,  
62 roof covering performance, roof-to-wall strength, wall-to-floor-  
63 to-foundation strength, opening protection, and window, door,  
64 and skylight strength. Credits, discounts, or other rate  
65 differentials, or appropriate reductions in deductibles, for  
66 fixtures and construction techniques that meet the minimum  
67 requirements of the Florida Building Code must be included in  
68 the rate filing. The office shall determine the discounts,  
69 credits, other rate differentials, and appropriate reductions in  
70 deductibles that reflect the full actuarial value of such  
71 revaluation, which may be used by insurers in rate filings.

72 Section 3. Effective upon becoming a law, paragraphs (n)  
73 and (aa) of subsection (6) of section 627.351, Florida Statutes,  
74 are amended, and paragraph (11) is added to that subsection, to  
75 read:

76           627.351 Insurance risk apportionment plans.—  
 77           (6) CITIZENS PROPERTY INSURANCE CORPORATION.—  
 78           (n)1. Rates for coverage provided by the corporation must  
 79 be actuarially sound pursuant to s. 627.062 and not competitive  
 80 with approved rates charged in the admitted voluntary market so  
 81 that the corporation functions as a residual market mechanism to  
 82 provide insurance only when insurance cannot be procured in the  
 83 voluntary market, except as otherwise provided in this  
 84 paragraph. The office shall provide the corporation such  
 85 information as would be necessary to determine whether rates are  
 86 competitive. The corporation shall file its recommended rates  
 87 with the office at least annually. The corporation shall provide  
 88 any additional information regarding the rates which the office  
 89 requires. The office shall consider the recommendations of the  
 90 board and issue a final order establishing the rates for the  
 91 corporation within 45 days after the recommended rates are  
 92 filed. The corporation may not pursue an administrative  
 93 challenge or judicial review of the final order of the office.  
 94           2. In addition to the rates otherwise determined pursuant  
 95 to this paragraph, the corporation shall impose and collect an  
 96 amount equal to the premium tax provided in s. 624.509 to  
 97 augment the financial resources of the corporation.  
 98           3. After the public hurricane loss-projection model under  
 99 s. 627.06281 has been found to be accurate and reliable by the  
 100 Florida Commission on Hurricane Loss Projection Methodology, the

101 model shall be considered when establishing the windstorm  
102 portion of the corporation's rates. The corporation may use the  
103 public model results in combination with the results of private  
104 models to calculate rates for the windstorm portion of the  
105 corporation's rates. This subparagraph does not require or allow  
106 the corporation to adopt rates lower than the rates otherwise  
107 required or allowed by this paragraph.

108 4. The corporation must make a recommended actuarially  
109 sound rate filing for each personal and commercial line of  
110 business it writes.

111 5. Notwithstanding the board's recommended rates and the  
112 office's final order regarding the corporation's filed rates  
113 under subparagraph 1., the corporation shall annually implement  
114 a rate increase which, except for sinkhole coverage, does not  
115 exceed the following for any single policy issued by the  
116 corporation, excluding coverage changes and surcharges:

- 117 a. Twelve percent for 2023.
- 118 b. Thirteen percent for 2024.
- 119 c. Fourteen percent for 2025.
- 120 d. Fifteen percent for 2026 and all subsequent years.

121 6. The corporation may also implement an increase to  
122 reflect the effect on the corporation of the cash buildup factor  
123 pursuant to s. 215.555(5)(b).

124 7. The corporation's implementation of rates as prescribed  
125 in subparagraphs 5. and 8. shall cease for any line of business

126 written by the corporation upon the corporation's implementation  
 127 of actuarially sound rates. Thereafter, the corporation shall  
 128 annually make a recommended actuarially sound rate filing that  
 129 is not competitive with approved rates in the admitted voluntary  
 130 market for each commercial and personal line of business the  
 131 corporation writes.

132 8. The following ~~For any~~ new or renewal personal lines  
 133 policies ~~policy~~ written on or after November 1, 2023, are ~~which~~  
 134 ~~does not cover a primary residence, the rate to be applied in~~  
 135 ~~calculating premium is not subject to the rate increase~~  
 136 ~~limitations in subparagraph 5.,~~ but ~~However, the policyholder~~  
 137 ~~may not be charged more than 50 percent above,~~ nor less than,  
 138 the prior year's ~~and may not be charged less than, the~~  
 139 ~~established rate for the corporation: which was in effect 1 year~~  
 140 ~~before the date of the application~~

- 141 a. Policies that do not cover a primary residence;
- 142 b. New policies under which the coverage for the insured  
 143 risk, before the date of application with the corporation, was  
 144 last provided by an insurer determined by the office to be  
 145 unsound or an insurer placed in receivership under chapter 631;  
 146 or

- 147 c. Subsequent renewals of those policies, including the  
 148 new policies in sub-subparagraph b., under which the coverage  
 149 for the insured risk, before the date of application with the  
 150 corporation, was last provided by an insurer determined by the

151 office to be unsound or an insurer placed in receivership under  
152 chapter 631.

153 9. As used in this paragraph, the term "primary residence"  
154 means the dwelling that is the policyholder's primary home or is  
155 a rental property that is the primary home of the tenant, and  
156 which the policyholder or tenant occupies for more than 9 months  
157 of each year.

158 (aa) Except as otherwise provided in this paragraph, the  
159 corporation shall require the securing and maintaining of flood  
160 insurance as a condition of coverage of a personal lines  
161 residential risk. The insured or applicant must execute a form  
162 approved by the office affirming that flood insurance is not  
163 provided by the corporation and that if flood insurance is not  
164 secured by the applicant or insured from an insurer other than  
165 the corporation and in addition to coverage by the corporation,  
166 the risk will not be eligible for coverage by the corporation.  
167 The corporation may deny coverage of a personal lines  
168 residential risk to an applicant or insured who refuses to  
169 secure and maintain flood insurance. The requirement to purchase  
170 flood insurance shall be implemented as follows:

171 1. Except as provided in subparagraphs 2. and 3., all  
172 personal lines residential policyholders must have flood  
173 coverage in place for policies effective on or after:

174 a. January 1, 2024, for a structure or unit that has a  
175 dwelling replacement cost of ~~property valued at~~ \$600,000 or

176 | more.

177 |       b. January 1, 2025, for a structure or unit that has a

178 | dwelling replacement cost of ~~property valued at~~ \$500,000 or

179 | more.

180 |       c. January 1, 2026, for a structure or unit that has a

181 | dwelling replacement cost of ~~property valued at~~ \$400,000 or

182 | more.

183 |       d. January 1, 2027, for all other personal lines

184 | residential property insured by the corporation.

185 |       2. All personal lines residential policyholders whose

186 | property insured by the corporation is located within the

187 | special flood hazard area defined by the Federal Emergency

188 | Management Agency must have flood coverage in place:

189 |       a. At the time of initial policy issuance for all new

190 | personal lines residential policies issued by the corporation on

191 | or after April 1, 2023.

192 |       b. By the time of the policy renewal for all personal

193 | lines residential policies renewing on or after July 1, 2023.

194 |       3. Policyholders whose policies issued by the corporation

195 | do not provide coverage for the peril of wind are not required

196 | to purchase flood insurance as a condition for maintaining their

197 | policies with the corporation.

198 |

199 | The flood insurance required under this paragraph must meet, at

200 | a minimum, the coverage available from the National Flood



201 Insurance Program or the requirements of subparagraphs s.  
202 627.715(1)(a)1., 2., and 3.

203 (1)1. In addition to any other method of alternative  
204 dispute resolution authorized by state law, the corporation may  
205 adopt policy forms that provide for the resolution of disputes  
206 regarding its claim determinations, including disputes regarding  
207 coverage for, or the scope and value of, a claim, in a  
208 proceeding before the Division of Administrative Hearings. Any  
209 such policies are not subject to s. 627.70154.

210 2. The corporation may contract with the Division of  
211 Administrative Hearings to conduct proceedings to resolve  
212 disputes regarding its claim determinations as may be provided  
213 for in the applicable policies of insurance.

214 Section 4. Effective October 1, 2023, section 627.7155,  
215 Florida Statutes, is created to read:

216 627.7155 Wind and flood coverage in residential and  
217 commercial property insurance policies.—For residential and  
218 commercial property insurance policies issued or renewed on or  
219 after October 1, 2023:

220 (1) If a residential or commercial property insurer  
221 requires that an insured or applicant have coverage for the  
222 peril of flood when the insurer issues a policy covering the  
223 peril of wind, the insurer must verify that the insured or  
224 applicant has coverage for the peril of flood at the time the  
225 policy is issued or renewed. If the insurer fails to verify that

226 the insured or applicant has coverage for the peril of flood,  
 227 the insurer may not issue or renew a policy containing coverage  
 228 for the peril of wind. Before issuance of coverage for the peril  
 229 of wind under this subsection and upon verification of coverage  
 230 for the peril of flood, the insurer must obtain a written  
 231 acknowledgment from the insured or applicant that the insured or  
 232 applicant understands that the policy covering the peril of wind  
 233 requires that coverage for the peril of flood must be maintained  
 234 by the insured or applicant.

235 (2) In addition to coverage for the peril of flood  
 236 directly secured by the insured or applicant, a master flood  
 237 policy that is issued to someone other than the insured or  
 238 applicant and that includes the insured or applicant as an  
 239 intended or third-party beneficiary under the master flood  
 240 policy is acceptable proof of coverage for the peril of flood  
 241 for the purposes of this section.

242 Section 5. For the 2023-2024 fiscal year, the nonrecurring  
 243 sum of \$750,000 from the Insurance Regulatory Trust Fund is  
 244 appropriated to the Office of Insurance Regulation to  
 245 competitively procure a wind-loss mitigation study. The office,  
 246 in consultation with the Department of Business and Professional  
 247 Regulation and the Florida Building Commission, shall conduct a  
 248 residential wind-loss mitigation study to evaluate the windstorm  
 249 loss relativities for construction features, including, but not  
 250 limited to, wind uplift prevention and those that enhance roof

251 strength; roof covering performance; roof-to-wall strength;  
252 wall-to-floor-to-foundation strength; opening protections; and  
253 window, door, and skylight strength. The study must include  
254 single-family and multifamily homes, mobile homes, and  
255 manufactured housing. In addition, the study must include, but  
256 need not be limited to, an analysis of developed hurricane loss  
257 data for hurricanes since June 1, 2018. The office may use a  
258 portion of the funds appropriated to contract separately with  
259 building code experts in order to implement this act and adopt  
260 rules. The findings of the study shall be reported to the  
261 Governor, the President of the Senate, the Speaker of the House  
262 of Representatives, the Chief Financial Officer, and the  
263 Commissioner of Insurance Regulation no later than July 1, 2024.

264 Section 6. Except as otherwise expressly provided in this  
265 act and except for this section, which shall take effect upon  
266 this act becoming a law, this act shall take effect July 1,  
267 2023.