

By Senator Diaz-Balart

37-1520-98

1                                   A bill to be entitled  
 2           An act relating to property insurance; amending  
 3           ss. 627.7013, 627.7014, F.S.; providing  
 4           findings relating to the moratorium on  
 5           hurricane-related cancellations and nonrenewals  
 6           of personal lines residential policies and  
 7           condominium association policies, respectively;  
 8           deleting provisions relating to accelerated  
 9           exposure reduction plans; providing  
 10          circumstances under which the sections are  
 11          inoperative; delaying the future repeal date of  
 12          the sections; providing an effective date.

13  
 14 Be It Enacted by the Legislature of the State of Florida:

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 16           Section 1. Subsection 627.7013, Florida Statutes, is  
 17 amended to read:

18           627.7013 Orderly markets for personal lines  
 19 residential property insurance.--

20           (1) FINDINGS AND PURPOSE.--

21           (a) The Legislature finds that personal lines  
 22 residential property insurers, as a condition of doing  
 23 business in this state, have a responsibility to contribute to  
 24 an orderly market for personal lines residential property  
 25 insurance and that there is a compelling state interest in  
 26 maintaining an orderly market for personal lines residential  
 27 property insurance. The Legislature further finds that  
 28 Hurricane Andrew, which caused over \$15 billion of insured  
 29 losses in South Florida, has reinforced the need of consumers  
 30 to have reliable homeowner's insurance coverage; however, the  
 31 enormous monetary impact to insurers of Hurricane Andrew

1 claims has prompted insurers to propose substantial  
2 cancellation or nonrenewal of their homeowner's insurance  
3 policyholders. The Legislature further finds that the massive  
4 cancellations and nonrenewals announced, proposed, or  
5 contemplated by certain insurers constitute a significant  
6 danger to the public health, safety, and welfare, and  
7 destabilize the insurance market. In furtherance of the  
8 overwhelming public necessity for an orderly market for  
9 property insurance, the Legislature, in chapter 93-401, Laws  
10 of Florida, imposed, for a limited time, a moratorium on  
11 cancellation or nonrenewal of personal lines residential  
12 property insurance policies. The Legislature further finds  
13 that upon expiration of the moratorium, additional actions are  
14 required to maintain an orderly market for personal lines  
15 residential property insurance in this state. The purposes of  
16 this section are to provide for a phaseout of the moratorium  
17 and to require advance planning and approval for programs of  
18 exposure reduction.

19 (b) The Legislature finds, as of the beginning of the  
20 1996 Regular Session of the Legislature, that:

21 1. The conditions described in paragraph (a) remain  
22 applicable to the property insurance market in this state in  
23 1996 and are likely to remain applicable for several years  
24 thereafter.

25 2. The Residential Property and Casualty Joint  
26 Underwriting Association, a residual market mechanism created  
27 to alleviate temporary unavailability of property insurance  
28 coverage, remains the primary or exclusive source of new  
29 property insurance coverage in significant portions of the  
30 state.

31

1           3. Recent enactments intended to restore a  
2 competitive, private sector property insurance market,  
3 including creation and enhancement of the Florida Hurricane  
4 Catastrophe Fund, incentives for depopulation of the  
5 Residential Property and Casualty Joint Underwriting  
6 Association, incentives for hurricane loss mitigation and  
7 prevention, creation of the Florida Commission on Hurricane  
8 Loss Projection Methodology, and revisions of laws relating to  
9 rates and coverages, are beginning to have their intended  
10 effects; however, the market instability that persists could  
11 frustrate these efforts to restore the market.

12           4. The moratorium completion provided in this section  
13 is the least intrusive method for maintaining an orderly  
14 market, insofar as it applies only to hurricane-related  
15 cancellations and nonrenewals of personal lines residential  
16 policies that were in force on the effective date, and insofar  
17 as it allows an insurer annually to nonrenew up to 5 percent  
18 of the total number of such policies as of the effective date.

19           (c) The Legislature finds, as of January 1, 1998,  
20 that:

21           1. The conditions described in paragraphs (a) and (b)  
22 remain applicable to the property insurance market in this  
23 state in 1998 and are likely to remain applicable for several  
24 years thereafter.

25           2. The general instability of the market is reflected  
26 by the following facts:

27           a. In spite of depopulation efforts under which  
28 approximately 600,000 policies have been transferred from the  
29 Residential Property and Casualty Joint Underwriting  
30 Association to the voluntary market, the Joint Underwriting  
31 Association, with approximately 500,000 policies in force,

1 remains the primary or exclusive source of new property  
2 insurance coverage in significant portions of the state.

3 b. The Florida Windstorm Underwriting Association is  
4 growing rapidly, with more than 400,000 policies in force,  
5 approximately half of which were initially issued in 1997.

6 3. A further extension of the operation of this  
7 section until June 1, 2001, will provide an opportunity for  
8 the market to stabilize and for continuation of residual  
9 market depopulation efforts.

10 (2) MORATORIUM COMPLETION.--

11 (a) As used in this subsection, the term "total number  
12 of policies" means the number of an insurer's policies of a  
13 specified type that were in force on June 1, 1996, or the date  
14 on which this section became law, whichever was later.

15 (b) The following restrictions apply only to  
16 cancellation or nonrenewal of personal lines residential  
17 property insurance policies that were in force on June 1,  
18 1996, or the date on which this section became law, whichever  
19 was later.

20 1. In any 12-month period, an insurer may not cancel  
21 or nonrenew more than 5 percent of such insurer's total number  
22 of homeowner's policies, 5 percent of such insurer's total  
23 number of mobile home owner's policies, or 5 percent of such  
24 insurer's total number of personal lines residential policies  
25 of all types and classes in the state for the purpose of  
26 reducing the insurer's exposure to hurricane claims and may  
27 not, with respect to any county, cancel or nonrenew more than  
28 10 percent of its total number of homeowner's policies, 10  
29 percent of its total number of mobile home owner's policies,  
30 or 10 percent of its total number of personal lines  
31 residential policies of all types and classes in the county

1 for the purpose of reducing the insurer's exposure to  
2 hurricane claims. This subparagraph does not prohibit any  
3 cancellations or nonrenewals of such policies for any other  
4 lawful reason unrelated to the risk of loss from hurricane  
5 exposure.

6         2.a. If, for any 12-month period, an insurer proposes  
7 to cancel or nonrenew personal lines residential policies to  
8 an extent not authorized by subparagraph 1. for the purpose of  
9 reducing exposure to hurricane claims, the insurer must file a  
10 phaseout plan with the department at least 90 days prior to  
11 the effective date of the plan. In the plan, the insurer must  
12 demonstrate to the department that the insurer is protecting  
13 market stability and the interests of its policyholders. The  
14 plan may not be implemented unless it is approved by the  
15 department. In developing the plan, the insurer must consider  
16 policyholder longevity, the use of voluntary incentives to  
17 accomplish the reduction, and geographic distribution. The  
18 insurer must demonstrate that under the plan the insurer will  
19 not cancel or nonrenew more policies in the 12-month period  
20 than the largest number of similar policies the insurer  
21 canceled or nonrenewed for any reason in any 12-month period  
22 between August 24, 1989, and August 24, 1992.

23         b. If the insurer considers the number of  
24 cancellations and nonrenewals under sub-subparagraph a. to be  
25 insufficient, the insurer may apply for approval of additional  
26 cancellations or nonrenewals on the basis of an unreasonable  
27 risk of insolvency. In evaluating a request under this  
28 sub-subparagraph, the department shall consider and shall  
29 require the insurer to provide information relevant to: the  
30 insurer's size, market concentration, and general financial  
31 condition; the portion of the insurer's business in this state

1 represented by personal lines residential property insurance;  
2 the reasonableness of assumptions with respect to size,  
3 frequency, severity, and path of hurricanes; the reinsurance  
4 available to the insurer and potential recoveries from the  
5 Florida Hurricane Catastrophe Fund; and the extent to which  
6 the insurer's assets have been voluntarily transferred by  
7 dividend or otherwise from the insurer to its stockholders,  
8 parent companies, or affiliated companies since June 1, 1996,  
9 or the date on which this section became law, whichever was  
10 later. In the implementation of exposure reductions under this  
11 sub-subparagraph, the department and the insurer shall  
12 consider such factors as policyholder longevity, the use of  
13 voluntary incentives to accomplish the exposure reduction, and  
14 geographic distribution.

15 c. A policy shall not be counted as having been  
16 canceled or nonrenewed for purposes of this subsection if any  
17 of the following apply:

18 (I) The policy was canceled or nonrenewed for an  
19 underwriting reason unrelated to the risk of loss from  
20 hurricane exposure, nonpayment of premium, or any other lawful  
21 reason that is unrelated to the risk of loss from hurricane  
22 exposure. The department shall consider the reason specified  
23 in the notice of cancellation or nonrenewal to be the reason  
24 for the cancellation or nonrenewal unless the department finds  
25 by a preponderance of the evidence that the stated reason was  
26 not the insurer's actual reason for the cancellation or  
27 nonrenewal.

28 (II) The cancellation or nonrenewal was initiated by  
29 the insured.

30 (III) The insurer has offered the policyholder  
31 replacement or alternative coverage at approved rates, which

1 coverage meets the requirements of the secondary mortgage  
2 market.

3 d. In addition to any other cancellations or  
4 nonrenewals subject to the limitations in this subsection, a  
5 policy shall be considered as having been canceled or  
6 nonrenewed for purposes of this subsection if:

7 (I) The insurer implements a rate increase under the  
8 use-and-file provisions of s. 627.062(2)(a)2., which rate  
9 increase exceeds 150 percent of the increase ultimately  
10 approved by the department, and, while the rate filing was  
11 pending, the policyholder voluntarily canceled or nonrenewed  
12 the policy and obtained replacement coverage from another  
13 insurer, including the Residential Property and Casualty Joint  
14 Underwriting Association; or

15 (II) The insurer reduces the commission to an agent by  
16 more than 25 percent and the agent thereafter places the risk  
17 with another insurer, including the Residential Property and  
18 Casualty Joint Underwriting Association, the Florida Windstorm  
19 Underwriting Association, or the Coastal Zone Insurance Plan.

20 e. The department must approve or disapprove an  
21 application for a waiver within 90 days after the department  
22 receives the application for waiver.

23 3. In addition to the cancellations or nonrenewals  
24 authorized under this section, an insurer may cancel or  
25 nonrenew policies to the extent authorized by an exemption  
26 from or waiver of either the moratorium created by chapter  
27 93-401, Laws of Florida, or the moratorium phaseout under  
28 former s. 627.7013(2).

29 4. Notwithstanding any provisions of this section to  
30 the contrary, this section does not apply to any insurer that,  
31 prior to August 24, 1992, filed notice of such insurer's

1 intent to discontinue writing insurance in this state under s.  
2 624.430, and for which a finding has been made by the  
3 department, the Division of Administrative Hearings of the  
4 Department of Management Services, or a court that such notice  
5 satisfied all requirements of s. 624.430. Nothing in this  
6 section shall be construed to authorize an insurer to withdraw  
7 from any line of property insurance business for the purpose  
8 of reducing exposure to risk of hurricane loss if such  
9 withdrawal commenced at any time that the moratorium under  
10 chapter 93-401, Laws of Florida, or the moratorium phaseout  
11 under this section is in effect.

12 5. The following actions by an insurer do not  
13 constitute cancellations or nonrenewals for purposes of this  
14 subsection:

15 a. The transfer of a risk from one admitted insurer to  
16 another admitted insurer, unless the terms of the new or  
17 replacement policy place the policyholder in default of a  
18 mortgage obligation.

19 b. An increase in the hurricane deductible applicable  
20 to the policy, unless the new deductible places the  
21 policyholder in default of a mortgage obligation or the  
22 deductible exceeds the limits specified in s. 627.701.

23 c. Any other lawful change in coverage that does not  
24 place the policyholder in default of a mortgage obligation.

25 d. A cancellation or nonrenewal that is part of the  
26 same action as the removal of a policy including windstorm or  
27 hurricane coverage from the Residential Property and Casualty  
28 Joint Underwriting Association.

29 6. In order to assure fair and effective enforcement  
30 of this subsection, each insurer shall, no later than October  
31 1, 1996, report to the department the policy number of each



1 policy subject to this subsection, arranged by county. The  
2 report shall include the policy number for each personal lines  
3 residential policy that was in force on June 1, 1996, or the  
4 date this section became law, whichever was later. Beginning  
5 October 1, 1996, each insurer shall also report, on a monthly  
6 basis, all cancellations and nonrenewals of policies included  
7 in such policy list and the reasons for the cancellations and  
8 nonrenewals.

9 ~~7. An insurer that has an overconcentration of wind~~  
10 ~~risk in areas eligible for coverage under the Florida~~  
11 ~~Windstorm Underwriting Association may submit to the~~  
12 ~~department for approval an accelerated exposure reduction~~  
13 ~~plan. The plan, if approved, shall allow the insurer to~~  
14 ~~nonrenew additional policies for reasons of reducing hurricane~~  
15 ~~loss, beyond the amounts authorized elsewhere in this~~  
16 ~~paragraph, subject to the following conditions:~~

17 ~~a. All additional nonrenewals under this subparagraph~~  
18 ~~shall consist of nonrenewals of only the windstorm portion of~~  
19 ~~a policy, and shall be allowed only if the Florida Windstorm~~  
20 ~~Underwriting Association provides windstorm coverage to~~  
21 ~~replace the nonrenewed windstorm coverage.~~

22 ~~b. At the conclusion of the accelerated exposure~~  
23 ~~reduction plan, which shall be no later than 12 months after~~  
24 ~~the date of the first nonrenewal under such plan, the insurer~~  
25 ~~is prohibited from any further nonrenewals for purposes of~~  
26 ~~reducing hurricane loss until the expiration of this~~  
27 ~~subsection.~~

28 ~~c. The total number of nonrenewals statewide for~~  
29 ~~purposes of reduction of hurricane loss, under this~~  
30 ~~subparagraph taken together with the other provisions of this~~  
31 ~~paragraph, shall not exceed the total number of nonrenewals~~

1 ~~that would have been allowed statewide under subparagraph 1.~~  
2 ~~between June 1, 1996, and the expiration of this subsection.~~

3 ~~d. Notwithstanding the provisions of s. 627.4133, the~~  
4 ~~insurer must give the policyholder 45 days' advance notice of~~  
5 ~~the nonrenewal of windstorm coverage under this subparagraph~~  
6 ~~and the availability of such coverage through the Florida~~  
7 ~~Windstorm Underwriting Association.~~

8 ~~e. The first nonrenewal under an accelerated exposure~~  
9 ~~reduction program under this subparagraph may not take effect~~  
10 ~~earlier than February 1, 1997.~~

11 ~~f. In reviewing the proposed accelerated exposure~~  
12 ~~reduction plan, the department shall consider:~~

13 ~~(I) The degree to which the exposure reduction plan is~~  
14 ~~necessary to address the insurer's overconcentration.~~

15 ~~(II) Prior levels of participation in writing~~  
16 ~~voluntary wind coverage in areas eligible for coverage through~~  
17 ~~the Florida Windstorm Underwriting Association.~~

18 ~~(III) The availability of wind coverage in the~~  
19 ~~voluntary market for the subject risks.~~

20 ~~(IV) The capacity of the Florida Windstorm~~  
21 ~~Underwriting Association to absorb the risks proposed to be~~  
22 ~~covered by the association.~~

23 (c) The department may adopt rules to implement this  
24 subsection.

25 (d) This section shall cease to operate when the  
26 department determines that the insured value of all  
27 residential properties insured by the Florida Windstorm  
28 Underwriting Association and all properties insured by the  
29 Residential Property and Casualty Joint Underwriting  
30 Association under policies providing wind coverage, combined,  
31 has remained below \$25 billion for 3 consecutive months, based

1 on exposure data reported to the department by the  
2 associations.

3 (e)(d) This subsection is repealed on June 1, 2001  
4 ~~1999~~.

5 Section 2. Section 627.7014, Florida Statutes, is  
6 amended to read:

7 627.7014 Orderly markets for condominium association  
8 residential property insurance.--

9 (1) FINDINGS AND PURPOSE.--

10 (a) The Legislature finds:

11 1. That residential property insurers providing  
12 condominium association coverage, as a condition of doing  
13 business in this state, have a responsibility to contribute to  
14 an orderly market for condominium association residential  
15 property insurance and that there is a compelling state  
16 interest in maintaining an orderly market for condominium  
17 association residential property insurance.

18 2. That Hurricane Andrew, which caused over \$15  
19 billion of insured losses in South Florida, has reinforced the  
20 need of consumers to have reliable condominium association  
21 insurance coverage; however, even more than 3 years after  
22 Hurricane Andrew, the hurricane's enormous monetary impact is  
23 causing insurers to propose substantial cancellation or  
24 nonrenewal of their condominium association insurance  
25 policyholders.

26 3. That the massive cancellations and nonrenewals  
27 announced, proposed, or contemplated by certain insurers  
28 constitute a significant danger to the public health, safety,  
29 and welfare and destabilize the insurance market.

30 4. That the Residential Property and Casualty Joint  
31 Underwriting Association, a residual market mechanism created

1 to alleviate temporary unavailability of property insurance  
2 coverage, remains the primary or exclusive source of new  
3 property insurance in significant portions of the state.

4 5. That recent enactments intended to restore a  
5 competitive, private sector property insurance market,  
6 including creation and enhancement of the Florida Hurricane  
7 Catastrophe Fund, incentives for depopulation of the  
8 Residential Property and Casualty Joint Underwriting  
9 Association, incentives for hurricane loss mitigation and  
10 prevention, creation of the Florida Commission on Hurricane  
11 Loss Projection Methodology, and revisions of laws relating to  
12 rates and coverages, are beginning to have their intended  
13 effects; however, the market remains unstable.

14 6. That the moratorium created by this section is the  
15 least intrusive method for maintaining an orderly market for  
16 condominium association insurance, insofar as it applies only  
17 to hurricane-related cancellations and nonrenewals of personal  
18 lines residential policies that were in force on the effective  
19 date of this section, and insofar as it allows an insurer  
20 annually to nonrenew up to 5 percent of the total number of  
21 such policies as of the effective date of this section.

22 (b) The Legislature finds, as of January 1, 1998,  
23 that:

24 1. The conditions described in paragraph (a) remain  
25 applicable to the commercial residential property insurance  
26 market in this state in 1998 and are likely to remain  
27 applicable for several years thereafter.

28 2. The general instability of the market is reflected  
29 by the recent rapid growth of the Florida Windstorm  
30 Underwriting Association, which had more than 9,500 commercial  
31 residential policies in force as of December 31, 1997,

1 representing a 58 percent increase over the number of  
2 commercial residential policies in force on December 31, 1996.

3 3. An extension of the operation of this section until  
4 June 1, 2001, will provide an opportunity for the market to  
5 stabilize and for continuation of residual market depopulation  
6 efforts.

7 (c)~~(b)~~ The purposes of this section are to provide for  
8 a temporary moratorium on hurricane-related cancellations and  
9 nonrenewals of condominium association coverage and to require  
10 advance planning and approval for programs of condominium  
11 association exposure reduction.

12 (2) MORATORIUM.--

13 (a) As used in this subsection, the term "total number  
14 of policies" means the number of an insurer's condominium  
15 association policies providing windstorm or hurricane coverage  
16 that were in force on the effective date of this section. The  
17 following restrictions apply to the cancellation or nonrenewal  
18 of condominium association residential property insurance  
19 policies that were in force on the effective date of this  
20 section:

21 1. In any 12-month period, an insurer may not cancel  
22 or nonrenew more than 5 percent of its total number of  
23 condominium association policies in the state for the purpose  
24 of reducing the insurer's exposure to hurricane claims and may  
25 not, with respect to any county, cancel or nonrenew more than  
26 10 percent of its total number of condominium association  
27 policies in the county for the purpose of reducing the  
28 insurer's exposure to hurricane claims. This subparagraph does  
29 not prohibit any cancellations or nonrenewals of such policies  
30 for any other lawful reason unrelated to the risk of loss from  
31 hurricane exposure.

1           2.a. If, for any 12-month period, an insurer proposes  
2 to cancel or nonrenew condominium association policies to an  
3 extent not authorized by subparagraph 1. for the purpose of  
4 reducing exposure to hurricane claims, the insurer must file a  
5 phaseout plan with the department at least 90 days prior to  
6 the effective date of the plan. In the plan, the insurer must  
7 demonstrate to the department that the insurer is protecting  
8 market stability and the interests of its policyholders. The  
9 plan may not be implemented unless it is approved by the  
10 department. In developing the plan, the insurer must consider  
11 policyholder longevity, the use of voluntary incentives to  
12 accomplish the reduction, and geographic distribution. The  
13 insurer must demonstrate that under the plan the insurer will  
14 not cancel or nonrenew more policies in the 12-month period  
15 than the largest number of similar policies the insurer  
16 canceled or nonrenewed for any reason in any 12-month period  
17 between August 24, 1989, and August 24, 1992.

18           b. If the insurer considers the number of  
19 cancellations and nonrenewals under sub-subparagraph a. to be  
20 insufficient, the insurer may apply for approval of additional  
21 cancellations or nonrenewals on the basis of an unreasonable  
22 risk of insolvency. In evaluating a request under this  
23 sub-subparagraph, the department shall consider, and shall  
24 require the insurer to provide information relevant to: the  
25 insurer's size, market concentration, and general financial  
26 condition; the portion of the insurer's business in this state  
27 represented by condominium association residential property  
28 insurance; the reasonableness of assumptions with respect to  
29 size, frequency, severity, and path of hurricanes; and the  
30 reinsurance available to the insurer and potential recoveries  
31 from the Florida Hurricane Catastrophe Fund. In the

1 implementation of exposure reductions under this  
2 sub-subparagraph, the department and the insurer shall  
3 consider such factors as policyholder longevity, the use of  
4 voluntary incentives to accomplish the exposure reduction, and  
5 geographic distribution.

6 c. A policy shall not be counted as having been  
7 canceled or nonrenewed for purposes of this subsection if any  
8 of the following apply:

9 (I) The policy was canceled or nonrenewed for an  
10 underwriting reason unrelated to the risk of loss from  
11 hurricane exposure, nonpayment of premium, or any other lawful  
12 reason that is unrelated to the risk of loss from hurricane  
13 exposure. The department shall consider the reason specified  
14 in the notice of cancellation or nonrenewal to be the reason  
15 for the cancellation or nonrenewal unless the department finds  
16 by a preponderance of the evidence that the stated reason was  
17 not the insurer's actual reason for the cancellation or  
18 nonrenewal.

19 (II) The cancellation or nonrenewal was initiated by  
20 the insured.

21 (III) The insurer has offered the policyholder  
22 replacement or alternative coverage at approved rates.

23 (IV) The risk is transferred from one admitted insurer  
24 to another admitted insurer, unless the terms of the new or  
25 replacement policy place the policyholder in default of a  
26 mortgage obligation.

27 (V) The hurricane deductible applicable to the policy  
28 is increased unless the new deductible exceeds statutory  
29 limits or places the policyholder in default of a mortgage  
30 obligation.

31

1           (VI) Any other lawful change in coverage that does not  
2 place the policyholder in default of a mortgage obligation is  
3 made.

4           d. In addition to any other cancellations or  
5 nonrenewals subject to the limitations in this subsection, a  
6 policy shall be considered as having been canceled or  
7 nonrenewed for purposes of this subsection if:

8           (I) The insurer implements a rate increase under the  
9 use-and-file provisions of s. 627.062(2)(a)2., which rate  
10 increase exceeds 150 percent of the increase ultimately  
11 approved by the department, and, while the rate filing was  
12 pending, the policyholder voluntarily canceled or nonrenewed  
13 the policy and obtained replacement coverage from another  
14 insurer, including the Residential Property and Casualty Joint  
15 Underwriting Association; or

16           (II) The insurer reduces the commission to an agent by  
17 more than 25 percent and the agent thereafter places the risk  
18 with another insurer, including the Residential Property and  
19 Casualty Joint Underwriting Association.

20           e. The department must approve or disapprove an  
21 application for a waiver within 90 days after the department  
22 receives the application for waiver.

23           3. Notwithstanding any provisions of this section to  
24 the contrary, this section does not apply to any insurer that,  
25 prior to August 24, 1992, filed notice of such insurer's  
26 intent to discontinue writing insurance in this state under s.  
27 624.430, and for which a finding has been made by the  
28 department, the Division of Administrative Hearings of the  
29 Department of Management Services, or a court that such notice  
30 satisfied all requirements of s. 624.430. This section also  
31 does not apply to any insurer that:



1           a. Collects at least 75 percent of its Florida  
2 premiums from policies that include hurricane coverage  
3 provided to condominium associations in coastal counties.

4           b. Collects at least 80 percent of its Florida  
5 premiums from policies that include hurricane coverage  
6 provided to condominium associations in Broward, Dade, and  
7 Palm Beach Counties.

8           c. Has, annually since 1992:

9           (I) Increased its aggregate Florida premium volume  
10 from policies that include hurricane coverage provided to  
11 condominium associations in coastal counties.

12           (II) Increased its aggregate Florida premium volume  
13 from policies that include hurricane coverage provided to  
14 condominium associations in Broward, Dade, and Palm Beach  
15 Counties.

16           (III) Increased its aggregate Florida exposure from  
17 policies that include hurricane coverage provided to  
18 condominium associations in coastal counties.

19           (IV) Increased its aggregate Florida exposure from  
20 policies that include hurricane coverage provided to  
21 condominium associations in Broward, Dade, and Palm Beach  
22 Counties.

23           d. Has surplus as to policyholders of no more than  
24 \$200 million as reflected in its annual statement for 1995.

25           4. In order to assure fair and effective enforcement  
26 of this subsection, each insurer shall, no later than October  
27 1, 1996, report to the department the policy number of each  
28 policy subject to this subsection, arranged by county. The  
29 report shall include the policy number for each condominium  
30 association policy that was in force on the effective date of  
31 this section. Beginning October 1, 1996, each insurer shall

1 also report, on a monthly basis, all cancellations and  
2 nonrenewals of policies included in such policy list and the  
3 reasons for the cancellations and nonrenewals.

4 ~~5. An insurer that has an overconcentration of wind~~  
5 ~~risk in areas eligible for coverage under the Florida~~  
6 ~~Windstorm Underwriting Association may submit to the~~  
7 ~~department for approval an accelerated exposure reduction~~  
8 ~~plan. The plan, if approved, shall allow the insurer to~~  
9 ~~nonrenew additional policies for reasons of reducing hurricane~~  
10 ~~loss, beyond the amounts authorized elsewhere in this~~  
11 ~~paragraph, subject to the following conditions:~~

12 ~~a. All additional nonrenewals under this subparagraph~~  
13 ~~shall consist of nonrenewals of only the windstorm portion of~~  
14 ~~a policy, and shall be allowed only if the Florida Windstorm~~  
15 ~~Underwriting Association provides windstorm coverage to~~  
16 ~~replace the nonrenewed windstorm coverage.~~

17 ~~b. At the conclusion of the accelerated exposure~~  
18 ~~reduction plan, which shall be no later than 12 months after~~  
19 ~~the date of the first nonrenewal under such plan, the insurer~~  
20 ~~is prohibited from any further nonrenewals for purposes of~~  
21 ~~reducing hurricane loss until the expiration of this~~  
22 ~~subsection.~~

23 ~~c. The total number of nonrenewals statewide for~~  
24 ~~purposes of reduction of hurricane loss, under this~~  
25 ~~subparagraph taken together with the other provisions of this~~  
26 ~~paragraph, shall not exceed the total number of nonrenewals~~  
27 ~~that would have been allowed statewide under subparagraph 1.~~  
28 ~~between June 1, 1996, and the expiration of this subsection.~~

29 ~~d. Notwithstanding the provisions of s. 627.4133, the~~  
30 ~~insurer must give the policyholder 45 days' advance notice of~~  
31 ~~the nonrenewal of windstorm coverage under this subparagraph~~

1 ~~and the availability of such coverage through the Florida~~  
2 ~~Windstorm Underwriting Association.~~

3 ~~e. The first nonrenewal under an accelerated exposure~~  
4 ~~reduction program under this subparagraph may not take effect~~  
5 ~~earlier than February 1, 1997.~~

6 ~~f. In reviewing the proposed accelerated exposure~~  
7 ~~reduction plan, the department shall consider:~~

8 ~~(I) The degree to which the exposure reduction plan is~~  
9 ~~necessary to address the insurer's overconcentration.~~

10 ~~(II) Prior levels of participation in writing~~  
11 ~~voluntary wind coverage in areas eligible for coverage through~~  
12 ~~the Florida Windstorm Underwriting Association.~~

13 ~~(III) The availability of wind coverage in the~~  
14 ~~voluntary market for the subject risks.~~

15 ~~(IV) The capacity of the Florida Windstorm~~  
16 ~~Underwriting Association to absorb the risks proposed to be~~  
17 ~~covered by the association.~~

18 (b) The department may adopt rules to implement this  
19 subsection.

20 (c) This section shall cease to operate when the  
21 department determines that the insured value of all  
22 residential properties insured by the Florida Windstorm  
23 Underwriting Association and all properties insured by the  
24 Residential Property and Casualty Joint Underwriting  
25 Association under policies providing wind coverage, combined,  
26 has remained below \$25 billion for 3 consecutive months, based  
27 on exposure data reported to the department by the  
28 associations.

29 ~~(d)(c)~~ This subsection is repealed on June 1, 2001  
30 ~~1999.~~

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1           Section 3. This act shall take effect upon becoming a  
2 law.

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5                               SENATE SUMMARY

6           Provides findings relating to a moratorium on  
7           hrrricane-related cancellations and nonrenewals of  
8           personal lines residential policies and condominium  
9           association policies. Deletes provisions relating to  
10           accelerated exposure reduction plans and specifies  
11           circumstances under which the sections are inoperative.  
12           Delays the future repeal of the sections.

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