

By the Committee on Financial Services and Representatives  
Safley, Flanagan, Bainter, Tamargo, Sanderson, Lawson and  
Wiles

1                                   A bill to be entitled  
2           An act relating to property insurance; amending  
3           s. 627.351, F.S.; prohibiting further  
4           geographical expansion of Florida Windstorm  
5           Underwriting Association eligibility; amending  
6           ss. 627.7013 and 627.7014, F.S.; providing  
7           findings relating to the moratorium on  
8           hurricane-related cancellations and nonrenewals  
9           of personal lines residential policies and  
10          condominium association policies, respectively;  
11          deleting provisions relating to accelerated  
12          exposure reduction plans; providing  
13          circumstances under which the sections are  
14          inoperative; delaying the future repeal date of  
15          the sections; creating s. 627.7019, F.S.;  
16          requiring certain notice on insurance  
17          applications and renewal premium notices;  
18          providing an effective date.

19  
20 Be It Enacted by the Legislature of the State of Florida:

21  
22           Section 1. Paragraph (e) of subsection (2) of section  
23 627.351, Florida Statutes, is amended to read:

24           627.351 Insurance risk apportionment plans.--

25           (2) WINDSTORM INSURANCE RISK APPORTIONMENT.--

26           (e) Notwithstanding the provisions of subparagraph  
27 (c)2. or paragraph (d), eligibility shall not be extended to  
28 any area that was not eligible on March 1, 1997, except that  
29 the department may act with respect to any petition on which a  
30 hearing was held prior to May 9, 1997 ~~the effective date of~~  
31 ~~this act. This paragraph is repealed on October 1, 1998.~~

1           Section 2. Paragraph (c) is added to subsection (1) of  
2 section 627.7013, Florida Statutes, and subsection (2) of said  
3 section is amended, to read:

4           627.7013 Orderly markets for personal lines  
5 residential property insurance.--

6           (1) FINDINGS AND PURPOSE.--

7           (a) The Legislature finds that personal lines  
8 residential property insurers, as a condition of doing  
9 business in this state, have a responsibility to contribute to  
10 an orderly market for personal lines residential property  
11 insurance and that there is a compelling state interest in  
12 maintaining an orderly market for personal lines residential  
13 property insurance. The Legislature further finds that  
14 Hurricane Andrew, which caused over \$15 billion of insured  
15 losses in South Florida, has reinforced the need of consumers  
16 to have reliable homeowner's insurance coverage; however, the  
17 enormous monetary impact to insurers of Hurricane Andrew  
18 claims has prompted insurers to propose substantial  
19 cancellation or nonrenewal of their homeowner's insurance  
20 policyholders. The Legislature further finds that the massive  
21 cancellations and nonrenewals announced, proposed, or  
22 contemplated by certain insurers constitute a significant  
23 danger to the public health, safety, and welfare, and  
24 destabilize the insurance market. In furtherance of the  
25 overwhelming public necessity for an orderly market for  
26 property insurance, the Legislature, in chapter 93-401, Laws  
27 of Florida, imposed, for a limited time, a moratorium on  
28 cancellation or nonrenewal of personal lines residential  
29 property insurance policies. The Legislature further finds  
30 that upon expiration of the moratorium, additional actions are  
31 required to maintain an orderly market for personal lines

1 residential property insurance in this state. The purposes of  
2 this section are to provide for a phaseout of the moratorium  
3 and to require advance planning and approval for programs of  
4 exposure reduction.

5 (b) The Legislature finds, as of the beginning of the  
6 1996 Regular Session of the Legislature, that:

7 1. The conditions described in paragraph (a) remain  
8 applicable to the property insurance market in this state in  
9 1996 and are likely to remain applicable for several years  
10 thereafter.

11 2. The Residential Property and Casualty Joint  
12 Underwriting Association, a residual market mechanism created  
13 to alleviate temporary unavailability of property insurance  
14 coverage, remains the primary or exclusive source of new  
15 property insurance coverage in significant portions of the  
16 state.

17 3. Recent enactments intended to restore a  
18 competitive, private sector property insurance market,  
19 including creation and enhancement of the Florida Hurricane  
20 Catastrophe Fund, incentives for depopulation of the  
21 Residential Property and Casualty Joint Underwriting  
22 Association, incentives for hurricane loss mitigation and  
23 prevention, creation of the Florida Commission on Hurricane  
24 Loss Projection Methodology, and revisions of laws relating to  
25 rates and coverages, are beginning to have their intended  
26 effects; however, the market instability that persists could  
27 frustrate these efforts to restore the market.

28 4. The moratorium completion provided in this section  
29 is the least intrusive method for maintaining an orderly  
30 market, insofar as it applies only to hurricane-related  
31 cancellations and nonrenewals of personal lines residential

1 policies that were in force on the effective date, and insofar  
2 as it allows an insurer annually to nonrenew up to 5 percent  
3 of the total number of such policies as of the effective date.

4 (c) The Legislature finds, as of January 1, 1998,  
5 that:

6 1. The conditions described in paragraphs (a) and (b)  
7 remain applicable to the property insurance market in this  
8 state in 1998 and are likely to remain applicable for several  
9 years thereafter.

10 2. The general instability of the market is reflected  
11 by the following facts:

12 a. In spite of depopulation efforts under which  
13 approximately 600,000 policies have been transferred from the  
14 Residential Property and Casualty Joint Underwriting  
15 Association to the voluntary market, the joint underwriting  
16 association, with approximately 500,000 policies in force,  
17 remains the primary or exclusive source of new property  
18 insurance coverage in significant portions of the state.

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

22 3. A further extension of the operation of this  
23 section until June 1, 2001, will provide an opportunity for  
24 the market to stabilize and for continuation of residual  
25 market depopulation efforts.

26 (2) MORATORIUM COMPLETION.--

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

31

1           (b) The following restrictions apply only to  
2 cancellation or nonrenewal of personal lines residential  
3 property insurance policies that were in force on June 1,  
4 1996, or the date on which this section became law, whichever  
5 was later.

6           1. In any 12-month period, an insurer may not cancel  
7 or nonrenew more than 5 percent of such insurer's total number  
8 of homeowner's policies, 5 percent of such insurer's total  
9 number of mobile home owner's policies, or 5 percent of such  
10 insurer's total number of personal lines residential policies  
11 of all types and classes in the state for the purpose of  
12 reducing the insurer's exposure to hurricane claims and may  
13 not, with respect to any county, cancel or nonrenew more than  
14 10 percent of its total number of homeowner's policies, 10  
15 percent of its total number of mobile home owner's policies,  
16 or 10 percent of its total number of personal lines  
17 residential policies of all types and classes in the county  
18 for the purpose of reducing the insurer's exposure to  
19 hurricane claims. This subparagraph does not prohibit any  
20 cancellations or nonrenewals of such policies for any other  
21 lawful reason unrelated to the risk of loss from hurricane  
22 exposure.

23           2.a. If, for any 12-month period, an insurer proposes  
24 to cancel or nonrenew personal lines residential policies to  
25 an extent not authorized by subparagraph 1. for the purpose of  
26 reducing exposure to hurricane claims, the insurer must file a  
27 phaseout plan with the department at least 90 days prior to  
28 the effective date of the plan. In the plan, the insurer must  
29 demonstrate to the department that the insurer is protecting  
30 market stability and the interests of its policyholders. The  
31 plan may not be implemented unless it is approved by the

1 department. In developing the plan, the insurer must consider  
2 policyholder longevity, the use of voluntary incentives to  
3 accomplish the reduction, and geographic distribution. The  
4 insurer must demonstrate that under the plan the insurer will  
5 not cancel or nonrenew more policies in the 12-month period  
6 than the largest number of similar policies the insurer  
7 canceled or nonrenewed for any reason in any 12-month period  
8 between August 24, 1989, and August 24, 1992.

9           b. If the insurer considers the number of  
10 cancellations and nonrenewals under sub-subparagraph a. to be  
11 insufficient, the insurer may apply for approval of additional  
12 cancellations or nonrenewals on the basis of an unreasonable  
13 risk of insolvency. In evaluating a request under this  
14 sub-subparagraph, the department shall consider and shall  
15 require the insurer to provide information relevant to: the  
16 insurer's size, market concentration, and general financial  
17 condition; the portion of the insurer's business in this state  
18 represented by personal lines residential property insurance;  
19 the reasonableness of assumptions with respect to size,  
20 frequency, severity, and path of hurricanes; the reinsurance  
21 available to the insurer and potential recoveries from the  
22 Florida Hurricane Catastrophe Fund; and the extent to which  
23 the insurer's assets have been voluntarily transferred by  
24 dividend or otherwise from the insurer to its stockholders,  
25 parent companies, or affiliated companies since June 1, 1996,  
26 or the date on which this section became law, whichever was  
27 later. In the implementation of exposure reductions under this  
28 sub-subparagraph, the department and the insurer shall  
29 consider such factors as policyholder longevity, the use of  
30 voluntary incentives to accomplish the exposure reduction, and  
31 geographic distribution.

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

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

14           (II) The cancellation or nonrenewal was initiated by  
15 the insured.

16           (III) The insurer has offered the policyholder  
17 replacement or alternative coverage at approved rates, which  
18 coverage meets the requirements of the secondary mortgage  
19 market.

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

24           (I) The insurer implements a rate increase under the  
25 use-and-file provisions of s. 627.062(2)(a)2., which rate  
26 increase exceeds 150 percent of the increase ultimately  
27 approved by the department, and, while the rate filing was  
28 pending, the policyholder voluntarily canceled or nonrenewed  
29 the policy and obtained replacement coverage from another  
30 insurer, including the Residential Property and Casualty Joint  
31 Underwriting Association; or

1           (II) The insurer reduces the commission to an agent by  
2 more than 25 percent and the agent thereafter places the risk  
3 with another insurer, including the Residential Property and  
4 Casualty Joint Underwriting Association, or the Florida  
5 Windstorm Underwriting Association, ~~or the Coastal Zone~~  
6 ~~Insurance Plan.~~

7           e. The department must approve or disapprove an  
8 application for a waiver within 90 days after the department  
9 receives the application for waiver.

10           3. In addition to the cancellations or nonrenewals  
11 authorized under this section, an insurer may cancel or  
12 nonrenew policies to the extent authorized by an exemption  
13 from or waiver of either the moratorium created by chapter  
14 93-401, Laws of Florida, or the moratorium phaseout under  
15 former s. 627.7013(2).

16           4. Notwithstanding any provisions of this section to  
17 the contrary, this section does not apply to any insurer that,  
18 prior to August 24, 1992, filed notice of such insurer's  
19 intent to discontinue writing insurance in this state under s.  
20 624.430, and for which a finding has been made by the  
21 department, the Division of Administrative Hearings of the  
22 Department of Management Services, or a court that such notice  
23 satisfied all requirements of s. 624.430. Nothing in this  
24 section shall be construed to authorize an insurer to withdraw  
25 from any line of property insurance business for the purpose  
26 of reducing exposure to risk of hurricane loss if such  
27 withdrawal commenced at any time that the moratorium under  
28 chapter 93-401, Laws of Florida, or the moratorium phaseout  
29 under this section is in effect.

30  
31



1           5. The following actions by an insurer do not  
2 constitute cancellations or nonrenewals for purposes of this  
3 subsection:

4           a. The transfer of a risk from one admitted insurer to  
5 another admitted insurer, unless the terms of the new or  
6 replacement policy place the policyholder in default of a  
7 mortgage obligation.

8           b. An increase in the hurricane deductible applicable  
9 to the policy, unless the new deductible places the  
10 policyholder in default of a mortgage obligation or the  
11 deductible exceeds the limits specified in s. 627.701.

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

14           d. A cancellation or nonrenewal that is part of the  
15 same action as the removal of a policy including windstorm or  
16 hurricane coverage from the Residential Property and Casualty  
17 Joint Underwriting Association.

18           6. In order to assure fair and effective enforcement  
19 of this subsection, each insurer shall, no later than October  
20 1, 1996, report to the department the policy number of each  
21 policy subject to this subsection, arranged by county. The  
22 report shall include the policy number for each personal lines  
23 residential policy that was in force on June 1, 1996, or the  
24 date this section became law, whichever was later. Beginning  
25 October 1, 1996, each insurer shall also report, on a monthly  
26 basis, all cancellations and nonrenewals of policies included  
27 in such policy list and the reasons for the cancellations and  
28 nonrenewals.

29           ~~7. An insurer that has an overconcentration of wind~~  
30 ~~risk in areas eligible for coverage under the Florida~~  
31 ~~Windstorm Underwriting Association may submit to the~~

614-115C-98

1 ~~department for approval an accelerated exposure reduction~~  
2 ~~plan. The plan, if approved, shall allow the insurer to~~  
3 ~~nonrenew additional policies for reasons of reducing hurricane~~  
4 ~~loss, beyond the amounts authorized elsewhere in this~~  
5 ~~paragraph, subject to the following conditions:~~

6 ~~a. All additional nonrenewals under this subparagraph~~  
7 ~~shall consist of nonrenewals of only the windstorm portion of~~  
8 ~~a policy, and shall be allowed only if the Florida Windstorm~~  
9 ~~Underwriting Association provides windstorm coverage to~~  
10 ~~replace the nonrenewed windstorm coverage.~~

11 ~~b. At the conclusion of the accelerated exposure~~  
12 ~~reduction plan, which shall be no later than 12 months after~~  
13 ~~the date of the first nonrenewal under such plan, the insurer~~  
14 ~~is prohibited from any further nonrenewals for purposes of~~  
15 ~~reducing hurricane loss until the expiration of this~~  
16 ~~subsection.~~

17 ~~c. The total number of nonrenewals statewide for~~  
18 ~~purposes of reduction of hurricane loss, under this~~  
19 ~~subparagraph taken together with the other provisions of this~~  
20 ~~paragraph, shall not exceed the total number of nonrenewals~~  
21 ~~that would have been allowed statewide under subparagraph 1.~~  
22 ~~between June 1, 1996, and the expiration of this subsection.~~

23 ~~d. Notwithstanding the provisions of s. 627.4133, the~~  
24 ~~insurer must give the policyholder 45 days' advance notice of~~  
25 ~~the nonrenewal of windstorm coverage under this subparagraph~~  
26 ~~and the availability of such coverage through the Florida~~  
27 ~~Windstorm Underwriting Association.~~

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

31

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

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

5           ~~(II) Prior levels of participation in writing~~  
6 ~~voluntary wind coverage in areas eligible for coverage through~~  
7 ~~the Florida Windstorm Underwriting Association.~~

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

10           ~~(IV) The capacity of the Florida Windstorm~~  
11 ~~Underwriting Association to absorb the risks proposed to be~~  
12 ~~covered by the association.~~

13           (c) The department may adopt rules to implement this  
14 subsection.

15           (d) This section shall cease to operate at such time  
16 as the department determines that the insured value of all  
17 residential properties insured by the Florida Windstorm  
18 Underwriting Association and all properties insured by the  
19 Residential Property and Casualty Joint Underwriting  
20 Association under policies providing wind coverage, combined,  
21 has remained below \$25 billion for 3 consecutive months, based  
22 on exposure data reported to the department by the  
23 associations.

24           (e)~~(d)~~ This subsection is repealed on June 1, 2001  
25 ~~1999~~.

26           Section 3. Section 627.7014, Florida Statutes, is  
27 amended to read:

28           627.7014 Orderly markets for condominium association  
29 residential property insurance.--

30           (1) FINDINGS AND PURPOSE.--

31           (a) The Legislature finds:

1           1. That residential property insurers providing  
2 condominium association coverage, as a condition of doing  
3 business in this state, have a responsibility to contribute to  
4 an orderly market for condominium association residential  
5 property insurance and that there is a compelling state  
6 interest in maintaining an orderly market for condominium  
7 association residential property insurance.

8           2. That Hurricane Andrew, which caused over \$15  
9 billion of insured losses in South Florida, has reinforced the  
10 need of consumers to have reliable condominium association  
11 insurance coverage; however, even more than 3 years after  
12 Hurricane Andrew, the hurricane's enormous monetary impact is  
13 causing insurers to propose substantial cancellation or  
14 nonrenewal of their condominium association insurance  
15 policyholders.

16           3. That the massive cancellations and nonrenewals  
17 announced, proposed, or contemplated by certain insurers  
18 constitute a significant danger to the public health, safety,  
19 and welfare and destabilize the insurance market.

20           4. That the Residential Property and Casualty Joint  
21 Underwriting Association, a residual market mechanism created  
22 to alleviate temporary unavailability of property insurance  
23 coverage, remains the primary or exclusive source of new  
24 property insurance in significant portions of the state.

25           5. That recent enactments intended to restore a  
26 competitive, private sector property insurance market,  
27 including creation and enhancement of the Florida Hurricane  
28 Catastrophe Fund, incentives for depopulation of the  
29 Residential Property and Casualty Joint Underwriting  
30 Association, incentives for hurricane loss mitigation and  
31 prevention, creation of the Florida Commission on Hurricane

1 Loss Projection Methodology, and revisions of laws relating to  
2 rates and coverages, are beginning to have their intended  
3 effects; however, the market remains unstable.

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

12         **(b) The Legislature finds, as of January 1, 1998,**  
13 **that:**

14             **1. The conditions described in paragraph (a) remain**  
15 **applicable to the commercial residential property insurance**  
16 **market in this state in 1998 and are likely to remain**  
17 **applicable for several years thereafter.**

18             **2. The general instability of the market is reflected**  
19 **by the recent rapid growth of the Florida Windstorm**  
20 **Underwriting Association, which had more than 9,500 commercial**  
21 **residential policies in force as of December 31, 1997,**  
22 **representing a 58 percent increase over the number of**  
23 **commercial residential policies in force on December 31, 1996.**

24             **3. An extension of the operation of this section until**  
25 **June 1, 2001, will provide an opportunity for the market to**  
26 **stabilize and for continuation of residual market depopulation**  
27 **efforts.**

28         **(c)**~~(b)~~ The purposes of this section are to provide for  
29 a temporary moratorium on hurricane-related cancellations and  
30 nonrenewals of condominium association coverage and to require  
31

1 advance planning and approval for programs of condominium  
2 association exposure reduction.

3 (2) MORATORIUM.--

4 (a) As used in this subsection, the term "total number  
5 of policies" means the number of an insurer's condominium  
6 association policies providing windstorm or hurricane coverage  
7 that were in force on the effective date of this section. The  
8 following restrictions apply to the cancellation or nonrenewal  
9 of condominium association residential property insurance  
10 policies that were in force on the effective date of this  
11 section:

12 1. In any 12-month period, an insurer may not cancel  
13 or nonrenew more than 5 percent of its total number of  
14 condominium association policies in the state for the purpose  
15 of reducing the insurer's exposure to hurricane claims and may  
16 not, with respect to any county, cancel or nonrenew more than  
17 10 percent of its total number of condominium association  
18 policies in the county for the purpose of reducing the  
19 insurer's exposure to hurricane claims. This subparagraph does  
20 not prohibit any cancellations or nonrenewals of such policies  
21 for any other lawful reason unrelated to the risk of loss from  
22 hurricane exposure.

23 2.a. If, for any 12-month period, an insurer proposes  
24 to cancel or nonrenew condominium association policies to an  
25 extent not authorized by subparagraph 1. for the purpose of  
26 reducing exposure to hurricane claims, the insurer must file a  
27 phaseout plan with the department at least 90 days prior to  
28 the effective date of the plan. In the plan, the insurer must  
29 demonstrate to the department that the insurer is protecting  
30 market stability and the interests of its policyholders. The  
31 plan may not be implemented unless it is approved by the

1 department. In developing the plan, the insurer must consider  
2 policyholder longevity, the use of voluntary incentives to  
3 accomplish the reduction, and geographic distribution. The  
4 insurer must demonstrate that under the plan the insurer will  
5 not cancel or nonrenew more policies in the 12-month period  
6 than the largest number of similar policies the insurer  
7 canceled or nonrenewed for any reason in any 12-month period  
8 between August 24, 1989, and August 24, 1992.

9           b. If the insurer considers the number of  
10 cancellations and nonrenewals under sub-subparagraph a. to be  
11 insufficient, the insurer may apply for approval of additional  
12 cancellations or nonrenewals on the basis of an unreasonable  
13 risk of insolvency. In evaluating a request under this  
14 sub-subparagraph, the department shall consider, and shall  
15 require the insurer to provide information relevant to: the  
16 insurer's size, market concentration, and general financial  
17 condition; the portion of the insurer's business in this state  
18 represented by condominium association residential property  
19 insurance; the reasonableness of assumptions with respect to  
20 size, frequency, severity, and path of hurricanes; and the  
21 reinsurance available to the insurer and potential recoveries  
22 from the Florida Hurricane Catastrophe Fund. In the  
23 implementation of exposure reductions under this  
24 sub-subparagraph, the department and the insurer shall  
25 consider such factors as policyholder longevity, the use of  
26 voluntary incentives to accomplish the exposure reduction, and  
27 geographic distribution.

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

31

1           (I) The policy was canceled or nonrenewed for an  
2 underwriting reason unrelated to the risk of loss from  
3 hurricane exposure, nonpayment of premium, or any other lawful  
4 reason that is unrelated to the risk of loss from hurricane  
5 exposure. The department shall consider the reason specified  
6 in the notice of cancellation or nonrenewal to be the reason  
7 for the cancellation or nonrenewal unless the department finds  
8 by a preponderance of the evidence that the stated reason was  
9 not the insurer's actual reason for the cancellation or  
10 nonrenewal.

11           (II) The cancellation or nonrenewal was initiated by  
12 the insured.

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

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

19           (V) The hurricane deductible applicable to the policy  
20 is increased unless the new deductible exceeds statutory  
21 limits or places the policyholder in default of a mortgage  
22 obligation.

23           (VI) Any other lawful change in coverage that does not  
24 place the policyholder in default of a mortgage obligation is  
25 made.

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

30           (I) The insurer implements a rate increase under the  
31 use-and-file provisions of s. 627.062(2)(a)2., which rate



1 increase exceeds 150 percent of the increase ultimately  
2 approved by the department, and, while the rate filing was  
3 pending, the policyholder voluntarily canceled or nonrenewed  
4 the policy and obtained replacement coverage from another  
5 insurer, including the Residential Property and Casualty Joint  
6 Underwriting Association; or

7 (II) The insurer reduces the commission to an agent by  
8 more than 25 percent and the agent thereafter places the risk  
9 with another insurer, including the Residential Property and  
10 Casualty Joint Underwriting Association.

11 e. The department must approve or disapprove an  
12 application for a waiver within 90 days after the department  
13 receives the application for waiver.

14 3. Notwithstanding any provisions of this section to  
15 the contrary, this section does not apply to any insurer that,  
16 prior to August 24, 1992, filed notice of such insurer's  
17 intent to discontinue writing insurance in this state under s.  
18 624.430, and for which a finding has been made by the  
19 department, the Division of Administrative Hearings of the  
20 Department of Management Services, or a court that such notice  
21 satisfied all requirements of s. 624.430. This section also  
22 does not apply to any insurer that:

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

26 b. Collects at least 80 percent of its Florida  
27 premiums from policies that include hurricane coverage  
28 provided to condominium associations in Broward, Dade, and  
29 Palm Beach Counties.

30 c. Has, annually since 1992:

31

1 (I) Increased its aggregate Florida premium volume  
2 from policies that include hurricane coverage provided to  
3 condominium associations in coastal counties.

4 (II) Increased its aggregate Florida premium volume  
5 from policies that include hurricane coverage provided to  
6 condominium associations in Broward, Dade, and Palm Beach  
7 Counties.

8 (III) Increased its aggregate Florida exposure from  
9 policies that include hurricane coverage provided to  
10 condominium associations in coastal counties.

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

15 d. Has surplus as to policyholders of no more than  
16 \$200 million as reflected in its annual statement for 1995.

17 4. In order to assure fair and effective enforcement  
18 of this subsection, each insurer shall, no later than October  
19 1, 1996, report to the department the policy number of each  
20 policy subject to this subsection, arranged by county. The  
21 report shall include the policy number for each condominium  
22 association policy that was in force on the effective date of  
23 this section. Beginning October 1, 1996, each insurer shall  
24 also report, on a monthly basis, all cancellations and  
25 nonrenewals of policies included in such policy list and the  
26 reasons for the cancellations and nonrenewals.

27 ~~5. An insurer that has an overconcentration of wind~~  
28 ~~risk in areas eligible for coverage under the Florida~~  
29 ~~Windstorm Underwriting Association may submit to the~~  
30 ~~department for approval an accelerated exposure reduction~~  
31 ~~plan. The plan, if approved, shall allow the insurer to~~

1 ~~nonrenew additional policies for reasons of reducing hurricane~~  
2 ~~loss, beyond the amounts authorized elsewhere in this~~  
3 ~~paragraph, subject to the following conditions:~~

4       ~~a. All additional nonrenewals under this subparagraph~~  
5 ~~shall consist of nonrenewals of only the windstorm portion of~~  
6 ~~a policy, and shall be allowed only if the Florida Windstorm~~  
7 ~~Underwriting Association provides windstorm coverage to~~  
8 ~~replace the nonrenewed windstorm coverage.~~

9       ~~b. At the conclusion of the accelerated exposure~~  
10 ~~reduction plan, which shall be no later than 12 months after~~  
11 ~~the date of the first nonrenewal under such plan, the insurer~~  
12 ~~is prohibited from any further nonrenewals for purposes of~~  
13 ~~reducing hurricane loss until the expiration of this~~  
14 ~~subsection.~~

15       ~~c. The total number of nonrenewals statewide for~~  
16 ~~purposes of reduction of hurricane loss, under this~~  
17 ~~subparagraph taken together with the other provisions of this~~  
18 ~~paragraph, shall not exceed the total number of nonrenewals~~  
19 ~~that would have been allowed statewide under subparagraph 1.~~  
20 ~~between June 1, 1996, and the expiration of this subsection.~~

21       ~~d. Notwithstanding the provisions of s. 627.4133, the~~  
22 ~~insurer must give the policyholder 45 days' advance notice of~~  
23 ~~the nonrenewal of windstorm coverage under this subparagraph~~  
24 ~~and the availability of such coverage through the Florida~~  
25 ~~Windstorm Underwriting Association.~~

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

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

31

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

3           ~~(II) Prior levels of participation in writing~~  
4 ~~voluntary wind coverage in areas eligible for coverage through~~  
5 ~~the Florida Windstorm Underwriting Association.~~

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

8           ~~(IV) The capacity of the Florida Windstorm~~  
9 ~~Underwriting Association to absorb the risks proposed to be~~  
10 ~~covered by the association.~~

11           (b) The department may adopt rules to implement this  
12 subsection.

13           (c) This section shall cease to operate at such time  
14 as the department determines that the insured value of all  
15 residential properties insured by the Florida Windstorm  
16 Underwriting Association and all properties insured by the  
17 Residential Property and Casualty Joint Underwriting  
18 Association under policies providing wind coverage, combined,  
19 has remained below \$25 billion for 3 consecutive months, based  
20 on exposure data reported to the department by the  
21 associations.

22           ~~(d)(c)~~ This subsection is repealed on June 1, 2001  
23 ~~1999~~.

24           Section 4. Section 627.7019, Florida Statutes, is  
25 created to read:

26           627.7019 Required notice of potential assessment  
27 liability.--The application form and the renewal premium  
28 notice for any policy of residential property insurance must  
29 contain or be accompanied by the following notice in boldface  
30 type no smaller than 14 points:

31

614-115C-98

1           POTENTIAL ASSESSMENT LIABILITY.--All Florida  
2           residential property insurance policyholders  
3           are potentially subject to assessments or  
4           surcharges to defray deficits of the  
5           Residential Property and Casualty Joint  
6           Underwriting Association (RPCJUA) or the  
7           Florida Windstorm Underwriting Association  
8           (FWUA), or to fund bonds issued by the Florida  
9           Hurricane Catastrophe Fund (FHCF).  
10          Section 5. This act shall take effect October 1 of the  
11 year in which enacted.

\*\*\*\*\*

HOUSE SUMMARY

15 Prohibits further geographical expansion of Florida  
16 Windstorm Underwriting Association eligibility. Provides  
17 findings relating to the moratorium on hurricane-related  
18 cancellations and nonrenewals of personal lines  
19 residential policies and condominium association  
20 policies. Deletes provisions relating to accelerated  
21 exposure reduction plans, provides circumstances under  
22 which the section is inoperative, and delays the future  
23 repeal date of the section. Specifies a required notice  
24 on insurance applications and renewal premium notices.