

By Senator Peaden

1-1343-02

1 A bill to be entitled
2 An act relating to insurance; amending ss.
3 215.555, 627.351, F.S.; providing that
4 collateral protection insurance policies are
5 covered policies for purposes of the Florida
6 Hurricane Catastrophe Fund; providing an
7 effective date.

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

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11 Section 1. Paragraph (c) of subsection (2) and
12 subsection (15) of section 215.555, Florida Statutes, are
13 amended to read:

14 215.555 Florida Hurricane Catastrophe Fund.--

15 (2) DEFINITIONS.--As used in this section:

16 (c) "Covered policy" means any insurance policy
17 covering residential property in this state, including, but
18 not limited to, any homeowner's, mobile home owner's, farm
19 owner's, condominium association, condominium unit owner's,
20 tenant's, or apartment building policy. The term includes any
21 collateral protection policy,~~or any other policy~~ covering a
22 residential structure or its contents issued by any authorized
23 insurer, including any joint underwriting association or
24 similar entity created pursuant to law. Additionally, covered
25 policies include policies covering the peril of wind removed
26 from the Florida Residential Property and Casualty Joint
27 Underwriting Association, created pursuant to s. 627.351(6),
28 or from the Florida Windstorm Underwriting Association,
29 created pursuant to s. 627.351(2), by an authorized insurer
30 under the terms and conditions of an executed assumption
31 agreement between the authorized insurer and either such

1 association. Each assumption agreement between either
2 association and such authorized insurer must be approved by
3 the Florida Department of Insurance prior to the effective
4 date of the assumption, and the Department of Insurance must
5 provide written notification to the board within 15 working
6 days after such approval. "Covered policy" does not include
7 any policy that excludes wind coverage or hurricane coverage
8 or any reinsurance agreement and does not include any policy
9 otherwise meeting this definition which is issued by a surplus
10 lines insurer or a reinsurer.

11 (15) COLLATERAL PROTECTION INSURANCE.--As used in this
12 section and ss. 627.311 and 627.351, the term "collateral
13 protection insurance" means commercial property insurance of
14 which a creditor is the primary beneficiary and policyholder
15 and which protects or covers an interest of the creditor
16 arising out of a credit transaction secured by real or
17 personal property. Initiation of such coverage is triggered by
18 the mortgagor's failure to maintain insurance coverage as
19 required by the mortgage or other lending document. Collateral
20 protection insurance is not residential coverage, but for
21 purposes of this section is a covered policy.

22 Section 2. Subsection (7) of section 627.351, Florida
23 Statutes, is amended to read:

24 627.351 Insurance risk apportionment plans.--

25 (7) COLLATERAL PROTECTION INSURANCE.--As used in this
26 section and ss. 215.555 and 627.311, the term "collateral
27 protection insurance" means commercial property insurance of
28 which a creditor is the primary beneficiary and policyholder
29 and which protects or covers an interest of the creditor
30 arising out of a credit transaction secured by real or
31 personal property. Initiation of such coverage is triggered by

1 the mortgagor's failure to maintain insurance coverage as
2 required by the mortgage or other lending document. Collateral
3 protection insurance is not residential coverage, but for
4 purposes of this section is a covered policy.

5 Section 3. This act shall take effect July 1, 2002.

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8 SENATE SUMMARY

9 Provides that collateral protection insurance policies
10 are covered policies for purposes of the Florida
Hurricane Catastrophe Fund.

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