

Bill No. CS/HB 513

Amendment No. ____ Barcode 381178

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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11	Senator Atwater moved the following amendment:		
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13	Senate Amendment (with title amendment)		
14	Between lines 71 and 72,		
15			
16	insert:		
17	Section 4. Paragraph (d) of subsection (6) of		
18	section 627.351, Florida Statutes, is amended to read:		
19	627.351 Insurance risk apportionment plans.--		
20	(6) CITIZENS PROPERTY INSURANCE CORPORATION.--		
21	(d)1. It is the intent of the Legislature that the		
22	rates for coverage provided by the corporation be actuarially		
23	sound and not competitive with approved rates charged in the		
24	admitted voluntary market, so that the corporation functions		
25	as a residual market mechanism to provide insurance only when		
26	the insurance cannot be procured in the voluntary market.		
27	Rates shall include an appropriate catastrophe loading factor		
28	that reflects the actual catastrophic exposure of the		
29	corporation.		
30	2. For each county, the average rates of the		
31	corporation for each line of business for personal lines		

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1 residential policies excluding rates for wind-only policies
2 shall be no lower than the average rates charged by the
3 insurer that had the highest average rate in that county among
4 the 20 insurers with the greatest total direct written premium
5 in the state for that line of business in the preceding year,
6 except that with respect to mobile home coverages, the average
7 rates of the corporation shall be no lower than the average
8 rates charged by the insurer that had the highest average rate
9 in that county among the 5 insurers with the greatest total
10 written premium for mobile home owner's policies in the state
11 in the preceding year.

12 3. Rates for personal lines residential wind-only
13 policies must be actuarially sound and not competitive with
14 approved rates charged by authorized insurers. However, for
15 personal lines residential wind-only policies issued or
16 renewed between July 1, 2002, and June 30, 2003, the maximum
17 premium increase must be no greater than 10 percent of the
18 Florida Windstorm Underwriting Association premium for that
19 policy in effect on June 30, 2002, as adjusted for coverage
20 changes and seasonal occupancy surcharges. For personal lines
21 residential wind-only policies issued or renewed between July
22 1, 2003, and June 30, 2004, the corporation shall use its
23 existing filed and approved wind-only rating and
24 classification plans, provided, however, that the maximum
25 premium increase must be no greater than 20 percent of the
26 premium for that policy in effect on June 30, 2003, as
27 adjusted for coverage changes and seasonal occupancy
28 surcharges.

29 ~~The personal lines residential wind-only rates for the~~
30 ~~corporation effective July 1, 2003, must be based on a rate~~
31 ~~filing by the corporation which establishes rates which are~~

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1 ~~actuarially sound and not competitive with approved rates~~
2 ~~charged by authorized insurers.~~ Corporation rate manuals shall
3 include a rate surcharge for seasonal occupancy. To ensure
4 that personal lines residential wind-only rates effective on
5 or after July 1, ~~2004~~ ~~2003~~, are not competitive with approved
6 rates charged by authorized insurers, the corporation, in
7 conjunction with the office, shall develop a wind-only rate
8 making methodology, which methodology shall be contained in a
9 rate filing made by the corporation with the office by January
10 1, 2004. If the office thereafter determines that the
11 wind-only rates or rating factors filed by the corporation
12 fail to comply with the wind-only rate making methodology
13 provided for in this subsection, it shall so notify the
14 corporation and require the corporation to amend its rates or
15 rating factors to come into compliance within 90 days of
16 notice from the office. The office shall report to the Speaker
17 of the House of Representatives and the President of the
18 Senate on the provisions of the wind-only rate making
19 methodology by January 31, 2004 ~~the department, by March 1 of~~
20 ~~each year, shall provide the corporation, for each county in~~
21 ~~which there are geographical areas in which personal lines~~
22 ~~residential wind-only policies may be issued, the average~~
23 ~~rates charged by the insurer that had the highest average rate~~
24 ~~in that county for wind coverage in that insurer's rating~~
25 ~~territories which most closely approximate the geographical~~
26 ~~area in that county in which personal lines residential~~
27 ~~wind-only policies may be written by the corporation. The~~
28 ~~average rates provided must be from an insurer among the 20~~
29 ~~insurers with the greatest total direct written premium in the~~
30 ~~state for personal lines residential property insurance for~~
31 ~~the preceding year. With respect to mobile homes, the five~~

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1 ~~insurers with the greatest total written premium for that line~~
 2 ~~of business in the preceding year shall be used. The~~
 3 ~~corporation shall certify to the department that its average~~
 4 ~~personal lines residential wind-only rates are no lower in~~
 5 ~~each county than the average rates provided by the department.~~
 6 ~~The department is authorized to adopt rules to establish~~
 7 ~~reporting requirements to obtain the necessary wind-only rate~~
 8 ~~information from insurers to implement this provision.~~

9 4. Rates for commercial lines coverage shall not be
 10 subject to the requirements of subparagraph 2., but shall be
 11 subject to all other requirements of this paragraph and s.
 12 627.062.

13 5. Nothing in this paragraph shall require or allow
 14 the corporation to adopt a rate that is inadequate under s.
 15 627.062.

16 6. The corporation shall certify to the office at
 17 least twice annually that its personal lines rates comply with
 18 the requirements of subparagraphs 1. and 2. If any adjustment
 19 in the rates or rating factors of the corporation is necessary
 20 to ensure such compliance, the corporation shall make and
 21 implement such adjustments and file its revised rates and
 22 rating factors with the office. If the office thereafter
 23 determines that the revised rates and rating factors fail to
 24 comply with the provisions of subparagraphs 1. and 2, it shall
 25 notify the corporation and require the corporation to amend
 26 its rates or rating factors in conjunction with its next rate
 27 filing. The office must notify the corporation by electronic
 28 means of any rate filing it approves for any insurer among the
 29 insurers referred to in subparagraph 2 make a rate filing at
 30 least once a year, but no more often than quarterly.

31 7. In addition to the rates otherwise determined

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1 pursuant to this paragraph, the corporation shall impose and
2 collect an amount equal to the premium tax provided for in s.
3 624.509 to augment the financial resources of the corporation.

4 8.a To assist the corporation in developing additional
5 ratemaking methods to assure compliance with subparagraphs 1.
6 and 4., the corporation shall appoint a rate methodology panel
7 consisting of one person recommended by the Florida
8 Association of Insurance Agents, one person recommended by the
9 Professional Insurance Agents of Florida, one person
10 recommended by the Florida Association of Insurance and
11 Financial Advisors, one person recommended by the insurer with
12 the highest voluntary market share of residential property
13 insurance business in the state, one person recommended by the
14 insurer with the second-highest voluntary market share of
15 residential property insurance business in the state, one
16 person recommended by an insurer writing commercial
17 residential property insurance in this state, one person
18 recommended by the Office of Insurance Regulation, and one
19 board member designated by the board chairman, who shall serve
20 as chairman of the panel.

21 b. By January 1, 2004, the rate methodology panel
22 shall provide a report to the corporation of its findings and
23 recommendations for the use of additional ratemaking methods
24 and procedures, including the use of a rate-equalization
25 surcharge in an amount sufficient to assure that the total
26 cost of coverage for policyholders or applicants to the
27 corporation is sufficient to comply with subparagraph 1.

28 c. Within 30 days after such report, the corporation
29 shall present to the President of the Senate, the Speaker of
30 the House of Representatives, the minority party leaders of
31 each house of the Legislature, and the chairs of the standing

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1 committees of each house of the Legislature having
2 jurisdiction of insurance issues, a plan for implementing the
3 additional ratemaking methods and an outline of any
4 legislation needed to facilitate use of the new methods.

5 d. The plan must include a provision that producer
6 commissions paid by the corporation shall not be calculated in
7 such a manner as to include any rate-equalization surcharge.
8 However, without regard to the plan to be developed or its
9 implementation, producer commissions paid by the corporation
10 for each account, other than the quota share primary program,
11 shall remain fixed as to percentage, effective rate,
12 calculation, and payment method, as these were in effect on
13 January 1, 2003.

14 9. By January 1, 2004, the corporation shall develop a
15 notice to policyholders or applicants that the rates of
16 Citizens Property Insurance Corporation are intended to be
17 higher than the rates of any admitted carrier and providing
18 other information the corporation deems necessary to assist
19 consumers in finding other voluntary admitted insurers willing
20 to insure their property.

21
22 (Redesignate subsequent sections.)
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24

25 ===== T I T L E A M E N D M E N T =====

26 And the title is amended as follows:

27 On line 18, after the semicolon,
28
29 insert:
30 amending s. 627.351, F.S.; providing
31 requirements for the corporation relating to

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1 personal lines residential wind-only policies;
2 requiring the corporation to develop a
3 wind-only rate making methodology; requiring a
4 report; requiring the Citizens Property
5 Insurance Corporation to certify at certain
6 intervals that its rates comply with
7 requirements to be set a certain levels
8 relative to other insurers; authorizing the
9 Office of Insurance Regulation to review and
10 act upon such certification; requiring the
11 corporation to appoint a rate methodology panel
12 to make recommendations for the use of
13 additional ratemaking methods, including the
14 use of a rate equalization surcharge to assure
15 that the cost of coverage is sufficient to
16 comply with state law; requiring the
17 corporation to provide a related report to the
18 Legislature and a plan for implementing the
19 additional ratemaking methods; specifying how
20 the plan shall apply to agent commissions;
21 requiring the corporation to develop a notice
22 to policyholders;

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