



HB 0099A

2003

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A bill to be entitled

An act relating to the Florida Hurricane Catastrophe Fund; amending s. 215.555, F.S.; revising definitions; including certain accounts, formerly certain associations, within the Citizens Property Insurance Corporation; including the Citizens Property Insurance Corporation within the operation of certain definitions; authorizing the State Board of Administration to charge interest on delinquent remittances to the Florida Hurricane Catastrophe Fund; expanding the insurers eligible for exemptions from certain reimbursement contract and premium provisions authorized by the board under certain circumstances; revising a reimbursement contract requirement; revising emergency assessment authority of the board relating to service of certain debt obligations; revising requirements, procedures, and limitations; providing responsibilities of surplus lines agents and the Florida Surplus Lines Service Office; revising powers and duties of the board; providing for construction of the act in pari materia with laws enacted during the 2003 Regular Session of the Legislature; providing an effective date.

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

Section 1. Paragraph (c) of subsection (2), subsection (3), paragraphs (c) and (d) of subsection (4), subsection (6), and paragraphs (a) and (c) of subsection (7) of section 215.555, Florida Statutes, are amended, and paragraphs (n), (o), and (p) are added to subsection (2) of said section, to read:

215.555 Florida Hurricane Catastrophe Fund.--



HB 0099A

2003

31 (2) DEFINITIONS.--As used in this section:  
 32 (c) "Covered policy" means any insurance policy covering  
 33 residential property in this state, including, but not limited  
 34 to, any homeowner's, mobile home owner's, farm owner's,  
 35 condominium association, condominium unit owner's, tenant's, or  
 36 apartment building policy, or any other policy covering a  
 37 residential structure or its contents issued by any authorized  
 38 insurer, including the Citizen's Property Insurance Corporation  
 39 and any joint underwriting association or similar entity created  
 40 pursuant to law. The term "covered policy" includes any  
 41 collateral protection insurance policy covering personal  
 42 residences which protects both the borrower's and the lender's  
 43 financial interests, in an amount at least equal to the coverage  
 44 for the dwelling in place under the lapsed homeowner's policy,  
 45 if such policy can be accurately reported as required in  
 46 subsection (5). Additionally, covered policies include policies  
 47 covering the peril of wind removed from the Citizen's Property  
 48 Insurance Corporation ~~the Florida Residential Property and~~  
 49 ~~Casualty Joint Underwriting Association, created pursuant to s.~~  
 50 ~~627.351(6), or from the Florida Windstorm Underwriting~~  
 51 ~~Association, created pursuant to s. 627.351(2),~~ by an authorized  
 52 insurer under the terms and conditions of an executed assumption  
 53 agreement between the authorized insurer and the Citizen's  
 54 Property Insurance Corporation ~~either such association.~~ Each  
 55 assumption agreement between the Citizen's Property Insurance  
 56 Corporation ~~either association~~ and such authorized insurer must  
 57 be approved by the Office of Insurance Regulation within the  
 58 Florida Department of Financial Services ~~Insurance~~ prior to the  
 59 effective date of the assumption, and the Office ~~Department~~ of  
 60 Insurance Regulation must provide written notification to the



HB 0099A

2003

61 board within 15 working days after such approval. "Covered  
62 policy" does not include any policy that excludes wind coverage  
63 or hurricane coverage or any reinsurance agreement and does not  
64 include any policy otherwise meeting this definition which is  
65 issued by a surplus lines insurer or a reinsurer. All commercial  
66 residential excess policies and all deductible buy-back policies  
67 that, based on sound actuarial principles, require individual  
68 ratemaking shall be excluded by rule if the actuarial soundness  
69 of the fund is not jeopardized. For this purpose, the term  
70 "excess policy" means a policy that provides insurance  
71 protection for large commercial property risks and that provides  
72 a layer of coverage above a primary layer insured by another  
73 insurer.

74 (n) "Citizens Property Insurance Corporation" or  
75 "Citizens" means the entity created pursuant to s. 627.351(6),  
76 and includes both the High Risk Account, formerly the Florida  
77 Windstorm Underwriting Association, and the Personal Lines and  
78 Commercial Lines Accounts, formerly the Florida Residential  
79 Property and Casualty Joint Underwriting Association.

80 (o) "Corporation" means the Florida Hurricane Catastrophe  
81 Fund Finance Corporation created in paragraph (6)(d).

82 (p) "Pledged revenues" means all or any portion of  
83 revenues to be derived from reimbursement premiums under  
84 subsection (5) of from emergency assessments under paragraph  
85 (6)(b)., as determined by the board.

86 (3) FLORIDA HURRICANE CATASTROPHE FUND CREATED.--There is  
87 created the Florida Hurricane Catastrophe Fund to be  
88 administered by the State Board of Administration. Moneys in the  
89 fund may not be expended, loaned, or appropriated except to pay  
90 obligations of the fund arising out of reimbursement contracts



HB 0099A

2003

91 entered into under subsection (4), payment of debt service on  
92 revenue bonds issued under subsection (6), costs of the  
93 mitigation program under subsection (7), costs of procuring  
94 reinsurance, and costs of administration of the fund. The board  
95 shall invest the moneys in the fund pursuant to ss. 215.44-  
96 215.52. Except as otherwise provided in this section, earnings  
97 from all investments shall be retained in the fund. The board  
98 may employ or contract with such staff and professionals as the  
99 board deems necessary for the administration of the fund. The  
100 board may adopt such rules as are reasonable and necessary to  
101 implement this section and shall specify interest due on any  
102 delinquent remittances, which interest may not exceed the fund's  
103 rate of return plus 5 percent. Such rules must conform to the  
104 Legislature's specific intent in establishing the fund as  
105 expressed in subsection (1), must enhance the fund's potential  
106 ability to respond to claims for covered events, must contain  
107 general provisions so that the rules can be applied with  
108 reasonable flexibility so as to accommodate insurers in  
109 situations of an unusual nature or where undue hardship may  
110 result, except that such flexibility may not in any way impair,  
111 override, supersede, or constrain the public purpose of the  
112 fund, and must be consistent with sound insurance practices. The  
113 board may, by rule, provide for the exemption from subsections  
114 (4) and (5) of insurers writing covered policies with less than  
115 \$3 million ~~\$500,000~~ in aggregate exposure for covered policies,  
116 which exposure results in a de minimis reimbursement premium, if  
117 the exemption does not affect the actuarial soundness of the  
118 fund.

119 (4) REIMBURSEMENT CONTRACTS.--



HB 0099A

2003

120 (c)1. The contract shall also provide that the obligation  
121 of the board with respect to all contracts covering a particular  
122 contract year shall not exceed the actual claims-paying capacity  
123 of the fund up to a limit of \$11 billion for that contract year  
124 adjusted based upon the reported exposure from the prior  
125 contract year to reflect the percentage growth in exposure to  
126 the fund for covered policies since 2002, ~~unless the board~~  
127 ~~determines that there is sufficient estimated claims-paying~~  
128 ~~capacity to provide \$11 billion of capacity for the current~~  
129 ~~contract year and an additional \$11 billion of capacity for~~  
130 ~~subsequent contract years. Upon such determination being made,~~  
131 ~~the estimated claims-paying capacity for the current contract~~  
132 ~~year shall be determined by adding to the \$11 billion limit one-~~  
133 ~~half of the fund's estimated claims-paying capacity in excess of~~  
134 ~~\$22 billion.~~

135 2. The contract shall require the board to annually notify  
136 insurers of the fund's estimated borrowing capacity for the next  
137 contract year, the projected year-end balance of the fund, and  
138 the insurer's estimated share of total reimbursement premium to  
139 be paid to the fund. For all regulatory and reinsurance  
140 purposes, an insurer may calculate its projected payout from the  
141 fund as its share of the total fund premium for the current  
142 contract year multiplied by the sum of the projected year-end  
143 fund balance and the estimated borrowing capacity for that  
144 contract year as reported under this paragraph. In May and  
145 October of each year, the board shall publish in the Florida  
146 Administrative Weekly a statement of the fund's estimated  
147 borrowing capacity and the projected year-end balance of the  
148 fund for the current contract year.



HB 0099A

2003

149 (d)1. For purposes of determining potential liability and  
150 to aid in the sound administration of the fund, the contract  
151 shall require each insurer to report such insurer's losses from  
152 each covered event on an interim basis, as directed by the  
153 board. The contract shall require the insurer to report to the  
154 board no later than December 31 of each year, and quarterly  
155 thereafter, its reimbursable losses from covered events for the  
156 year. The contract shall require the board to determine and pay,  
157 as soon as practicable after receiving these reports of  
158 reimbursable losses, the initial amount of reimbursement due and  
159 adjustments to this amount based on later loss information. The  
160 adjustments to reimbursement amounts shall require the board to  
161 pay, or the insurer to return, amounts reflecting the most  
162 recent calculation of losses.

163 2. In determining reimbursements pursuant to this  
164 subsection, the contract shall provide that the board shall:

165 a. First reimburse insurers writing covered policies,  
166 which insurers are in full compliance with this section and have  
167 petitioned the Office of Department of Insurance Regulation and  
168 qualified as limited apportionment companies under s.

169 627.351(2)(b)3. The amount of such reimbursement shall be the  
170 lesser of \$10 million or an amount equal to 10 times the  
171 insurer's reimbursement premium for the current year. The amount  
172 of reimbursement paid under this sub-subparagraph may not exceed  
173 the full amount of reimbursement promised in the reimbursement  
174 contract. This sub-subparagraph does not apply with respect to  
175 any contract year in which the year-end projected cash balance  
176 of the fund, exclusive of any bonding capacity of the fund,  
177 exceeds \$2 billion. Only one member of any insurer group may  
178 receive reimbursement under this sub-subparagraph.



HB 0099A

2003

179           b. Next pay to each insurer such insurer's projected  
180 payout, which is the amount of reimbursement it is owed, up to  
181 an amount equal to the insurer's share of the actual premium  
182 paid for that contract year, multiplied by the actual claims-  
183 paying capacity available for that contract year; provided,  
184 entities created pursuant to s. 627.351 shall be further  
185 reimbursed in accordance with sub-subparagraph c.

186           c. Thereafter, establish, based on reimbursable losses,  
187 the prorated reimbursement level at the highest level for which  
188 any remaining fund balance or bond proceeds are sufficient to  
189 reimburse entities created pursuant to s. 627.351 for losses  
190 exceeding the amounts payable pursuant to sub-subparagraph b.  
191 for the current contract year.

192           (6) REVENUE BONDS.--

193           (a) General provisions.--

194           1. Upon the occurrence of a hurricane and a determination  
195 that the moneys in the fund are or will be insufficient to pay  
196 reimbursement at the levels promised in the reimbursement  
197 contracts, the board may take the necessary steps under  
198 paragraph (c) ~~(b)~~ or paragraph (d) ~~(e)~~ for the issuance of  
199 revenue bonds for the benefit of the fund. The proceeds of such  
200 revenue bonds may be used to make reimbursement payments under  
201 reimbursement contracts; to refinance or replace previously  
202 existing borrowings or financial arrangements; to pay interest  
203 on bonds; to fund reserves for the bonds; to pay expenses  
204 incident to the issuance or sale of any bond issued under this  
205 section, including costs of validating, printing, and delivering  
206 the bonds, costs of printing the official statement, costs of  
207 publishing notices of sale of the bonds, and related  
208 administrative expenses; or for such other purposes related to



HB 0099A

2003

209 the financial obligations of the fund as the board may  
 210 determine. The term of the bonds may not exceed 30 years. The  
 211 board may pledge or authorize the corporation to pledge all or a  
 212 portion of all revenues under subsection (5) and under paragraph  
 213 (b) ~~subparagraph 3.~~ to secure such revenue bonds and the board  
 214 may execute such agreements between the board and the issuer of  
 215 any revenue bonds and providers of other financing arrangements  
 216 under paragraph (7)(b) as the board deems necessary to evidence,  
 217 secure, preserve, and protect such pledge. If reimbursement  
 218 premiums received under subsection (5) or earnings on such  
 219 premiums are used to pay debt service on revenue bonds, such  
 220 premiums and earnings shall be used only after the use of the  
 221 moneys derived from assessments under paragraph (b) ~~subparagraph~~  
 222 ~~3.~~ The funds, credit, property, or taxing power of the state or  
 223 political subdivisions of the state shall not be pledged for the  
 224 payment of such bonds. The board may also enter into agreements  
 225 under paragraph (c) ~~(b)~~ or paragraph (d) ~~(e)~~ for the purpose of  
 226 issuing revenue bonds in the absence of a hurricane upon a  
 227 determination that such action would maximize the ability of the  
 228 fund to meet future obligations.

229 2. The Legislature finds and declares that the issuance of  
 230 bonds under this subsection is for the public purpose of paying  
 231 the proceeds of the bonds to insurers, thereby enabling insurers  
 232 to pay the claims of policyholders to assure that policyholders  
 233 are able to pay the cost of construction, reconstruction,  
 234 repair, restoration, and other costs associated with damage to  
 235 property of policyholders of covered policies after the  
 236 occurrence of a hurricane. Revenue bonds may not be issued under  
 237 this subsection until validated under chapter 75. The validation  
 238 of at least the first obligations incurred pursuant to this





HB 0099A

2003

239 subsection shall be appealed to the Supreme Court, to be handled  
240 on an expedited basis.

241 (b)3. Emergency assessments.--If the board determines that  
242 the amount of revenue produced under subsection (5) is  
243 insufficient to fund the obligations, costs, and expenses of the  
244 fund and the corporation, including repayment of revenue bonds,  
245 the board shall direct the Office ~~Department~~ of Insurance  
246 Regulation to levy an emergency assessment on each insurer  
247 writing property and casualty business in this state, referred  
248 to in this subsection as an assessable insurer, and on those  
249 insureds procuring one or more lines of property and casualty  
250 business in this state pursuant to part VIII of chapter 626,  
251 referred to in this subsection as assessable insureds.

252 1. Pursuant to the emergency assessment, each such  
253 assessable insurer shall pay to the corporation by July 1 of  
254 each year an amount set by the board not exceeding 3 ~~2~~ percent  
255 of its gross direct written premium for the prior year from all  
256 property and casualty business in this state except for workers'  
257 compensation, except that, if the Governor has declared a state  
258 of emergency under s. 252.36 due to the occurrence of a covered  
259 event, the amount of the assessment for the contract year may be  
260 increased to an amount not exceeding 5 ~~4~~ percent of such  
261 premium.

262 2.a. Pursuant to the emergency assessment, each such  
263 assessable insured shall pay an amount set by the board not  
264 exceeding 3 percent of the gross written premium each year for  
265 all property and casualty business procured in this state except  
266 workers' compensation, provided, however, if the Governor has  
267 declared a state of emergency under s. 252.36 due to the  
268 occurrence of a covered event, the amount of the assessment for



HB 0099A

2003

269 the contract year may be increased to an amount not exceeding 5  
 270 percent of such premium.

271 b. The emergency assessment on each such assessable  
 272 insured shall be collected by the surplus lines agent at the  
 273 time such agent collects the surplus lines tax required by s.  
 274 626.932 and shall be remitted by the agent to the Florida  
 275 Surplus Lines Service Office created pursuant to s. 626.921 at  
 276 the time the agent pays the surplus lines tax to the Florida  
 277 Surplus Lines Service Office. The emergency assessment on each  
 278 assessable insured procuring coverage and filing under s.  
 279 626.938 shall be remitted by the insured to the Florida Surplus  
 280 Lines Service Office at the time the insured pays the surplus  
 281 lines tax to the Florida Surplus Lines Service Office. The  
 282 emergency assessments collected shall be transferred to the  
 283 corporation or to the fund pursuant to subparagraph 5. on a  
 284 periodic basis as determined by the board. The Florida Surplus  
 285 Lines Service Office shall verify the proper application by  
 286 surplus lines agents of the emergency assessments and shall  
 287 assist the board in ensuring the accurate, timely collection and  
 288 payment of assessments by surplus lines agents as required by  
 289 the board. The Florida Surplus Lines Service Office shall  
 290 determine annually the aggregate written premium on property and  
 291 casualty business, except workers' compensation, procured by  
 292 assessable insureds and shall report such information to the  
 293 board in a form and at a time specified by the board to ensure  
 294 that the fund and the corporation can meet their financing  
 295 obligations.

296 3. Any assessment authority not used for the contract year  
 297 may be used for a subsequent contract year. If, for a subsequent  
 298 contract year, the board determines that the amount of revenue



HB 0099A

2003

299 produced under subsection (5) is insufficient to fund the  
300 obligations, costs, and expenses of the fund and the  
301 corporation, including repayment of revenue bonds for that  
302 contract year, the board shall direct the Office ~~Department~~ of  
303 Insurance Regulation to levy an emergency assessment up to an  
304 amount not exceeding the amount of unused assessment authority  
305 from a previous contract year or years, plus an additional 3 ~~2~~  
306 percent if the Governor has declared a state of emergency under  
307 s. 252.36 due to the occurrence of a covered event. Any  
308 assessment authority not used for the contract year may be used  
309 for a subsequent contract year. As used in this subsection, the  
310 term "property and casualty business" includes all lines of  
311 business identified on Form 2, Exhibit of Premiums and Losses,  
312 in the annual statement required of authorized insurers by s.  
313 624.424 and any rules adopted under such section, except for  
314 those lines identified as accident and health insurance. The  
315 annual assessments under this subparagraph shall continue as  
316 long as the revenue bonds issued with respect to which the  
317 assessment was imposed are outstanding, unless adequate  
318 provision has been made for the payment of such bonds pursuant  
319 to the documents authorizing issuance of the bonds. An  
320 assessable insurer or assessable insured shall not at any time  
321 be subject to aggregate annual assessments under this  
322 subparagraph of more than 3 ~~2~~ percent of premium, except that in  
323 the case of a declared emergency, an assessable insurer or  
324 assessable insured shall not at any time be subject to aggregate  
325 annual assessments under this subparagraph of more than 8 ~~6~~  
326 percent of premium; provided, no more than 5 ~~4~~ percent may be  
327 assessed for obligations arising due to losses in any one  
328 contract year.



HB 0099A

2003

329        4. Any rate filing or portion of a rate filing reflecting  
330 a rate change attributable entirely to the assessment levied  
331 under this paragraph ~~subparagraph~~ shall be deemed approved when  
332 made, subject to the authority of the Office ~~Department~~ of  
333 Insurance Regulation to require actuarial justification as to  
334 the adequacy of any rate at any time. If the rate filing  
335 reflects only a rate change attributable to the assessment under  
336 this paragraph, the filing may consist of a certification so  
337 stating.

338        5. The assessments otherwise payable to the corporation  
339 pursuant to this paragraph ~~subparagraph~~ shall be paid instead to  
340 the fund unless and until the Office ~~Department~~ of Insurance  
341 Regulation and the Florida Surplus Lines Service Office have ~~has~~  
342 received from the corporation and the fund a notice, which shall  
343 be conclusive and upon which they ~~the Department of Insurance~~  
344 may rely without further inquiry, that the corporation has  
345 issued bonds and the fund has no agreements in effect with local  
346 governments pursuant to paragraph (c) ~~(b)~~. On or after the date  
347 of such notice and until such date as the corporation has no  
348 bonds outstanding, the fund shall have no right, title, or  
349 interest in or to the assessments, except as provided in the  
350 fund's agreements with the corporation.

351        6. Emergency assessments are not premium and are not  
352 subject to premium or surplus lines tax, fees, or commissions,  
353 however, the failure by an assessable insured to pay an  
354 emergency assessment shall be treated as a failure to pay  
355 premium.

356        (c)~~(b)~~ Revenue bond issuance through counties or  
357 municipalities.--



HB 0099A

2003

358 1. If the board elects to enter into agreements with local  
359 governments for the issuance of revenue bonds for the benefit of  
360 the fund, the board shall enter into such contracts with one or  
361 more local governments, including agreements providing for the  
362 pledge of revenues, as are necessary to effect such issuance.  
363 The governing body of a county or municipality is authorized to  
364 issue bonds as defined in s. 125.013 or s. 166.101 from time to  
365 time to fund an assistance program, in conjunction with the  
366 Florida Hurricane Catastrophe Fund, for the purposes set forth  
367 in this section or for the purpose of paying the costs of  
368 construction, reconstruction, repair, restoration, and other  
369 costs associated with damage to properties of policyholders of  
370 covered policies due to the occurrence of a hurricane by  
371 assuring that policyholders located in this state are able to  
372 recover claims under property insurance policies after a covered  
373 event.

374 2. In order to avoid needless and indiscriminate  
375 proliferation, duplication, and fragmentation of such assistance  
376 programs, any local government may provide for the payment of  
377 fund reimbursements, regardless of whether or not the losses for  
378 which reimbursement is made occurred within or outside of the  
379 territorial jurisdiction of the local government.

380 3. The state hereby covenants with holders of bonds issued  
381 under this paragraph that the state will not repeal or abrogate  
382 the power of the board to direct the Office ~~Department~~ of  
383 Insurance Regulation to levy the assessments and to collect the  
384 proceeds of the revenues pledged to the payment of such bonds as  
385 long as any such bonds remain outstanding unless adequate  
386 provision has been made for the payment of such bonds pursuant  
387 to the documents authorizing the issuance of such bonds.



HB 0099A

2003

388 4. There shall be no liability on the part of, and no  
 389 cause of action shall arise against any members or employees of  
 390 the governing body of a local government for any actions taken  
 391 by them in the performance of their duties under this paragraph.

392 (d)~~(e)~~ Florida Hurricane Catastrophe Fund Finance  
 393 Corporation.--

394 1. In addition to the findings and declarations in  
 395 subsection (1), the Legislature also finds and declares that:

396 a. The public benefits corporation created under this  
 397 paragraph will provide a mechanism necessary for the cost-  
 398 effective and efficient issuance of bonds. This mechanism will  
 399 eliminate unnecessary costs in the bond issuance process,  
 400 thereby increasing the amounts available to pay reimbursement  
 401 for losses to property sustained as a result of hurricane  
 402 damage.

403 b. The purpose of such bonds is to fund reimbursements  
 404 through the Florida Hurricane Catastrophe Fund to pay for the  
 405 costs of construction, reconstruction, repair, restoration, and  
 406 other costs associated with damage to properties of  
 407 policyholders of covered policies due to the occurrence of a  
 408 hurricane.

409 c. The efficacy of the financing mechanism will be  
 410 enhanced by the corporation's ownership of the assessments, by  
 411 the insulation of the assessments from possible bankruptcy  
 412 proceedings, and by covenants of the state with the  
 413 corporation's bondholders.

414 2.a. There is created a public benefits corporation, which  
 415 is an instrumentality of the state, to be known as the Florida  
 416 Hurricane Catastrophe Fund Finance Corporation.



HB 0099A

2003

417           b. The corporation shall operate under a five-member board  
 418 of directors consisting of the Governor or a designee, the  
 419 Comptroller or a designee, the Treasurer or a designee, the  
 420 director of the Division of Bond Finance of the State Board of  
 421 Administration, and the chief operating officer of the Florida  
 422 Hurricane Catastrophe Fund.

423           c. The corporation has all of the powers of corporations  
 424 under chapter 607 and under chapter 617, subject only to the  
 425 provisions of this subsection.

426           d. The corporation may issue bonds and engage in such  
 427 other financial transactions as are necessary to provide  
 428 sufficient funds to achieve the purposes of this section.

429           e. The corporation may invest in any of the investments  
 430 authorized under s. 215.47.

431           f. There shall be no liability on the part of, and no  
 432 cause of action shall arise against, any board members or  
 433 employees of the corporation for any actions taken by them in  
 434 the performance of their duties under this paragraph.

435           3.a. In actions under chapter 75 to validate any bonds  
 436 issued by the corporation, the notice required by s. 75.06 shall  
 437 be published only in Leon County and in two newspapers of  
 438 general circulation in the state, and the complaint and order of  
 439 the court shall be served only on the State Attorney of the  
 440 Second Judicial Circuit.

441           b. The state hereby covenants with holders of bonds of the  
 442 corporation that the state will not repeal or abrogate the power  
 443 of the board to direct the Office ~~Department~~ of Insurance  
 444 Regulation to levy the assessments and to collect the proceeds  
 445 of the revenues pledged to the payment of such bonds as long as  
 446 any such bonds remain outstanding unless adequate provision has



HB 0099A

2003

447 been made for the payment of such bonds pursuant to the  
448 documents authorizing the issuance of such bonds.

449 4. The bonds of the corporation are not a debt of the  
450 state or of any political subdivision, and neither the state nor  
451 any political subdivision is liable on such bonds. The  
452 corporation does not have the power to pledge the credit, the  
453 revenues, or the taxing power of the state or of any political  
454 subdivision. The credit, revenues, or taxing power of the state  
455 or of any political subdivision shall not be deemed to be  
456 pledged to the payment of any bonds of the corporation.

457 5.a. The property, revenues, and other assets of the  
458 corporation; the transactions and operations of the corporation  
459 and the income from such transactions and operations; and all  
460 bonds issued under this paragraph and interest on such bonds are  
461 exempt from taxation by the state and any political subdivision,  
462 including the intangibles tax under chapter 199 and the income  
463 tax under chapter 220. This exemption does not apply to any tax  
464 imposed by chapter 220 on interest, income, or profits on debt  
465 obligations owned by corporations other than the Florida  
466 Hurricane Catastrophe Fund Finance Corporation.

467 b. All bonds of the corporation shall be and constitute  
468 legal investments without limitation for all public bodies of  
469 this state; for all banks, trust companies, savings banks,  
470 savings associations, savings and loan associations, and  
471 investment companies; for all administrators, executors,  
472 trustees, and other fiduciaries; for all insurance companies and  
473 associations and other persons carrying on an insurance  
474 business; and for all other persons who are now or may hereafter  
475 be authorized to invest in bonds or other obligations of the  
476 state and shall be and constitute eligible securities to be





HB 0099A

2003

477 deposited as collateral for the security of any state, county,  
478 municipal, or other public funds. This sub-subparagraph shall be  
479 considered as additional and supplemental authority and shall  
480 not be limited without specific reference to this sub-  
481 subparagraph.

482 6. The corporation and its corporate existence shall  
483 continue until terminated by law; however, no such law shall  
484 take effect as long as the corporation has bonds outstanding  
485 unless adequate provision has been made for the payment of such  
486 bonds pursuant to the documents authorizing the issuance of such  
487 bonds. Upon termination of the existence of the corporation, all  
488 of its rights and properties in excess of its obligations shall  
489 pass to and be vested in the state.

490 (e)~~(d)~~ Protection of bondholders.--

491 1. As long as the corporation has any bonds outstanding,  
492 neither the fund nor the corporation shall have the authority to  
493 file a voluntary petition under chapter 9 of the federal  
494 Bankruptcy Code or such corresponding chapter or sections as may  
495 be in effect, from time to time, and neither any public officer  
496 nor any organization, entity, or other person shall authorize  
497 the fund or the corporation to be or become a debtor under  
498 chapter 9 of the federal Bankruptcy Code or such corresponding  
499 chapter or sections as may be in effect, from time to time,  
500 during any such period.

501 2. The state hereby covenants with holders of bonds of the  
502 corporation that the state will not limit or alter the denial of  
503 authority under this paragraph or the rights under this section  
504 vested in the fund or the corporation to fulfill the terms of  
505 any agreements made with such bondholders or in any way impair  
506 the rights and remedies of such bondholders as long as any such



HB 0099A

2003

507 bonds remain outstanding unless adequate provision has been made  
 508 for the payment of such bonds pursuant to the documents  
 509 authorizing the issuance of such bonds.

510 3. Notwithstanding any other provision of law, any pledge  
 511 of or other security interest in revenue, money, accounts,  
 512 contract rights, general intangibles, or other personal property  
 513 made or created by the fund or the corporation shall be valid,  
 514 binding, and perfected from the time such pledge is made or  
 515 other security interest attaches without any physical delivery  
 516 of the collateral or further act and the lien of any such pledge  
 517 or other security interest shall be valid, binding, and  
 518 perfected against all parties having claims of any kind in tort,  
 519 contract, or otherwise against the fund or the corporation  
 520 irrespective of whether or not such parties have notice of such  
 521 claims. No instrument by which such a pledge or security  
 522 interest is created nor any financing statement need be recorded  
 523 or filed.

524 (7) ADDITIONAL POWERS AND DUTIES.--

525 (a) The board may procure reinsurance from reinsurers  
 526 acceptable to the Office of Insurance Regulation ~~approved under~~  
 527 ~~s. 624.610~~ for the purpose of maximizing the capacity of the  
 528 fund.

529 (c) Each fiscal year, the Legislature shall appropriate  
 530 from the investment income of the Florida Hurricane Catastrophe  
 531 Fund an amount no less than \$10 million and no more than 35  
 532 percent of the investment income based upon the most recent  
 533 fiscal year-end audited financial statements ~~from the prior~~  
 534 ~~fiscal year~~ for the purpose of providing funding for local  
 535 governments, state agencies, public and private educational  
 536 institutions, and nonprofit organizations to support programs



HB 0099A

2003

537 intended to improve hurricane preparedness, reduce potential  
538 losses in the event of a hurricane, provide research into means  
539 to reduce such losses, educate or inform the public as to means  
540 to reduce hurricane losses, assist the public in determining the  
541 appropriateness of particular upgrades to structures or in the  
542 financing of such upgrades, or protect local infrastructure from  
543 potential damage from a hurricane. Moneys shall first be  
544 available for appropriation under this paragraph in fiscal year  
545 1997-1998. Moneys in excess of the \$10 million specified in this  
546 paragraph shall not be available for appropriation under this  
547 paragraph if the State Board of Administration finds that an  
548 appropriation of investment income from the fund would  
549 jeopardize the actuarial soundness of the fund.

550 Section 2. If any law amended by this act was also amended  
551 by a law enacted at the 2003 Regular Session of the Legislature,  
552 such laws shall be construed as if they had been enacted at the  
553 same session of the Legislature, and full effect shall be given  
554 to each if possible.

555 Section 3. This act shall take effect upon becoming a law.  
556