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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 or the 2003 Special Session A of the Legislature; providing an effective date.

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

Section 1. Paragraphs (c) and (k) 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



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31 (n) and (o) are added to subsection (2) of said section, to  
 32 read:

33 215.555 Florida Hurricane Catastrophe Fund.--

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

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



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

77 (k) "Pledged revenues" means all or any portion of  
 78 revenues to be derived from reimbursement premiums under  
 79 subsection (5) or from emergency assessments under paragraph  
 80 subparagraph (6)(b)(a)3-, as determined by the board.

81 (n) "Citizens Property Insurance Corporation" or  
 82 "Citizens" means the entity created pursuant to s. 627.351(6),  
 83 and includes both the High Risk Account, formerly the Florida  
 84 Windstorm Underwriting Association, and the Personal Lines and  
 85 Commercial Lines Accounts, formerly the Florida Residential  
 86 Property and Casualty Joint Underwriting Association.

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

89 (3) FLORIDA HURRICANE CATASTROPHE FUND CREATED.--There is  
 90 created the Florida Hurricane Catastrophe Fund to be



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



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120 the exemption does not affect the actuarial soundness of the  
121 fund.

122 (4) REIMBURSEMENT CONTRACTS.--

123 (c)1. The contract shall also provide that the obligation  
124 of the board with respect to all contracts covering a particular  
125 contract year shall not exceed the actual claims-paying capacity  
126 of the fund up to a limit of \$11 billion for that contract year  
127 adjusted based upon the reported exposure from the prior  
128 contract year to reflect the percentage growth in exposure to  
129 the fund for covered policies since 2002, ~~unless the board~~  
130 ~~determines that there is sufficient estimated claims-paying~~  
131 ~~capacity to provide \$11 billion of capacity for the current~~  
132 ~~contract year and an additional \$11 billion of capacity for~~  
133 ~~subsequent contract years. Upon such determination being made,~~  
134 ~~the estimated claims-paying capacity for the current contract~~  
135 ~~year shall be determined by adding to the \$11 billion limit one-~~  
136 ~~half of the fund's estimated claims-paying capacity in excess of~~  
137 ~~\$22 billion.~~

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



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150 borrowing capacity and the projected year-end balance of the  
151 fund for the current contract year.

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

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

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

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



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180 exceeds \$2 billion. Only one member of any insurer group may  
181 receive reimbursement under this sub-subparagraph.

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

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

195 (6) REVENUE BONDS.--

196 (a) General provisions.--

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



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

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





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240 this subsection until validated under chapter 75. The validation  
241 of at least the first obligations incurred pursuant to this  
242 subsection shall be appealed to the Supreme Court, to be handled  
243 on an expedited basis.

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

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

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



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270 declared a state of emergency under s. 252.36 due to the  
271 occurrence of a covered event, the amount of the assessment for  
272 the contract year may be increased to an amount not exceeding 5  
273 percent of such premium.

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



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299       3. Any assessment authority not used for the contract year  
 300 may be used for a subsequent contract year. If, for a subsequent  
 301 contract year, the board determines that the amount of revenue  
 302 produced under subsection (5) is insufficient to fund the  
 303 obligations, costs, and expenses of the fund and the  
 304 corporation, including repayment of revenue bonds for that  
 305 contract year, the board shall direct the Office ~~Department~~ of  
 306 Insurance Regulation to levy an emergency assessment up to an  
 307 amount not exceeding the amount of unused assessment authority  
 308 from a previous contract year or years, plus an additional 3 2  
 309 percent if the Governor has declared a state of emergency under  
 310 s. 252.36 due to the occurrence of a covered event. Any  
 311 assessment authority not used for the contract year may be used  
 312 for a subsequent contract year. As used in this subsection, the  
 313 term "property and casualty business" includes all lines of  
 314 business identified on Form 2, Exhibit of Premiums and Losses,  
 315 in the annual statement required of authorized insurers by s.  
 316 624.424 and any rules adopted under such section, except for  
 317 those lines identified as accident and health insurance. The  
 318 annual assessments under this subparagraph shall continue as  
 319 long as the revenue bonds issued with respect to which the  
 320 assessment was imposed are outstanding, unless adequate  
 321 provision has been made for the payment of such bonds pursuant  
 322 to the documents authorizing issuance of the bonds. An  
 323 assessable insurer or assessable insured shall not at any time  
 324 be subject to aggregate annual assessments under this  
 325 subparagraph of more than 3 2 percent of premium, except that in  
 326 the case of a declared emergency, an assessable insurer or  
 327 assessable insured shall not at any time be subject to aggregate  
 328 annual assessments under this subparagraph of more than 8 6



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329 percent of premium; provided, no more than 5 4 percent may be  
330 assessed for obligations arising due to losses in any one  
331 contract year.

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

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

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



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359        (c)~~(b)~~ Revenue bond issuance through counties or  
 360 municipalities.--

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

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

383            3. The state hereby covenants with holders of bonds issued  
 384 under this paragraph that the state will not repeal or abrogate  
 385 the power of the board to direct the Office ~~Department~~ of  
 386 Insurance Regulation to levy the assessments and to collect the  
 387 proceeds of the revenues pledged to the payment of such bonds as  
 388 long as any such bonds remain outstanding unless adequate



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389 provision has been made for the payment of such bonds pursuant  
 390 to the documents authorizing the issuance of such bonds.

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

395 (d)~~(e)~~ Florida Hurricane Catastrophe Fund Finance  
 396 Corporation.--

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

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

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

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



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

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

426 c. The corporation has all of the powers of corporations  
 427 under chapter 607 and under chapter 617, subject only to the  
 428 provisions of this subsection.

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

432 e. The corporation may invest in any of the investments  
 433 authorized under s. 215.47.

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

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

444 b. The state hereby covenants with holders of bonds of the  
 445 corporation that the state will not repeal or abrogate the power  
 446 of the board to direct the Office ~~Department~~ of Insurance



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447 Regulation to levy the assessments and to collect the proceeds  
 448 of the revenues pledged to the payment of such bonds as long as  
 449 any such bonds remain outstanding unless adequate provision has  
 450 been made for the payment of such bonds pursuant to the  
 451 documents authorizing the issuance of such bonds.

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

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

470 b. All bonds of the corporation shall be and constitute  
 471 legal investments without limitation for all public bodies of  
 472 this state; for all banks, trust companies, savings banks,  
 473 savings associations, savings and loan associations, and  
 474 investment companies; for all administrators, executors,  
 475 trustees, and other fiduciaries; for all insurance companies and  
 476 associations and other persons carrying on an insurance





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477 business; and for all other persons who are now or may hereafter  
478 be authorized to invest in bonds or other obligations of the  
479 state and shall be and constitute eligible securities to be  
480 deposited as collateral for the security of any state, county,  
481 municipal, or other public funds. This sub-subparagraph shall be  
482 considered as additional and supplemental authority and shall  
483 not be limited without specific reference to this sub-  
484 subparagraph.

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

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

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

504 2. The state hereby covenants with holders of bonds of the  
505 corporation that the state will not limit or alter the denial of  
506 authority under this paragraph or the rights under this section



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507 vested in the fund or the corporation to fulfill the terms of  
 508 any agreements made with such bondholders or in any way impair  
 509 the rights and remedies of such bondholders as long as any such  
 510 bonds remain outstanding unless adequate provision has been made  
 511 for the payment of such bonds pursuant to the documents  
 512 authorizing the issuance of such bonds.

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

527 (7) ADDITIONAL POWERS AND DUTIES.--

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

532 (c) Each fiscal year, the Legislature shall appropriate  
 533 from the investment income of the Florida Hurricane Catastrophe  
 534 Fund an amount no less than \$10 million and no more than 35  
 535 percent of the investment income based upon the most recent  
 536 fiscal year-end audited financial statements ~~from the prior~~



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

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

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