

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Ross offered the following:

2

3 Delete everything after the enacting clause and insert:

4 Section 1. Effective June 1, 2005, paragraph (e) of
5 subsection (2) of section 215.555, Florida Statutes, is amended
6 to read:

7 215.555 Florida Hurricane Catastrophe Fund.--

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

9 (e) "Retention" means the amount of losses below which an
10 insurer is not entitled to reimbursement from the fund. An
11 insurer's retention shall be calculated as follows:

12 1. The board shall calculate and report to each insurer
13 the retention multiples for that year. For the contract year
14 beginning June 1, 2005 ~~2004~~, the retention multiple shall be
15 equal to \$4.5 billion divided by the total estimated

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16 reimbursement premium for the contract year; for subsequent
17 years, the retention multiple shall be equal to \$4.5 billion,
18 adjusted based upon the reported exposure from the prior
19 contract year to reflect the percentage growth in exposure to
20 the fund for covered policies since 2004 ~~2003~~, divided by the
21 total estimated reimbursement premium for the contract year.
22 Total reimbursement premium for purposes of the calculation
23 under this subparagraph shall be estimated using the assumption
24 that all insurers have selected the 90-percent coverage level.

25 2. The retention multiple as determined under subparagraph
26 1. shall be adjusted to reflect the coverage level elected by
27 the insurer. For insurers electing the 90-percent coverage
28 level, the adjusted retention multiple is 100 percent of the
29 amount determined under subparagraph 1. For insurers electing
30 the 75-percent coverage level, the retention multiple is 120
31 percent of the amount determined under subparagraph 1. For
32 insurers electing the 45-percent coverage level, the adjusted
33 retention multiple is 200 percent of the amount determined under
34 subparagraph 1.

35 3. An insurer shall determine its provisional retention by
36 multiplying its provisional reimbursement premium by the
37 applicable adjusted retention multiple and shall determine its
38 actual retention by multiplying its actual reimbursement premium
39 by the applicable adjusted retention multiple.

40 4. For insurers who experience multiple covered events
41 causing loss during the contract year, beginning June 1, 2005,
42 each insurer's full retention shall be applied to each of the

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43 covered events causing the two largest losses for that insurer.
44 For each other covered event resulting in losses, the insurer's
45 retention shall be reduced to one-third of the full retention.
46 The reimbursement contract shall provide for the reimbursement
47 of losses for each covered event based on the full retention
48 with adjustments made to reflect the reduced retentions after
49 January 1 of the contract year provided the insurer reports its
50 losses as specified in the reimbursement contract.

51 Section 2. Effective July 1, 2005, section 215.559,
52 Florida Statutes, is amended to read:

53 215.559 Hurricane Loss Mitigation Program.--

54 (1) There is created a Hurricane Loss Mitigation Program.
55 The Legislature shall annually appropriate \$10 million of the
56 moneys authorized for appropriation under s. 215.555(7)(c) from
57 the Florida Hurricane Catastrophe Fund to the Department of
58 Community Affairs for the purposes set forth in this section.

59 (2)(a) Seven million dollars in funds provided in
60 subsection (1) shall be used for programs to improve the wind
61 resistance of residences and mobile homes, including loans,
62 subsidies, grants, demonstration projects, and direct
63 assistance; cooperative programs with local governments and the
64 Federal Government; and other efforts to prevent or reduce
65 losses or reduce the cost of rebuilding after a disaster.

66 (b) Three million dollars in funds provided in subsection
67 (1) shall be used to retrofit existing facilities used as public
68 hurricane shelters. The department must prioritize the use of
69 these funds for projects included in the September 1, 2000,

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70 version of the Shelter Retrofit Report prepared in accordance
71 with s. 252.385(3), and each annual report thereafter. The
72 department must give funding priority to projects in regional
73 planning council regions that have shelter deficits and to
74 projects that maximize use of state funds.

75 (3) By the 2006-2007 fiscal year, the Department of
76 Community Affairs shall develop a low-interest loan program for
77 homeowners and mobile home owners to retrofit their homes with
78 fixtures or apply construction techniques that have been
79 demonstrated to reduce the amount of damage or loss due to a
80 hurricane. Funding for the program shall be used to subsidize or
81 guaranty private-sector loans for this purpose to qualified
82 homeowners by financial institutions chartered by the state or
83 Federal Government. The department may enter into contracts with
84 financial institutions for this purpose. The department shall
85 establish criteria for determining eligibility for the loans and
86 selecting recipients, standards for retrofitting homes or mobile
87 homes, limitations on loan subsidies and loan guaranties, and
88 other terms and conditions of the program, which must be
89 specified in the department's report to the Legislature on
90 January 1, 2006, required by subsection (8). For the 2005-2006
91 fiscal year, the Department of Community Affairs may use up to
92 \$1 million of the funds appropriated pursuant to paragraph
93 (2)(a) to begin the low-interest loan program as a pilot project
94 in one or more counties. The Department of Financial Services,
95 the Office of Financial Regulation, the Florida Housing Finance
96 Corporation, and the Office of Tourism, Trade, and Economic

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97 Development shall assist the Department of Community Affairs in
98 establishing the program and pilot project. The department may
99 use up to 2.5 percent of the funds appropriated in any given
100 fiscal year for administering the loan program. The department
101 may adopt rules to implement the program.

102 (4)~~(3)~~ Forty percent of the total appropriation in
103 paragraph (2)(a) shall be used to inspect and improve tie-downs
104 for mobile homes. Within 30 days after the effective date of
105 that appropriation, the department shall contract with a public
106 higher educational institution in this state which has previous
107 experience in administering the programs set forth in this
108 subsection to serve as the administrative entity and fiscal
109 agent pursuant to s. 216.346 for the purpose of administering
110 the programs set forth in this subsection in accordance with
111 established policy and procedures. The administrative entity
112 working with the advisory council set up under subsection (6)
113 ~~(5)~~ shall develop a list of mobile home parks and counties that
114 may be eligible to participate in the tie-down program.

115 (5)~~(4)~~ Of moneys provided to the Department of Community
116 Affairs in paragraph (2)(a), 10 percent shall be allocated to a
117 Type I Center within the State University System dedicated to
118 hurricane research. The Type I Center shall develop a
119 preliminary work plan approved by the advisory council set forth
120 in subsection (6) ~~(5)~~ to eliminate the state and local barriers
121 to upgrading existing mobile homes and communities, research and
122 develop a program for the recycling of existing older mobile
123 homes, and support programs of research and development relating

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124 to hurricane loss reduction devices and techniques for site-
125 built residences. The State University System also shall consult
126 with the Department of Community Affairs and assist the
127 department with the report required under subsection (8) ~~(7)~~.

128 ~~(6)(5) Except for the program set forth in subsection (3),~~
129 The Department of Community Affairs shall develop the programs
130 set forth in this section in consultation with an advisory
131 council consisting of a representative designated by the Chief
132 Financial Officer, a representative designated by the Florida
133 Home Builders Association, a representative designated by the
134 Florida Insurance Council, a representative designated by the
135 Federation of Manufactured Home Owners, a representative
136 designated by the Florida Association of Counties, and a
137 representative designated by the Florida Manufactured Housing
138 Association.

139 ~~(7)(6)~~ Moneys provided to the Department of Community
140 Affairs under this section are intended to supplement other
141 funding sources of the Department of Community Affairs and may
142 not supplant other funding sources of the Department of
143 Community Affairs.

144 ~~(8)(7)~~ On January 1st of each year, the Department of
145 Community Affairs shall provide a full report and accounting of
146 activities under this section and an evaluation of such
147 activities to the Speaker of the House of Representatives, the
148 President of the Senate, and the Majority and Minority Leaders
149 of the House of Representatives and the Senate.

150 ~~(9)(8)~~ This section is repealed June 30, 2011.

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151 Section 3. Subsections (4) and (5) of section 627.062,
152 Florida Statutes, are amended to read:

153 627.062 Rate standards.--

154 (4) The establishment of any rate, rating classification,
155 rating plan or schedule, or variation thereof in violation of
156 part IX of chapter 626 is also in violation of this section. In
157 order to enhance the ability of consumers to compare premiums
158 and to increase the accuracy and usefulness of rate-comparison
159 information provided by the office to the public, the office
160 shall develop a proposed standard rating territory plan to be
161 used by all authorized property and casualty insurers for
162 residential property insurance. In adopting the proposed plan,
163 the office may consider geographical characteristics relevant to
164 risk, county lines, major roadways, existing rating territories
165 used by a significant segment of the market, and other relevant
166 factors. Such plan shall be submitted to the President of the
167 Senate and the Speaker of the House of Representatives by
168 January 15, 2006. The plan may not be implemented unless
169 authorized by further act of the Legislature.

170 (5) With respect to a rate filing involving coverage of
171 the type for which the insurer is required to pay a
172 reimbursement premium to the Florida Hurricane Catastrophe Fund,
173 the insurer may fully recoup in its property insurance premiums
174 any reimbursement premiums paid to the Florida Hurricane
175 Catastrophe Fund, together with reasonable costs of other
176 reinsurance, but may not recoup reinsurance costs that duplicate
177 coverage provided by the Florida Hurricane Catastrophe Fund. An

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178 insurer may not recoup more than 1 year of reimbursement premium
179 at a time. Any under-recoupment from the prior year may be added
180 to the following year's reimbursement premium and any over-
181 recoupment shall be subtracted from the following year's
182 reimbursement premium.

183 Section 4. Paragraph (c) of subsection (1) and paragraph
184 (c) of subsection (3) of section 627.0628, Florida Statutes, are
185 amended to read:

186 627.0628 Florida Commission on Hurricane Loss Projection
187 Methodology.--

188 (1) LEGISLATIVE FINDINGS AND INTENT.--

189 (c) It is the intent of the Legislature to create the
190 Florida Commission on Hurricane Loss Projection Methodology as a
191 panel of experts to provide the most actuarially sophisticated
192 guidelines and standards for projection of hurricane losses
193 possible, given the current state of actuarial science. It is
194 the further intent of the Legislature that such standards and
195 guidelines must be used by the State Board of Administration in
196 developing reimbursement premium rates for the Florida Hurricane
197 Catastrophe Fund, and, subject to paragraph (3)(c), may be used
198 by insurers in rate filings under s. 627.062 unless the way in
199 which such standards and guidelines were applied by the insurer
200 was erroneous, as shown by a preponderance of the evidence.

201 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.--

202 (c) With respect to a rate filing under s. 627.062, an
203 insurer may employ actuarial methods, principles, standards,
204 models, or output ranges found by the commission to be accurate

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205 or reliable to determine hurricane loss factors for use in a
206 rate filing under s. 627.062. Such, which findings and factors
207 are admissible and relevant in consideration of a rate filing by
208 the office or in any arbitration or administrative or judicial
209 review only if the office and the consumer advocate appointed
210 pursuant to s. 627.0613 have access to all of the assumptions
211 and factors that were used in developing the actuarial methods,
212 principles, standards, models, or output ranges, and are not
213 precluded from disclosing such information in a rate proceeding.

214 Section 5. Subsection (7) of section 627.0629, Florida
215 Statutes, is amended to read:

216 627.0629 Residential property insurance; rate filings.--

217 (7) Any rate filing that is based in whole or part on data
218 from a computer model may not exceed 15 ~~25~~ percent unless there
219 is a public hearing.

220 Section 6. Section 627.06281, Florida Statutes, is created
221 to read:

222 627.06281 Public hurricane loss projection model;
223 reporting of data by insurers.--Within 30 days after a written
224 request for loss data and associated exposure data by the office
225 or a type I center within the State University System
226 established to study mitigation, residential property insurers
227 and licensed rating and advisory organizations that compile
228 residential property insurance loss data shall provide loss data
229 and associated exposure data for residential property insurance
230 policies to the office or to a type I center within the State
231 University System established to study mitigation, as directed

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232 by the office, for the purposes of developing, maintaining, and
233 updating a public model for hurricane loss projections. The loss
234 data and associated exposure data provided shall be in writing.

235 Section 7. Paragraphs (a), (c), and (d) of subsection (6)
236 of section 627.351, Florida Statutes, are amended to read:

237 627.351 Insurance risk apportionment plans.--

238 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

239 (a)1. The Legislature finds that actual and threatened
240 catastrophic losses to property in this state from hurricanes
241 have caused insurers to be unwilling or unable to provide
242 property insurance coverage to the extent sought and needed. It
243 is in the public interest and a public purpose to assist in
244 assuring that property in the state is insured so as to
245 facilitate the remediation, reconstruction, and replacement of
246 damaged or destroyed property in order to reduce or avoid the
247 negative effects otherwise resulting to the public health,
248 safety, and welfare; to the economy of the state; and to the
249 revenues of the state and local governments needed to provide
250 for the public welfare. It is necessary, therefore, to provide
251 property insurance to applicants who are in good faith entitled
252 to procure insurance through the voluntary market but are unable
253 to do so. The Legislature intends by this subsection that
254 property insurance be provided and that it continues, as long as
255 necessary, through an entity organized to achieve efficiencies
256 and economies, while providing service to policyholders,
257 applicants, and agents that is no less than the quality
258 generally provided in the voluntary market, all toward the

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259 achievement of the foregoing public purposes. Because it is
260 essential for the corporation to have the maximum financial
261 resources to pay claims following a catastrophic hurricane, it
262 is the intent of the Legislature that the income of the
263 corporation be exempt from federal income taxation and that
264 interest on the debt obligations issued by the corporation be
265 exempt from federal income taxation.

266 2. The Residential Property and Casualty Joint
267 Underwriting Association originally created by this statute
268 shall be known, as of July 1, 2002, as the Citizens Property
269 Insurance Corporation. The corporation shall provide insurance
270 for residential and commercial property, for applicants who are
271 in good faith entitled, but are unable, to procure insurance
272 through the voluntary market. The corporation shall operate
273 pursuant to a plan of operation approved by order of the office.
274 The plan is subject to continuous review by the office. The
275 office may, by order, withdraw approval of all or part of a plan
276 if the office determines that conditions have changed since
277 approval was granted and that the purposes of the plan require
278 changes in the plan. For the purposes of this subsection,
279 residential coverage includes both personal lines residential
280 coverage, which consists of the type of coverage provided by
281 homeowner's, mobile home owner's, dwelling, tenant's,
282 condominium unit owner's, and similar policies, and commercial
283 lines residential coverage, which consists of the type of
284 coverage provided by condominium association, apartment
285 building, and similar policies.

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286 3. It is the intent of the Legislature that policyholders,
287 applicants, and agents of the corporation receive service and
288 treatment of the highest possible level but never less than that
289 generally provided in the voluntary market. It also is intended
290 that the corporation be held to service standards no less than
291 those applied to insurers in the voluntary market by the office
292 with respect to responsiveness, timeliness, customer courtesy,
293 and overall dealings with policyholders, applicants, or agents
294 of the corporation.

295 (c) The plan of operation of the corporation:

296 1. Must provide for adoption of residential property and
297 casualty insurance policy forms and commercial residential and
298 nonresidential property insurance forms, which forms must be
299 approved by the office prior to use. The corporation shall adopt
300 the following policy forms:

301 a. Standard personal lines policy forms that are
302 comprehensive multiperil policies providing full coverage of a
303 residential property equivalent to the coverage provided in the
304 private insurance market under an HO-3, HO-4, or HO-6 policy.

305 b. Basic personal lines policy forms that are policies
306 similar to an HO-8 policy or a dwelling fire policy that provide
307 coverage meeting the requirements of the secondary mortgage
308 market, but which coverage is more limited than the coverage
309 under a standard policy.

310 c. Commercial lines residential policy forms that are
311 generally similar to the basic perils of full coverage

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312 obtainable for commercial residential structures in the admitted
313 voluntary market.

314 d. Personal lines and commercial lines residential
315 property insurance forms that cover the peril of wind only. The
316 forms are applicable only to residential properties located in
317 areas eligible for coverage under the high-risk account referred
318 to in sub-subparagraph (b)2.a.

319 e. Commercial lines nonresidential property insurance
320 forms that cover the peril of wind only. The forms are
321 applicable only to nonresidential properties located in areas
322 eligible for coverage under the high-risk account referred to in
323 sub-subparagraph (b)2.a.

324 2.a. Must provide that the corporation adopt a program in
325 which the corporation and authorized insurers enter into quota
326 share primary insurance agreements for hurricane coverage, as
327 defined in s. 627.4025(2)(a), for eligible risks, and adopt
328 property insurance forms for eligible risks which cover the
329 peril of wind only. As used in this subsection, the term:

330 (I) "Quota share primary insurance" means an arrangement
331 in which the primary hurricane coverage of an eligible risk is
332 provided in specified percentages by the corporation and an
333 authorized insurer. The corporation and authorized insurer are
334 each solely responsible for a specified percentage of hurricane
335 coverage of an eligible risk as set forth in a quota share
336 primary insurance agreement between the corporation and an
337 authorized insurer and the insurance contract. The
338 responsibility of the corporation or authorized insurer to pay

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339 its specified percentage of hurricane losses of an eligible
340 risk, as set forth in the quota share primary insurance
341 agreement, may not be altered by the inability of the other
342 party to the agreement to pay its specified percentage of
343 hurricane losses. Eligible risks that are provided hurricane
344 coverage through a quota share primary insurance arrangement
345 must be provided policy forms that set forth the obligations of
346 the corporation and authorized insurer under the arrangement,
347 clearly specify the percentages of quota share primary insurance
348 provided by the corporation and authorized insurer, and
349 conspicuously and clearly state that neither the authorized
350 insurer nor the corporation may be held responsible beyond its
351 specified percentage of coverage of hurricane losses.

352 (II) "Eligible risks" means personal lines residential and
353 commercial lines residential risks that meet the underwriting
354 criteria of the corporation and are located in areas that were
355 eligible for coverage by the Florida Windstorm Underwriting
356 Association on January 1, 2002.

357 b. The corporation may enter into quota share primary
358 insurance agreements with authorized insurers at corporation
359 coverage levels of 90 percent and 50 percent.

360 c. If the corporation determines that additional coverage
361 levels are necessary to maximize participation in quota share
362 primary insurance agreements by authorized insurers, the
363 corporation may establish additional coverage levels. However,
364 the corporation's quota share primary insurance coverage level
365 may not exceed 90 percent.

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366 d. Any quota share primary insurance agreement entered
367 into between an authorized insurer and the corporation must
368 provide for a uniform specified percentage of coverage of
369 hurricane losses, by county or territory as set forth by the
370 corporation board, for all eligible risks of the authorized
371 insurer covered under the quota share primary insurance
372 agreement.

373 e. Any quota share primary insurance agreement entered
374 into between an authorized insurer and the corporation is
375 subject to review and approval by the office. However, such
376 agreement shall be authorized only as to insurance contracts
377 entered into between an authorized insurer and an insured who is
378 already insured by the corporation for wind coverage.

379 f. For all eligible risks covered under quota share
380 primary insurance agreements, the exposure and coverage levels
381 for both the corporation and authorized insurers shall be
382 reported by the corporation to the Florida Hurricane Catastrophe
383 Fund. For all policies of eligible risks covered under quota
384 share primary insurance agreements, the corporation and the
385 authorized insurer shall maintain complete and accurate records
386 for the purpose of exposure and loss reimbursement audits as
387 required by Florida Hurricane Catastrophe Fund rules. The
388 corporation and the authorized insurer shall each maintain
389 duplicate copies of policy declaration pages and supporting
390 claims documents.

391 g. The corporation board shall establish in its plan of
392 operation standards for quota share agreements which ensure that

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393 | there is no discriminatory application among insurers as to the
394 | terms of quota share agreements, pricing of quota share
395 | agreements, incentive provisions if any, and consideration paid
396 | for servicing policies or adjusting claims.

397 | h. The quota share primary insurance agreement between the
398 | corporation and an authorized insurer must set forth the
399 | specific terms under which coverage is provided, including, but
400 | not limited to, the sale and servicing of policies issued under
401 | the agreement by the insurance agent of the authorized insurer
402 | producing the business, the reporting of information concerning
403 | eligible risks, the payment of premium to the corporation, and
404 | arrangements for the adjustment and payment of hurricane claims
405 | incurred on eligible risks by the claims adjuster and personnel
406 | of the authorized insurer. Entering into a quota sharing
407 | insurance agreement between the corporation and an authorized
408 | insurer shall be voluntary and at the discretion of the
409 | authorized insurer.

410 | 3. May provide that the corporation may employ or
411 | otherwise contract with individuals or other entities to provide
412 | administrative or professional services that may be appropriate
413 | to effectuate the plan. The corporation shall have the power to
414 | borrow funds, by issuing bonds or by incurring other
415 | indebtedness, and shall have other powers reasonably necessary
416 | to effectuate the requirements of this subsection, including
417 | without limitation, the power to issue bonds and incur other
418 | indebtedness in order to refinance outstanding bonds or other
419 | indebtedness. The corporation may, but is not required to, seek

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420 judicial validation of its bonds or other indebtedness under
421 chapter 75. The corporation may issue bonds or incur other
422 indebtedness, or have bonds issued on its behalf by a unit of
423 local government pursuant to subparagraph (g)2., in the absence
424 of a hurricane or other weather-related event, upon a
425 determination by the corporation, subject to approval by the
426 office, that such action would enable it to efficiently meet the
427 financial obligations of the corporation and that such
428 financings are reasonably necessary to effectuate the
429 requirements of this subsection. The corporation is authorized
430 to take all actions needed to facilitate tax-free status for any
431 such bonds or indebtedness, including formation of trusts or
432 other affiliated entities. The corporation shall have the
433 authority to pledge assessments, projected recoveries from the
434 Florida Hurricane Catastrophe Fund, other reinsurance
435 recoverables, market equalization and other surcharges, and
436 other funds available to the corporation as security for bonds
437 or other indebtedness. In recognition of s. 10, Art. I of the
438 State Constitution, prohibiting the impairment of obligations of
439 contracts, it is the intent of the Legislature that no action be
440 taken whose purpose is to impair any bond indenture or financing
441 agreement or any revenue source committed by contract to such
442 bond or other indebtedness.

443 4.a. Must require that the corporation operate subject to
444 the supervision and approval of a board of governors consisting
445 of 8 ~~7~~ individuals who are residents of this state, from
446 different geographical areas of this state, ~~appointed by the~~

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447 ~~Chief Financial Officer.~~ The Governor, the Chief Financial
448 Officer, the President of the Senate, and the Speaker of the
449 House of Representatives shall each appoint two members of the
450 board, effective August 1, 2005. At least one of the two members
451 appointed by each appointing officer must have demonstrated
452 expertise in insurance. The Chief Financial Officer shall
453 designate one of the appointees as chair. All board members
454 serve at the pleasure of the appointing officer ~~Chief Financial~~
455 ~~Officer~~. All board members, including the chair, must be
456 appointed to serve for 3-year terms beginning annually on a date
457 designated by the plan. Any board vacancy shall be filled for
458 the unexpired term by the appointing officer ~~Chief Financial~~
459 ~~Officer~~. The Chief Financial Officer shall appoint a technical
460 advisory group to provide information and advice to the board of
461 governors in connection with the board's duties under this
462 subsection. The executive director and senior managers of the
463 corporation shall be engaged by the board, as recommended by the
464 Chief Financial Officer and serve at the pleasure of the board
465 ~~Chief Financial Officer~~. The executive director is responsible
466 for employing other staff as the corporation may require,
467 subject to review and concurrence by the board and ~~office of~~ the
468 Chief Financial Officer.

469 b. The board shall create a Market Accountability Advisory
470 Committee to assist the corporation in developing awareness of
471 its rates and its customer and agent service levels in
472 relationship to the voluntary market insurers writing similar
473 coverage. The members of the advisory committee shall consist of

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474 the following 11 persons, one of whom must be elected chair by
475 the members of the committee: four representatives, one
476 appointed by the Florida Association of Insurance Agents, one by
477 the Florida Association of Insurance and Financial Advisors, one
478 by the Professional Insurance Agents of Florida, and one by the
479 Latin American Association of Insurance Agencies; three
480 representatives appointed by the insurers with the three highest
481 voluntary market share of residential property insurance
482 business in the state; one representative from the Office of
483 Insurance Regulation; one consumer appointed by the board who is
484 insured by the corporation at the time of appointment to the
485 committee; one representative appointed by the Florida
486 Association of Realtors; and one representative appointed by the
487 Florida Bankers Association. All members must serve for 3-year
488 terms and may serve for consecutive terms. The committee shall
489 report to the corporation at each board meeting on insurance
490 market issues which may include rates and rate competition with
491 the voluntary market; service, including policy issuance, claims
492 processing, and general responsiveness to policyholders,
493 applicants, and agents; and matters relating to depopulation.

494 5. Must provide a procedure for determining the
495 eligibility of a risk for coverage, as follows:

496 a. Subject to the provisions of s. 627.3517, with respect
497 to personal lines residential risks, if the risk is offered
498 coverage from an authorized insurer at the insurer's approved
499 rate under either a standard policy including wind coverage or,
500 if consistent with the insurer's underwriting rules as filed

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501 with the office, a basic policy including wind coverage, the
502 risk is not eligible for any policy issued by the corporation.
503 If the risk is not able to obtain any such offer, the risk is
504 eligible for either a standard policy including wind coverage or
505 a basic policy including wind coverage issued by the
506 corporation; however, if the risk could not be insured under a
507 standard policy including wind coverage regardless of market
508 conditions, the risk shall be eligible for a basic policy
509 including wind coverage unless rejected under subparagraph 8.
510 The corporation shall determine the type of policy to be
511 provided on the basis of objective standards specified in the
512 underwriting manual and based on generally accepted underwriting
513 practices.

514 (I) If the risk accepts an offer of coverage through the
515 market assistance plan or an offer of coverage through a
516 mechanism established by the corporation before a policy is
517 issued to the risk by the corporation or during the first 30
518 days of coverage by the corporation, and the producing agent who
519 submitted the application to the plan or to the corporation is
520 not currently appointed by the insurer, the insurer shall:

521 (A) Pay to the producing agent of record of the policy,
522 for the first year, an amount that is the greater of the
523 insurer's usual and customary commission for the type of policy
524 written or a fee equal to the usual and customary commission of
525 the corporation; or

526 (B) Offer to allow the producing agent of record of the
527 policy to continue servicing the policy for a period of not less

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528 than 1 year and offer to pay the agent the greater of the
529 insurer's or the corporation's usual and customary commission
530 for the type of policy written.

531

532 If the producing agent is unwilling or unable to accept
533 appointment, the new insurer shall pay the agent in accordance
534 with sub-sub-sub-subparagraph (A).

535 (II) When the corporation enters into a contractual
536 agreement for a take-out plan, the producing agent of record of
537 the corporation policy is entitled to retain any unearned
538 commission on the policy, and the insurer shall:

539 (A) Pay to the producing agent of record of the
540 corporation policy, for the first year, an amount that is the
541 greater of the insurer's usual and customary commission for the
542 type of policy written or a fee equal to the usual and customary
543 commission of the corporation; or

544 (B) Offer to allow the producing agent of record of the
545 corporation policy to continue servicing the policy for a period
546 of not less than 1 year and offer to pay the agent the greater
547 of the insurer's or the corporation's usual and customary
548 commission for the type of policy written.

549

550 If the producing agent is unwilling or unable to accept
551 appointment, the new insurer shall pay the agent in accordance
552 with sub-sub-sub-subparagraph (A).

553 b. With respect to commercial lines residential risks, if
554 the risk is offered coverage under a policy including wind

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555 coverage from an authorized insurer at its approved rate, the
556 risk is not eligible for any policy issued by the corporation.
557 If the risk is not able to obtain any such offer, the risk is
558 eligible for a policy including wind coverage issued by the
559 corporation.

560 (I) If the risk accepts an offer of coverage through the
561 market assistance plan or an offer of coverage through a
562 mechanism established by the corporation before a policy is
563 issued to the risk by the corporation or during the first 30
564 days of coverage by the corporation, and the producing agent who
565 submitted the application to the plan or the corporation is not
566 currently appointed by the insurer, the insurer shall:

567 (A) Pay to the producing agent of record of the policy,
568 for the first year, an amount that is the greater of the
569 insurer's usual and customary commission for the type of policy
570 written or a fee equal to the usual and customary commission of
571 the corporation; or

572 (B) Offer to allow the producing agent of record of the
573 policy to continue servicing the policy for a period of not less
574 than 1 year and offer to pay the agent the greater of the
575 insurer's or the corporation's usual and customary commission
576 for the type of policy written.

577
578 If the producing agent is unwilling or unable to accept
579 appointment, the new insurer shall pay the agent in accordance
580 with sub-sub-sub-subparagraph (A).

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581 (II) When the corporation enters into a contractual
582 agreement for a take-out plan, the producing agent of record of
583 the corporation policy is entitled to retain any unearned
584 commission on the policy, and the insurer shall:

585 (A) Pay to the producing agent of record of the
586 corporation policy, for the first year, an amount that is the
587 greater of the insurer's usual and customary commission for the
588 type of policy written or a fee equal to the usual and customary
589 commission of the corporation; or

590 (B) Offer to allow the producing agent of record of the
591 corporation policy to continue servicing the policy for a period
592 of not less than 1 year and offer to pay the agent the greater
593 of the insurer's or the corporation's usual and customary
594 commission for the type of policy written.

595
596 If the producing agent is unwilling or unable to accept
597 appointment, the new insurer shall pay the agent in accordance
598 with sub-sub-sub-subparagraph (A).

599 6. Must include rules for classifications of risks and
600 rates therefor.

601 7. Must provide that if premium and investment income for
602 an account attributable to a particular calendar year are in
603 excess of projected losses and expenses for the account
604 attributable to that year, such excess shall be held in surplus
605 in the account. Such surplus shall be available to defray
606 deficits in that account as to future years and shall be used

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607 for that purpose prior to assessing assessable insurers and
608 assessable insureds as to any calendar year.

609 8. Must provide objective criteria and procedures to be
610 uniformly applied for all applicants in determining whether an
611 individual risk is so hazardous as to be uninsurable. In making
612 this determination and in establishing the criteria and
613 procedures, the following shall be considered:

614 a. Whether the likelihood of a loss for the individual
615 risk is substantially higher than for other risks of the same
616 class; and

617 b. Whether the uncertainty associated with the individual
618 risk is such that an appropriate premium cannot be determined.

619

620 The acceptance or rejection of a risk by the corporation shall
621 be construed as the private placement of insurance, and the
622 provisions of chapter 120 shall not apply.

623 9. Must provide that the corporation shall make its best
624 efforts to procure catastrophe reinsurance at reasonable rates,
625 to cover its projected 100-year probable maximum loss as
626 determined by the board of governors.

627 10. Must provide that in the event of regular deficit
628 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
629 (b)3.b., in the personal lines account, the commercial lines
630 residential account, or the high-risk account, the corporation
631 shall levy upon corporation policyholders in its next rate
632 filing, or by a separate rate filing solely for this purpose, a
633 market equalization surcharge arising from a regular assessment

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634 in such account in a percentage equal to the total amount of
635 such regular assessments divided by the aggregate statewide
636 direct written premium for subject lines of business for the
637 prior calendar year. Market equalization surcharges under this
638 subparagraph are not considered premium and are not subject to
639 commissions, fees, or premium taxes; however, failure to pay a
640 market equalization surcharge shall be treated as failure to pay
641 premium.

642 11. The policies issued by the corporation must provide
643 that, if the corporation or the market assistance plan obtains
644 an offer from an authorized insurer to cover the risk at its
645 approved rates, the risk is no longer eligible for renewal
646 through the corporation.

647 12. Corporation policies and applications must include a
648 notice that the corporation policy could, under this section, be
649 replaced with a policy issued by an authorized insurer that does
650 not provide coverage identical to the coverage provided by the
651 corporation. The notice shall also specify that acceptance of
652 corporation coverage creates a conclusive presumption that the
653 applicant or policyholder is aware of this potential.

654 13. May establish, subject to approval by the office,
655 different eligibility requirements and operational procedures
656 for any line or type of coverage for any specified county or
657 area if the board determines that such changes to the
658 eligibility requirements and operational procedures are
659 justified due to the voluntary market being sufficiently stable
660 and competitive in such area or for such line or type of

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661 coverage and that consumers who, in good faith, are unable to
662 obtain insurance through the voluntary market through ordinary
663 methods would continue to have access to coverage from the
664 corporation. When coverage is sought in connection with a real
665 property transfer, such requirements and procedures shall not
666 provide for an effective date of coverage later than the date of
667 the closing of the transfer as established by the transferor,
668 the transferee, and, if applicable, the lender.

669 14. Must provide that, with respect to the high-risk
670 account, any assessable insurer with a surplus as to
671 policyholders of \$25 million or less writing 25 percent or more
672 of its total countrywide property insurance premiums in this
673 state may petition the office, within the first 90 days of each
674 calendar year, to qualify as a limited apportionment company. In
675 no event shall a limited apportionment company be required to
676 participate in the portion of any assessment, within the high-
677 risk account, pursuant to sub-subparagraph (b)3.a. or sub-
678 subparagraph (b)3.b. in the aggregate which exceeds \$50 million
679 after payment of available high-risk account funds in any
680 calendar year. However, a limited apportionment company shall
681 collect from its policyholders any emergency assessment imposed
682 under sub-subparagraph (b)3.d. The plan shall provide that, if
683 the office determines that any regular assessment will result in
684 an impairment of the surplus of a limited apportionment company,
685 the office may direct that all or part of such assessment be
686 deferred as provided in subparagraph (g)4. However, there shall

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687 be no limitation or deferment of an emergency assessment to be
688 collected from policyholders under sub-subparagraph (b)3.d.

689 15. Must provide that the corporation appoint as its
690 licensed agents only those agents who also hold an appointment
691 as defined in s. 626.015(3) with an insurer who at the time of
692 the agent's initial appointment by the corporation is authorized
693 to write and is actually writing personal lines residential
694 property coverage, commercial residential property coverage, or
695 commercial nonresidential property coverage within the state.

696 (d)1. It is the intent of the Legislature that the rates
697 for coverage provided by the corporation be actuarially sound
698 and not competitive with approved rates charged in the admitted
699 voluntary market, so that the corporation functions as a
700 residual market mechanism to provide insurance only when the
701 insurance cannot be procured in the voluntary market. Rates
702 shall include an appropriate catastrophe loading factor that
703 reflects the actual catastrophic exposure of the corporation.

704 2. For each county, the average rates of the corporation
705 for each line of business for personal lines residential
706 policies excluding rates for wind-only policies shall be no
707 lower than the average rates charged by the insurer that had the
708 highest average rate in that county among the 20 insurers with
709 the greatest total direct written premium in the state for that
710 line of business in the preceding year, except that with respect
711 to mobile home coverages, the average rates of the corporation
712 shall be no lower than the average rates charged by the insurer
713 that had the highest average rate in that county among the 5

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714 insurers with the greatest total written premium for mobile home
715 owner's policies in the state in the preceding year.

716 3. Rates for personal lines residential wind-only policies
717 must be actuarially sound and not competitive with approved
718 rates charged by authorized insurers. ~~However, for personal~~
719 ~~lines residential wind-only policies issued or renewed between~~
720 ~~July 1, 2002, and June 30, 2003, the maximum premium increase~~
721 ~~must be no greater than 10 percent of the Florida Windstorm~~
722 ~~Underwriting Association premium for that policy in effect on~~
723 ~~June 30, 2002, as adjusted for coverage changes and seasonal~~
724 ~~occupancy surcharges. For personal lines residential wind-only~~
725 ~~policies issued or renewed between July 1, 2003, and June 30,~~
726 ~~2004, the corporation shall use its existing filed and approved~~
727 ~~wind-only rating and classification plans, provided, however,~~
728 ~~that the maximum premium increase must be no greater than 20~~
729 ~~percent of the premium for that policy in effect on June 30,~~
730 ~~2003, as adjusted for coverage changes and seasonal occupancy~~
731 ~~surcharges. Corporation rate manuals shall include a rate~~
732 ~~surcharge for seasonal occupancy. To ensure that personal lines~~
733 ~~residential wind-only rates effective on or after July 1, 2004,~~
734 ~~are not competitive with approved rates charged by authorized~~
735 ~~insurers, the corporation, in conjunction with the office, shall~~
736 ~~develop a wind-only ratemaking methodology, which methodology~~
737 ~~shall be contained in each a rate filing made by the corporation~~
738 ~~with the office by January 1, 2004. If the office thereafter~~
739 ~~determines that the wind-only rates or rating factors filed by~~
740 ~~the corporation fail to comply with the wind-only ratemaking~~

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741 methodology provided for in this subsection, it shall so notify
742 the corporation and require the corporation to amend its rates
743 or rating factors to come into compliance within 90 days of
744 notice from the office. ~~The office shall report to the Speaker
745 of the House of Representatives and the President of the Senate
746 on the provisions of the wind-only ratemaking methodology by
747 January 31, 2004.~~

748 4. For the purposes of establishing a pilot program to
749 evaluate issues relating to the availability and affordability
750 of insurance in an area where historically there has been little
751 market competition, the provisions of subparagraph 2. do not
752 apply to coverage provided by the corporation in Monroe County
753 if the office determines that a reasonable degree of competition
754 does not exist for personal lines residential policies. The
755 provisions of subparagraph 3. do not apply to coverage provided
756 by the corporation in Monroe County if the office determines
757 that a reasonable degree of competition does not exist for
758 personal lines residential policies in the area of that county
759 which is eligible for wind-only coverage. In this county, the
760 rates for personal lines residential coverage shall be
761 actuarially sound and not excessive, inadequate, or unfairly
762 discriminatory and are subject to the other provisions of the
763 paragraph and s. 627.062. The commission shall adopt rules
764 establishing the criteria for determining whether a reasonable
765 degree of competition exists for personal lines residential
766 policies in Monroe County. By March 1, 2006, the office shall

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767 submit a report to the Legislature providing an evaluation of
768 the implementation of the pilot program affecting Monroe County.

769 ~~5.4.~~ Rates for commercial lines coverage shall not be
770 subject to the requirements of subparagraph 2., but shall be
771 subject to all other requirements of this paragraph and s.
772 627.062.

773 ~~6.5.~~ Nothing in this paragraph shall require or allow the
774 corporation to adopt a rate that is inadequate under s. 627.062.

775 ~~7.6.~~ The corporation shall certify to the office at least
776 twice annually that its personal lines rates comply with the
777 requirements of subparagraphs 1. and 2. If any adjustment in the
778 rates or rating factors of the corporation is necessary to
779 ensure such compliance, the corporation shall make and implement
780 such adjustments and file its revised rates and rating factors
781 with the office. If the office thereafter determines that the
782 revised rates and rating factors fail to comply with the
783 provisions of subparagraphs 1. and 2., it shall notify the
784 corporation and require the corporation to amend its rates or
785 rating factors in conjunction with its next rate filing. The
786 office must notify the corporation by electronic means of any
787 rate filing it approves for any insurer among the insurers
788 referred to in subparagraph 2.

789 ~~8.7.~~ In addition to the rates otherwise determined
790 pursuant to this paragraph, the corporation shall impose and
791 collect an amount equal to the premium tax provided for in s.
792 624.509 to augment the financial resources of the corporation.

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793 ~~9.8~~-a. To assist the corporation in developing additional
794 ratemaking methods to assure compliance with subparagraphs 1.
795 and 4., the corporation shall appoint a rate methodology panel
796 consisting of one person recommended by the Florida Association
797 of Insurance Agents, one person recommended by the Professional
798 Insurance Agents of Florida, one person recommended by the
799 Florida Association of Insurance and Financial Advisors, one
800 person recommended by the insurer with the highest voluntary
801 market share of residential property insurance business in the
802 state, one person recommended by the insurer with the second-
803 highest voluntary market share of residential property insurance
804 business in the state, one person recommended by an insurer
805 writing commercial residential property insurance in this state,
806 one person recommended by the Office of Insurance Regulation,
807 and one board member designated by the board chairman, who shall
808 serve as chairman of the panel.

809 b. By January 1, 2004, the rate methodology panel shall
810 provide a report to the corporation of its findings and
811 recommendations for the use of additional ratemaking methods and
812 procedures, including the use of a rate equalization surcharge
813 in an amount sufficient to assure that the total cost of
814 coverage for policyholders or applicants to the corporation is
815 sufficient to comply with subparagraph 1.

816 c. Within 30 days after such report, the corporation shall
817 present to the President of the Senate, the Speaker of the House
818 of Representatives, the minority party leaders of each house of
819 the Legislature, and the chairs of the standing committees of

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820 each house of the Legislature having jurisdiction of insurance
821 issues, a plan for implementing the additional ratemaking
822 methods and an outline of any legislation needed to facilitate
823 use of the new methods.

824 d. The plan must include a provision that producer
825 commissions paid by the corporation shall not be calculated in
826 such a manner as to include any rate equalization surcharge.
827 However, without regard to the plan to be developed or its
828 implementation, producer commissions paid by the corporation for
829 each account, other than the quota share primary program, shall
830 remain fixed as to percentage, effective rate, calculation, and
831 payment method until January 1, 2004.

832 ~~10.9.~~ By January 1, 2004, the corporation shall develop a
833 notice to policyholders or applicants that the rates of Citizens
834 Property Insurance Corporation are intended to be higher than
835 the rates of any admitted carrier and providing other
836 information the corporation deems necessary to assist consumers
837 in finding other voluntary admitted insurers willing to insure
838 their property.

839 Section 8. Section 627.40951, Florida Statutes, is created
840 to read:

841 627.40951 Standard personal lines residential insurance
842 policy.--

843 (1) The Legislature finds that many consumers who filed
844 property loss claims as a result of the hurricanes that struck
845 this state in 2004 were inadequately insured due to the
846 difficulty consumers encounter in trying to understand the

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847 complex nature of property insurance policies. The purpose and
848 intent of this section is to have property and casualty insurers
849 offer standard personal lines residential property insurance
850 policies and standard checklists of policy contents, in
851 accordance with s. 627.4143, to consumers and to ensure that
852 these policies and checklists are written in a simple format
853 with easily readable language that will enable most consumers to
854 understand the principal benefits and coverage provided in the
855 policy; the principal exclusions and limitations or reductions
856 contained in the policy, including, but not limited to,
857 deductibles, coinsurance, and any other limitations or
858 reductions; and any additional coverage provided through any
859 rider or endorsement that accompanies the policy and renewal or
860 cancellation provisions.

861 (2) The Chief Financial Officer shall appoint an advisory
862 committee composed of two representatives of insurers currently
863 selling personal lines residential property insurance coverage,
864 two representatives of property and casualty agents, two
865 representatives of consumers, two representatives of the
866 Commissioner of Insurance Regulation, and the Insurance Consumer
867 Advocate or her or his designee. The Chief Financial Officer or
868 her or his designee shall serve as chair of the committee. The
869 committee shall develop policy language for coverage that
870 represents general industry standards in the market for
871 comprehensive coverage under personal lines residential
872 insurance policies and shall develop a checklist to be used with
873 each type of personal lines residential property insurance

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874 policy. The committee shall review policies and related forms
875 written by Insurance Services Office, Inc. The committee shall
876 file a report containing its recommendations to the President of
877 the Senate and the Speaker of the House of Representatives by
878 January 15, 2006. No insurer shall be required to offer the
879 standard policy unless required by further act of the
880 Legislature.

881 Section 9. Subsection (1) of section 627.411, Florida
882 Statutes, is amended to read:

883 627.411 Grounds for disapproval.--

884 (1) The office shall disapprove any form filed under s.
885 627.410, or withdraw any previous approval thereof, only if the
886 form:

887 (a) Is in any respect in violation of, or does not comply
888 with, this code.

889 (b) Contains or incorporates by reference, where such
890 incorporation is otherwise permissible, any inconsistent,
891 ambiguous, or misleading clauses, or exceptions and conditions
892 which deceptively affect the risk purported to be assumed in the
893 general coverage of the contract.

894 (c) Has any title, heading, or other indication of its
895 provisions which is misleading.

896 (d) Is printed or otherwise reproduced in such manner as
897 to render any material provision of the form substantially
898 illegible.

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899 (e) Is for residential property insurance and contains
900 provisions that are unfair or inequitable or encourage
901 misrepresentation.

902 (f)~~(e)~~ Is for health insurance, and:

903 1. Provides benefits that are unreasonable in relation to
904 the premium charged.†

905 2. Contains provisions that are unfair or inequitable or
906 contrary to the public policy of this state or that encourage
907 misrepresentation.†

908 3. Contains provisions that apply rating practices that
909 result in unfair discrimination pursuant to s. 626.9541(1)(g)2.

910 (g)~~(f)~~ Excludes coverage for human immunodeficiency virus
911 infection or acquired immune deficiency syndrome or contains
912 limitations in the benefits payable, or in the terms or
913 conditions of such contract, for human immunodeficiency virus
914 infection or acquired immune deficiency syndrome which are
915 different than those which apply to any other sickness or
916 medical condition.

917 Section 10. Paragraphs (d) and (e) are added to subsection
918 (2) of section 627.4133, Florida Statutes, to read:

919 627.4133 Notice of cancellation, nonrenewal, or renewal
920 premium.--

921 (2) With respect to any personal lines or commercial
922 residential property insurance policy, including, but not
923 limited to, any homeowner's, mobile home owner's, farmowner's,
924 condominium association, condominium unit owner's, apartment

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925 building, or other policy covering a residential structure or
926 its contents:

927 (d)1. Upon a declaration of an emergency pursuant to s.
928 252.36 and the filing of an order by the Commissioner of
929 Insurance Regulation, an insurer may not cancel or nonrenew a
930 personal residential or commercial residential property
931 insurance policy covering a dwelling or residential property
932 located in this state which has been damaged as a result of a
933 hurricane or wind loss that is the subject of the declaration of
934 emergency for a period of 90 days after the dwelling or
935 residential property has been repaired. A structure is deemed to
936 be repaired when substantially completed and restored to the
937 extent that it is insurable by another authorized insurer that
938 is writing policies in this state.

939 2. However, an insurer or agent may cancel or nonrenew
940 such a policy prior to the repair of the dwelling or residential
941 property:

942 a. Upon 10 days' notice for nonpayment of premium; or

943 b. Upon 45 days' notice:

944 (I) For a material misstatement or fraud related to the
945 claim;

946 (II) If the insurer determines that the insured has
947 unreasonably caused a delay in the repair of the dwelling; or

948 (III) If the insurer has paid policy limits.

949 3. If the insurer elects to nonrenew a policy covering a
950 property that has been damaged, the insurer shall provide at
951 least 90 days' notice to the insured that the insurer intends to

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952 nonrenew the policy 90 days after the dwelling or residential
953 property has been repaired. Nothing in this paragraph shall
954 prevent the insurer from canceling or nonrenewing the policy 90
955 days after the repairs are complete for the same reasons the
956 insurer would otherwise have canceled or nonrenewed the policy
957 but for the limitations of subparagraph 1. The Financial
958 Services Commission may adopt rules, and the Commissioner of
959 Insurance Regulation may issue orders, necessary to implement
960 this paragraph.

961 4. This paragraph shall also apply to personal residential
962 and commercial residential policies covering property that was
963 damaged as the result of Tropical Storm Bonnie, Hurricane
964 Charley, Hurricane Frances, Hurricane Ivan, or Hurricane Jeanne.

965 (e) If any cancellation or nonrenewal of a policy subject
966 to this subsection is to take effect during the duration of a
967 hurricane as defined in s. 627.4025(2)(c), the effective date of
968 such cancellation or nonrenewal is extended until the end of the
969 duration of such hurricane. The insurer may collect premium at
970 the prior rates or the rates then in effect for the period of
971 time for which coverage is extended. This paragraph does not
972 apply to any property with respect to which replacement coverage
973 has been obtained and which is in effect for a claim occurring
974 during the duration of the hurricane.

975 Section 11. Effective January 1, 2006, section 627.4143,
976 Florida Statutes, is amended to read:

977 627.4143 Outline of coverage.--

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978 (1) No private passenger automobile or basic homeowner's
979 policy shall be delivered or issued for delivery in this state
980 unless an appropriate outline of coverage has been delivered
981 prior to issuance of the policy or accompanies the policy when
982 issued.

983 (2) The outline of coverage for a private passenger motor
984 vehicle insurance policy shall contain all of the following:

985 (a) A brief description of the principal benefits and
986 coverage provided in the policy, broken down by each class or
987 type of coverage provided under the policy for which a premium
988 is charged, and itemization of the applicable premium.

989 (b) A summary statement of the principal exclusions and
990 limitations or reductions contained in the policy by class or
991 type, including, but not limited to, deductibles, coinsurance,
992 and any other limitations or reductions.

993 (c) A summary statement of any renewal or cancellation
994 provisions.

995 (d) A description of the credit or surcharge plan that is
996 being applied. The description may display numerical or
997 alphabetical codes on the declarations page or premium notice to
998 enable the insured to determine the reason or reasons why her or
999 his policy is being surcharged or is receiving a credit.

1000 (e) A list of any additional coverage provided through any
1001 rider or endorsement which accompanies the policy. The list
1002 shall contain a descriptive reference to each additional
1003 coverage, rather than solely a reference to a form or code
1004 number.

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1005 (f) ~~For a private passenger motor vehicle insurance~~
1006 ~~policy,~~ The extent of coverage provided to the insured in the
1007 event of collision damage to a rental vehicle rented by the
1008 insured. The proof-of-insurance card required by s. 316.646 must
1009 also specify whether rental car coverage is provided, and may
1010 refer to the outline of coverage as to the details or extent of
1011 coverage.

1012 (3) A basic homeowners', mobile homeowners', dwelling, or
1013 condominium unit owners' policy may not be delivered or issued
1014 for delivery in this state unless a comprehensive checklist of
1015 coverage on a form adopted by the commission and an appropriate
1016 outline of coverage have been delivered prior to issuance of the
1017 policy or accompanies the policy when issued. The commission
1018 shall, by rule, adopt a form for the checklist for each type of
1019 policy to which this subsection applies. Each form shall
1020 indicate that it was adopted by the commission.

1021 (a) The checklist must contain a list of the standard
1022 provisions and elements that may typically be included in these
1023 policies, whether or not they are included in the particular
1024 policy being issued, in a format that allows the insurer to
1025 place a check mark next to the provisions elements that are
1026 included so that the consumer can see both what is included and
1027 what is not included in the policy. As an alternative to
1028 checking the boxes on the checklist, an insurer may delete the
1029 check boxes from the form and replace them with text indicating
1030 whether the provision's elements are included or not. Limits of

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1031 liability shall be listed for each item. The checklist must
1032 include, but is not limited to, the following:

1033 1. Property coverage for the principal premises shown in
1034 the declarations.

1035 2. Property coverage for other structures on the residence
1036 premises.

1037 3. Whether the principal premises and other structures are
1038 insured against the following perils:

1039 a. Fire.

1040 b. Lightning.

1041 c. Explosion.

1042 d. Hurricane loss.

1043 e. Nonhurricane wind loss.

1044 f. Collapse.

1045 g. Mold.

1046 h. Sinkhole loss.

1047 i. Vandalism.

1048 4. Personal property coverage.

1049 5. Whether personal property is insured against the
1050 following perils:

1051 a. Fire.

1052 b. Lightning.

1053 c. Hurricane loss.

1054 d. Nonhurricane wind loss.

1055 e. Collapse.

1056 f. Mold.

1057 g. Sinkhole loss.

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- 1058 h. Theft.
- 1059 6. The following additional coverages:
- 1060 a. Debris removal.
- 1061 b. Loss assessment.
- 1062 c. Additional living expenses.
- 1063 7. Personal liability coverage.
- 1064 8. Medical payments coverage.
- 1065 9. Discounts applied to the premium.
- 1066 10. Deductibles for loss due to hurricane and loss to
- 1067 other perils.
- 1068 11. Building ordinance or law coverage.
- 1069 12. Replacement cost coverage.
- 1070 13. Actual cash value coverage.
- 1071 (b) The forms shall allow insurers to place other
- 1072 coverages on the checklists which may or may not be included in
- 1073 the insurer's policies.
- 1074 (c) The outline of coverage must contain:
- 1075 1. A brief description of the principal benefits and
- 1076 coverage provided in the policy, broken down by each class or
- 1077 type of coverage provided under the policy for which a premium
- 1078 is charged, and itemization of the applicable premium.
- 1079 2. A summary statement of the principal exclusions and
- 1080 limitations or reductions contained in the policy by class or
- 1081 type, including, but not limited to, deductibles, coinsurance,
- 1082 and any other limitations or reductions.
- 1083 3. A summary statement of any renewal or cancellation
- 1084 provisions.

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1085 4. A description of the credit or surcharge plan that is
1086 being applied. The description may display numerical or
1087 alphabetical codes on the declarations page or premium notice to
1088 enable the insured to determine the reason or reasons why her or
1089 his policy is being surcharged or is receiving a credit.

1090 5. A summary of any additional coverage provided through
1091 any rider or endorsement that accompanies the policy.

1092 ~~(4)(3)~~ The outline of coverage for a private passenger
1093 motor vehicle policy is required only on the initial policy
1094 issued by an insurer. The outline of coverage and the checklist
1095 for a basic homeowners', mobile homeowners', dwelling, or
1096 condominium unit owners' policy is required on the initial
1097 policy and each renewal thereof issued by an insurer.

1098 ~~(5)(4)~~ An insurer must insert the following language on
1099 the outline of coverage:

1100
1101 "The following outline of coverage or checklist is for
1102 informational purposes only. Florida law prohibits this outline
1103 or checklist from changing any of the provisions of the
1104 insurance contract which is the subject of this outline. Any
1105 endorsement regarding changes in types of coverage, exclusions,
1106 limitations, reductions, deductibles, coinsurance, renewal
1107 provisions, cancellation provisions, surcharges, or credits will
1108 be sent separately."

1109 ~~(6)(5)~~ Neither this section nor the outline of coverage or
1110 checklist mandated by this section alters or modifies the terms

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1111 of the insurance contract, creates a cause of action, or is
1112 admissible in any civil action.

1113 Section 12. Effective October 1, 2005, subsections (3),
1114 (4), (8), and (9) of section 627.701, Florida Statutes, as
1115 amended by section 4 of chapter 2004-480, Laws of Florida, are
1116 amended to read:

1117 627.701 Liability of insureds; coinsurance; deductibles.--

1118 (3)(a) A policy of residential property insurance shall
1119 include a deductible amount applicable to hurricane ~~or wind~~
1120 losses no lower than \$500 and no higher than 2 percent of the
1121 policy dwelling limits with respect to personal lines
1122 residential risks, and no higher than 3 percent of the policy
1123 limits with respect to commercial lines residential risks;
1124 however, if a risk was covered on August 24, 1992, under a
1125 policy having a higher deductible than the deductibles allowed
1126 by this paragraph, a policy covering such risk may include a
1127 deductible no higher than the deductible in effect on August 24,
1128 1992. Notwithstanding the other provisions of this paragraph, a
1129 personal lines residential policy covering a risk valued at
1130 \$50,000 or less may include a deductible amount attributable to
1131 hurricane ~~or wind~~ losses no lower than \$250, and a personal
1132 lines residential policy covering a risk valued at \$100,000 or
1133 more may include a deductible amount attributable to hurricane
1134 ~~or wind~~ losses no higher than 10 ~~5~~ percent of the policy limits
1135 unless subject to a higher deductible on August 24, 1992;
1136 however, no maximum deductible is required with respect to a
1137 personal lines residential policy covering a risk valued at more

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1138 | than \$500,000. An insurer may require a higher deductible,
1139 | provided such deductible is the same as or similar to a
1140 | deductible program lawfully in effect on June 14, 1995. In
1141 | addition to the deductible amounts authorized by this paragraph,
1142 | an insurer may also offer policies with a copayment provision
1143 | under which, after exhaustion of the deductible, the
1144 | policyholder is responsible for 10 percent of the next \$10,000
1145 | of insured hurricane ~~or wind~~ losses.

1146 | (b)1. Except as otherwise provided in this paragraph,
1147 | prior to issuing a personal lines residential property insurance
1148 | policy on or after January 1, 2006 ~~April 1, 1996~~, or prior to
1149 | the first renewal of a residential property insurance policy on
1150 | or after January 1, 2006 ~~April 1, 1996~~, the insurer must offer
1151 | alternative deductible amounts applicable to hurricane ~~or wind~~
1152 | losses equal to \$500, ~~and~~ 2 percent, 5 percent, and 10 percent
1153 | of the policy dwelling limits, unless the specific percentage 2
1154 | ~~percent~~ deductible is less than \$500. The written notice of the
1155 | offer shall specify the hurricane or wind deductible to be
1156 | applied in the event that the applicant or policyholder fails to
1157 | affirmatively choose a hurricane deductible. The insurer must
1158 | provide such policyholder with notice of the availability of the
1159 | deductible amounts specified in this paragraph in a form
1160 | approved by the office in conjunction with each renewal of the
1161 | policy. The failure to provide such notice constitutes a
1162 | violation of this code but does not affect the coverage provided
1163 | under the policy.

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1164 2. This paragraph does not apply with respect to a
1165 deductible program lawfully in effect on June 14, 1995, or to
1166 any similar deductible program, if the deductible program
1167 requires a minimum deductible amount of no less than 2 percent
1168 of the policy limits.

1169 3. With respect to a policy covering a risk with dwelling
1170 limits of at least \$100,000, but less than \$250,000, the insurer
1171 may, in lieu of offering a policy with a \$500 hurricane or wind
1172 deductible as required by subparagraph 1., offer a policy that
1173 the insurer guarantees it will not nonrenew for reasons of
1174 reducing hurricane loss for one renewal period and that contains
1175 up to a 2 percent hurricane or wind deductible as required by
1176 subparagraph 1.

1177 4. With respect to a policy covering a risk with dwelling
1178 limits of \$250,000 or more, the insurer need not offer the \$500
1179 hurricane ~~or wind~~ deductible as required by subparagraph 1., but
1180 must, except as otherwise provided in this subsection, offer the
1181 other 2 percent hurricane deductibles ~~or wind deductible~~ as
1182 required by subparagraph 1.

1183 ~~(c) In order to provide for the transition from wind~~
1184 ~~deductibles to hurricane deductibles as required by this~~
1185 ~~subsection, an insurer is required to provide wind deductibles~~
1186 ~~meeting the requirements of this subsection until the effective~~
1187 ~~date of the insurer's first rate filing made after January 1,~~
1188 ~~1997, and is thereafter required to provide hurricane~~
1189 ~~deductibles meeting the requirements of this subsection.~~

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1190 (4)(a) Any policy that contains a separate hurricane
1191 deductible must on its face include in boldfaced type no smaller
1192 than 18 points the following statement: "THIS POLICY CONTAINS A
1193 SEPARATE DEDUCTIBLE FOR HURRICANE LOSSES, WHICH MAY RESULT IN
1194 HIGH OUT-OF-POCKET EXPENSES TO YOU." A policy containing a
1195 coinsurance provision applicable to hurricane losses must on its
1196 face include in boldfaced type no smaller than 18 points the
1197 following statement: "THIS POLICY CONTAINS A CO-PAY PROVISION
1198 THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU."

1199 (b) Beginning October 1, 2005, for any personal lines
1200 residential property insurance policy containing a separate
1201 hurricane deductible, the insurer shall compute and prominently
1202 display the actual dollar value of the hurricane deductible on
1203 the declarations page of the policy at issuance and, for
1204 renewal, on the renewal declarations page of the policy or on
1205 the premium renewal notice.

1206 (c) Beginning October 1, 2005, for any personal lines
1207 residential property insurance policy containing an inflation
1208 guard rider, the insurer shall compute and prominently display
1209 the actual dollar value of the hurricane deductible on the
1210 declarations page of the policy at issuance and, for renewal, on
1211 the renewal declarations page of the policy or on the premium
1212 renewal notice. In addition, beginning October 1, 2005, for any
1213 personal lines residential property insurance policy containing
1214 an inflation guard rider, the insurer shall notify the
1215 policyholder of the possibility that the hurricane deductible
1216 may be higher than indicated when loss occurs due to application

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1217 of the inflation guard rider. Such notification shall be made on
1218 the declarations page of the policy at issuance and, for
1219 renewal, on the renewal declarations page of the policy or on
1220 the premium renewal notice.

1221 ~~(8)(a) The Legislature finds that property insurance~~
1222 ~~coverage has become unaffordable for a significant number of~~
1223 ~~mobile home owners, as evidenced by reports that up to 100,000~~
1224 ~~mobile home owners have terminated their insurance coverage~~
1225 ~~because they cannot afford to pay approved rates charged in the~~
1226 ~~voluntary or residual markets. The Legislature further finds~~
1227 ~~that additional flexibility in available coverages will enable~~
1228 ~~mobile home owners to obtain affordable insurance and increase~~
1229 ~~capacity.~~

1230 ~~(b) Notwithstanding the provisions of subsection (3), with~~
1231 ~~respect to mobile home policies:~~

1232 ~~1. The deductible for hurricane coverage may not exceed 10~~
1233 ~~percent of the property value if the property is not subject to~~
1234 ~~any liens and may not exceed 5 percent of the property value if~~
1235 ~~the property is subject to any liens.~~

1236 ~~2. The insurer need not make the offers required by~~
1237 ~~paragraph (3)(b).~~

1238 ~~(8)(9) Notwithstanding the other provisions of this~~
1239 ~~section or of other law, but only as to hurricane coverage as~~
1240 ~~defined in s. 627.4025 for commercial lines residential~~
1241 ~~coverages, an insurer may offer a deductible in an amount not~~
1242 ~~exceeding 5 percent of the insured value with respect to a~~
1243 ~~condominium association or cooperative association policy, or in~~

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1244 ~~an amount not exceeding~~ 10 percent of the insured value with
1245 ~~respect to any other commercial lines residential policy,~~ if, at
1246 the time of such offer and at each renewal, the insurer also
1247 offers to the policyholder a deductible in the amount of 3
1248 percent of the insured value. Nothing in this subsection
1249 prohibits any deductible otherwise authorized by this section.
1250 All forms by which the offers authorized in this subsection are
1251 made or required to be made shall be on forms that are adopted
1252 or approved by the commission or office.

1253 Section 13. Subsection (5) of section 627.701, Florida
1254 Statutes, as amended by section 4 of chapter 2004-480, Laws of
1255 Florida, is amended to read:

1256 627.701 Liability of Insureds; coinsurance; deductibles.--

1257 (5)(a) The hurricane deductible of any personal lines
1258 residential property insurance policy issued or renewed on or
1259 after May 1, 2005, shall be applied as follows:

1260 1.(a) The hurricane deductible shall apply on an annual
1261 basis to all covered hurricane losses that occur during the
1262 calendar year for losses that are covered under one or more
1263 policies issued by the same insurer or an insurer in the same
1264 insurer group.

1265 2.(b) If a hurricane deductible applies separately to each
1266 of one or more structures insured under a single policy, the
1267 requirements of this paragraph ~~subsection~~ apply with respect to
1268 the deductible for each structure.

1269 3.(c) If there was a hurricane loss for a prior hurricane
1270 or hurricanes during the calendar year, the insurer may apply a

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1271 deductible to a subsequent hurricane which ~~that~~ is the greater
1272 of the remaining amount of the hurricane deductible or the
1273 amount of the deductible that applies to perils other than a
1274 hurricane. Insurers may require policyholders to report
1275 hurricane losses that are below the hurricane deductible or to
1276 maintain receipts or other records of such hurricane losses in
1277 order to apply such losses to subsequent hurricane claims.

1278 4.(d) If there are hurricane losses in a calendar year on
1279 more than one policy issued by the same insurer or an insurer in
1280 the same insurer group, the hurricane deductible shall be the
1281 highest amount stated in any one of the policies. If a
1282 policyholder who had a hurricane loss under the prior policy is
1283 provided or offered a lower hurricane deductible under the new
1284 or renewal policy, the insurer must notify the policyholder, in
1285 writing, at the time the lower hurricane deductible is provided
1286 or offered, that the lower hurricane deductible will not apply
1287 until January 1 of the following calendar year.

1288 (b) For commercial residential property insurance policies
1289 issued or renewed on or after January 1, 2006, the insurer must
1290 offer the policyholder the following alternative hurricane
1291 deductibles:

1292 1. A hurricane deductible that applies on an annual basis
1293 as provided in paragraph (a); and

1294 2. A hurricane deductible that applies to each hurricane.

1295 Section 14. Effective October 1, 2005, section 627.7011,
1296 Florida Statutes, is amended to read:

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1297 627.7011 Homeowners' policies; offer of replacement cost
1298 coverage and law and ordinance coverage.--

1299 (1) Prior to issuing a homeowner's insurance policy on or
1300 after October 1, 2005 ~~June 1, 1994~~, or prior to the first
1301 renewal of a homeowner's insurance policy on or after October 1,
1302 2005 ~~June 1, 1994~~, the insurer must offer each of the following:

1303 (a) A policy or endorsement providing that any loss which
1304 is repaired or replaced will be adjusted on the basis of
1305 replacement costs not exceeding policy limits as to the
1306 dwelling, rather than actual cash value, but not including costs
1307 necessary to meet applicable laws and ordinances regulating the
1308 construction, use, or repair of any property or requiring the
1309 tearing down of any property, including the costs of removing
1310 debris.

1311 (b) A policy or endorsement providing that, subject to
1312 other policy provisions, any loss which is repaired or replaced
1313 at any location will be adjusted on the basis of replacement
1314 costs not exceeding policy limits as to the dwelling, rather
1315 than actual cash value, and also including costs necessary to
1316 meet applicable laws and ordinances regulating the construction,
1317 use, or repair of any property or requiring the tearing down of
1318 any property, including the costs of removing debris; however,
1319 such additional costs necessary to meet applicable laws and
1320 ordinances may be limited to either 25 percent or 50 percent of
1321 the dwelling limit, as selected by the policyholder, and such
1322 coverage shall apply only to repairs of the damaged portion of

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1323 the structure unless the total damage to the structure exceeds
1324 50 percent of the replacement cost of the structure.

1325
1326 An insurer is not required to make the offers required by this
1327 subsection with respect to the issuance or renewal of a
1328 homeowner's policy that contains the provisions specified in
1329 paragraph (b) for law and ordinance coverage limited to 25
1330 percent of the dwelling limit, except that the insurer must
1331 offer the law and ordinance coverage limited to 50 percent of
1332 the dwelling limit. This subsection does not prohibit the offer
1333 of a guaranteed replacement cost policy.

1334 (2) Unless the insurer obtains the policyholder's written
1335 refusal of the policies or endorsements specified in subsection
1336 (1), any policy covering the dwelling is deemed to include the
1337 coverage specified in paragraph (1)(b). The rejection or
1338 selection of alternative coverage shall be made on a form
1339 approved by the office. The form shall fully advise the
1340 applicant of the nature of the coverage being rejected. If this
1341 form is signed by a named insured, it will be conclusively
1342 presumed that there was an informed, knowing rejection of the
1343 coverage or election of the alternative coverage on behalf of
1344 all insureds. Unless the policyholder requests in writing the
1345 coverage specified in this section, it need not be provided in
1346 or supplemental to any other policy that renews, insures,
1347 extends, changes, supersedes, or replaces an existing policy
1348 when the policyholder has rejected the coverage specified in
1349 this section or has selected alternative coverage. The insurer

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1350 must provide such policyholder with notice of the availability
1351 of such coverage in a form approved by the office at least once
1352 every 3 years. The failure to provide such notice constitutes a
1353 violation of this code, but does not affect the coverage
1354 provided under the policy.

1355 (3) In the event of a loss for which a dwelling or
1356 personal property is insured on the basis of replacement costs,
1357 the insurer shall pay the replacement cost without reservation
1358 or holdback of any depreciation in value, whether or not the
1359 insured replaces or repairs the dwelling or property.

1360 (4) Any homeowner's insurance policy issued or renewed on
1361 or after October 1, 2005, must include in bold type no smaller
1362 than 18 points the following statement:

1363
1364 "LAW AND ORDINANCE COVERAGE IS AN IMPORTANT COVERAGE THAT YOU
1365 MAY WISH TO PURCHASE. YOU MAY ALSO NEED TO CONSIDER THE PURCHASE
1366 OF FLOOD INSURANCE FROM THE NATIONAL FLOOD INSURANCE PROGRAM.
1367 WITHOUT THIS COVERAGE, YOU MAY HAVE UNCOVERED LOSSES. PLEASE
1368 DISCUSS THESE COVERAGES WITH YOUR INSURANCE AGENT."

1369
1370 The intent of this subsection is to encourage policyholders to
1371 purchase sufficient coverage to protect them in case events
1372 excluded from the standard homeowners policy, such as law and
1373 ordinance enforcement and flood, combine with covered events to
1374 produce damage or loss to the insured property. The intent is
1375 also to encourage policyholders to discuss these issues with
1376 their insurance agent.

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1377 ~~(5)(3)~~ Nothing in this section shall be construed to apply
1378 to policies not considered to be "homeowners' policies," as that
1379 term is commonly understood in the insurance industry. This
1380 section specifically does not apply to mobile home policies.
1381 Nothing in this section shall be construed as limiting the
1382 ability of any insurer to reject or nonrenew any insured or
1383 applicant on the grounds that the structure does not meet
1384 underwriting criteria applicable to replacement cost or law and
1385 ordinance policies or for other lawful reasons.

1386 Section 15. Effective July 1, 2005, subsections (1) and
1387 (7) of section 627.7015, Florida Statutes, are amended, and
1388 subsection (2) of that section is reenacted, to read:

1389 627.7015 Alternative procedure for resolution of disputed
1390 property insurance claims.--

1391 (1) PURPOSE AND SCOPE.--This section sets forth a
1392 nonadversarial alternative dispute resolution procedure for a
1393 mediated claim resolution conference prompted by the need for
1394 effective, fair, and timely handling of property insurance
1395 claims. There is a particular need for an informal,
1396 nonthreatening forum for helping parties who elect this
1397 procedure to resolve their claims disputes because most
1398 homeowner's and commercial residential insurance policies
1399 obligate insureds to participate in a potentially expensive and
1400 time-consuming adversarial appraisal process prior to
1401 litigation. The procedure set forth in this section is designed
1402 to bring the parties together for a mediated claims settlement
1403 conference without any of the trappings or drawbacks of an

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1404 adversarial process. Before resorting to these procedures,
1405 insureds and insurers are encouraged to resolve claims as
1406 quickly and fairly as possible. This section is available with
1407 respect to claims under personal lines and commercial
1408 residential policies for all claimants and insurers prior to
1409 commencing the appraisal process, or commencing litigation. If
1410 requested by the insured, participation by legal counsel shall
1411 be permitted. Mediation under this section is also available to
1412 litigants referred to the department by a county court or
1413 circuit court. This section does not apply to commercial
1414 coverages, to private passenger motor vehicle insurance
1415 coverages, or to disputes relating to liability coverages in
1416 policies of property insurance.

1417 (2) At the time a first-party claim within the scope of
1418 this section is filed, the insurer shall notify all first-party
1419 claimants of their right to participate in the mediation program
1420 under this section. The department shall prepare a consumer
1421 information pamphlet for distribution to persons participating
1422 in mediation under this section.

1423 (7) If the insurer fails to comply with subsection (2) by
1424 failing to notify a first-party claimant of its right to
1425 participate in the mediation program under this section or if
1426 the insurer requests the mediation, and the mediation results
1427 are rejected by either party, the insured shall not be required
1428 to submit to or participate in any contractual loss appraisal
1429 process of the property loss damage as a precondition to legal

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1430 action for breach of contract against the insurer for its
1431 failure to pay the policyholder's claims covered by the policy.

1432 Section 16. Subsection (1) of section 627.702, Florida
1433 Statutes, is amended to read:

1434 627.702 Valued policy law.--

1435 (1)(a) In the event of the total loss of any building,
1436 structure, mobile home as defined in s. 320.01(2), or
1437 manufactured building as defined in s. 553.36(12), located in
1438 this state and insured by any insurer as to a covered peril, in
1439 the absence of any change increasing the risk without the
1440 insurer's consent and in the absence of fraudulent or criminal
1441 fault on the part of the insured or one acting in her or his
1442 behalf, the insurer's liability, ~~if any,~~ under the policy for
1443 such total loss, if caused by a covered peril, shall be in the
1444 amount of money for which such property was so insured as
1445 specified in the policy and for which a premium has been charged
1446 and paid.

1447 (b) The intent of this subsection is not to deprive an
1448 insurer of any proper defense under the policy, to create new or
1449 additional coverage under the policy, or to require an insurer
1450 to pay for a loss caused by a peril other than the covered
1451 peril. In furtherance of such legislative intent, when a loss
1452 was caused in part by a covered peril and in part by a
1453 noncovered peril, paragraph (a) does not apply. In such
1454 circumstances, the insurer's liability under this section shall
1455 be limited to the amount of the loss caused by the covered
1456 peril. However, if the covered perils alone would have caused

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1457 the total loss, paragraph (a) shall apply. The insurer is never
1458 liable for more than the amount necessary to repair, rebuild, or
1459 replace the structure following the total loss, after
1460 considering all other benefits actually paid for the total loss.

1461 (c) It is the intent of the Legislature that the amendment
1462 to this section shall not be applied retroactively and shall
1463 apply only to claims filed after effective date of such
1464 amendment.

1465 Section 17. Section 627.706, Florida Statutes, is amended
1466 to read:

1467 627.706 Sinkhole insurance; definitions.--

1468 (1) Every insurer authorized to transact property
1469 insurance in this state shall make available coverage for
1470 insurable sinkhole losses on any structure, including contents
1471 of personal property contained therein, to the extent provided
1472 in the form to which the sinkhole coverage attaches.

1473 (2) As used in ss. 627.706-627.7074, and as used in
1474 connection with any policy providing coverage for sinkhole
1475 losses:

1476 (a) "Sinkhole" means a landform created by subsidence of
1477 soil, sediment, or rock as underlying strata are dissolved by
1478 ground water. A sinkhole may form by collapse into subterranean
1479 voids created by dissolution of limestone or dolostone or by
1480 subsidence as these strata are dissolved.

1481 (b)~~(2)~~ "Sinkhole loss" means structural damage to the
1482 building, including the foundation, caused by sinkhole activity.

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1483 Contents coverage shall apply only if there is structural damage
1484 to the building caused by sinkhole activity.

1485 ~~(c)(3)~~ "Sinkhole activity loss" means ~~actual physical~~
1486 ~~damage to the property covered arising out of or caused by~~
1487 ~~sudden~~ settlement or systematic weakening collapse of the earth
1488 supporting such property only when such settlement or systematic
1489 weakening collapse results from movement or raveling of soils,
1490 sediments, or rock materials into subterranean voids created by
1491 the effect action of water on a limestone or similar rock
1492 formation.

1493 (d) "Engineer" means a person, as defined in s. 471.005,
1494 who has a bachelor degree or higher in engineering with a
1495 specialty in the geotechnical engineering field. An engineer
1496 must have geotechnical experience and expertise in the
1497 identification of sinkhole activity as well as other potential
1498 causes of damage to the structure.

1499 (e) "Professional geologist" means a person, as defined by
1500 s. 492.102, who has a bachelor degree or higher in geology or
1501 related earth science with expertise in the geology of Florida.
1502 A professional geologist must have geological experience and
1503 expertise in the identification of sinkhole activity as well as
1504 other potential geologic causes of damage to the structure.

1505 ~~(3)(4)~~ Every insurer authorized to transact property
1506 insurance in this state shall make a proper filing with the
1507 office for the purpose of extending the appropriate forms of
1508 property insurance to include coverage for ~~insurable~~ sinkhole
1509 losses.

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1510 Section 18. Section 627.7065, Florida Statutes, is created
1511 to read:

1512 627.7065 Database of information relating to sinkholes;
1513 the Department of Financial Services and the Department of
1514 Environmental Protection.--

1515 (1) The Legislature finds that there has been a dramatic
1516 increase in the number of sinkholes and insurance claims for
1517 sinkhole damage in the state during the past 10 years.
1518 Accordingly, the Legislature recognizes the need to track
1519 current and past sinkhole activity and to make the information
1520 available for prevention and remediation activities. The
1521 Legislature further finds that the Florida Geological Survey of
1522 the Department of Environmental Protection has created a partial
1523 database of some sinkholes identified in Florida, although the
1524 database is not reflective of all sinkholes or insurance claims
1525 for sinkhole damage. The Legislature determines that creating a
1526 complete electronic database of sinkhole activity serves an
1527 important purpose in protecting the public and in studying
1528 property claims activities in the insurance industry.

1529 (2) The Department of Financial Services, including the
1530 employee of the Division of Consumer Services designated as the
1531 primary contact for consumers on issues relating to sinkholes,
1532 and the Office of the Insurance Consumer Advocate shall consult
1533 with the Florida Geological Survey and the Department of
1534 Environmental Protection to implement a statewide automated
1535 database of sinkholes and related activity identified in the
1536 state.

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1537 (3) Representatives of the Department of Financial
1538 Services, with the agreement of the Department of Environmental
1539 Protection, shall determine the form and content of the
1540 database. The content may include standards for reporting and
1541 investigating sinkholes for inclusion in the database and
1542 requirements for insurers to report to the departments the
1543 receipt of claims involving sinkhole loss and other similar
1544 activities. The Department of Financial Services may require
1545 insurers to report present and past data of sinkhole claims. The
1546 database also may include information of damage due to ground
1547 settling and other subsidence activity.

1548 (4) The Department of Financial Services may manage the
1549 database or may contract for its management and maintenance. The
1550 Department of Environmental Protection shall investigate reports
1551 of sinkhole activity and include its findings and investigations
1552 in the database.

1553 (5) The Department of Environmental Protection, in
1554 consultation with the Department of Financial Services, shall
1555 present a report of activities relating to the sinkhole
1556 database, including recommendations regarding the database and
1557 similar matters, to the Governor, the Speaker of the House of
1558 Representatives, the President of the Senate, and the Chief
1559 Financial Officer by December 31, 2005. The report may consider
1560 the need for the Legislature to create an entity to study the
1561 increase in sinkhole activity in the state and other similar
1562 issues relating to sinkhole damage, including recommendations

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1563 and costs for staffing the entity. The report may include other
1564 information, as appropriate.

1565 (6) The Department of Financial Services, in consultation
1566 with the Department of Environmental Protection, may adopt rules
1567 to implement this section.

1568 Section 19. Section 627.707, Florida Statutes, is amended
1569 to read:

1570 627.707 ~~Minimum~~ Standards for investigation of sinkhole
1571 claims by insurers; nonrenewals.--

1572 ~~(1)~~ Upon receipt of a claim for a sinkhole loss, an
1573 insurer must meet the following ~~minimum~~ standards in
1574 investigating a claim:

1575 ~~(1)(a) Upon receipt of a claim for a sinkhole loss, The~~
1576 insurer must make an inspection of the insured's premises to
1577 determine if there has been physical damage to the structure
1578 which ~~may~~ ~~might~~ be the result of sinkhole activity.

1579 ~~(b) If, upon the investigation pursuant to paragraph (a),~~
1580 ~~the insurer discovers damage to a structure which is consistent~~
1581 ~~with sinkhole activity or if the structure is located in close~~
1582 ~~proximity to a structure in which sinkhole damage has been~~
1583 ~~verified, then prior to denying a claim, the insurer must obtain~~
1584 ~~a written certification from an individual qualified to~~
1585 ~~determine the existence of sinkhole activity, stating that the~~
1586 ~~cause of the claim is not sinkhole activity, and that the~~
1587 ~~analysis conducted was of sufficient scope to eliminate sinkhole~~
1588 ~~activity as the cause of damage within a reasonable professional~~
1589 ~~probability. The written certification must also specify the~~

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1590 ~~professional discipline and professional licensure or~~
1591 ~~registration under which the analysis was conducted.~~

1592 (2) Following the insurer's initial inspection, the
1593 insurer shall engage an engineer or a professional geologist to
1594 conduct testing as provided in s. 627.7072 to determine the
1595 cause of the loss within a reasonable professional probability
1596 and issue a report as provided in s. 627.7073, if:

1597 (a) The insurer is unable to identify a valid cause of the
1598 damage or discovers damage to the structure which is consistent
1599 with sinkhole loss; or

1600 (b) The policyholder demands testing in accordance with
1601 this section or s. 627.7072.

1602 (3) Following the initial inspection of the insured
1603 premises, the insurer shall provide written notice to the
1604 policyholder disclosing the following information:

1605 (a) What the insurer has determined to be the cause of
1606 damage, if the insurer has made such a determination.

1607 (b) A statement of the circumstances under which the
1608 insurer is required to engage an engineer or a professional
1609 geologist to verify or eliminate sinkhole loss and to engage an
1610 engineer to make recommendations regarding land and building
1611 stabilization and foundation repair.

1612 (c) A statement regarding the right of the policyholder to
1613 request testing by an engineer or a professional geologist and
1614 the circumstances under which the policyholder may demand
1615 certain testing.

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1616 (4) If the insurer determines that there is no sinkhole
1617 loss, the insurer may deny the claim. If the insurer denies the
1618 claim, without performing testing under s. 627.7072, the
1619 policyholder may demand testing by the insurer under s.
1620 627.7072. The policyholder's demand for testing must be
1621 communicated to the insurer in writing after the policyholder's
1622 receipt of the insurer's denial of the claim.

1623 (5)(a) Subject to paragraph (b), if a sinkhole loss is
1624 verified, the insurer shall pay to stabilize the land and
1625 building and repair the foundation in accordance with the
1626 recommendations of the engineer as provided under s. 627.7073,
1627 and in consultation with the policyholder, subject to the
1628 coverage and terms of the policy. The insurer shall pay for
1629 other repairs to the structure and contents in accordance with
1630 the terms of the policy.

1631 (b) The insurer may limit its payment to the actual cash
1632 value of the sinkhole loss, not including underpinning or
1633 grouting or any other repair technique performed below the
1634 existing foundation of the building, until the policyholder
1635 enters into a contract for the performance of building
1636 stabilization or foundation repairs. After the policyholder
1637 enters into the contract, the insurer shall pay the amounts
1638 necessary to begin and perform such repairs as the work is
1639 performed and the expenses are incurred. The insurer may not
1640 require the policyholder to advance payment for such repairs. If
1641 repair has begun and the engineer selected or approved by the
1642 insurer determines that the repair cannot be completed within

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1643 the policy limits, the insurer must either complete the
1644 engineer's recommended repair or tender the policy limits to the
1645 policyholder without a reduction for the repair expenses
1646 incurred.

1647 (6) Except as provided in subsection (7), the fees and
1648 costs of the engineer or the professional geologist shall be
1649 paid by the insurer.

1650 (7)(e) If the insurer obtains, pursuant to s. 627.7073
1651 paragraph (b), written certification that there is no sinkhole
1652 loss or that the cause of the damage claim was not sinkhole
1653 activity, and if the policyholder has submitted the sinkhole
1654 claim without good faith grounds for submitting such claim, the
1655 policyholder shall reimburse the insurer for 50 percent of the
1656 actual costs cost of the analyses and services provided analysis
1657 under ss. 627.7072 and 627.7073 paragraph (b); however, a
1658 policyholder is not required to reimburse an insurer more than
1659 \$2,500 with respect to any claim. A policyholder is required to
1660 pay reimbursement under this subsection paragraph only if the
1661 insurer, prior to ordering the analysis under s. 627.7072
1662 paragraph (b), informs the policyholder in writing of the
1663 policyholder's potential liability for reimbursement and gives
1664 the policyholder the opportunity to withdraw the claim.

1665 (8)(2) No insurer shall nonrenew any policy of property
1666 insurance on the basis of filing of claims for partial loss
1667 caused by sinkhole damage or clay shrinkage as long as the total
1668 of such payments does not exceed the current policy limits of
1669 coverage for property damage, and provided the insured has

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1670 repaired the structure in accordance with the engineering
1671 recommendations upon which any payment or policy proceeds were
1672 based.

1673 (9) The insurer may engage a structural engineer to make
1674 recommendations as to the repair of the structure.

1675 Section 20. Section 627.7072, Florida Statutes, is created
1676 to read:

1677 627.7072 Testing standards for sinkholes.--

1678 (1) The engineer and professional geologist shall perform
1679 such tests as sufficient, in their professional opinion, to
1680 determine the presence or absence of sinkhole loss or other
1681 cause of damage within reasonable professional probability and
1682 for the engineer to make recommendations regarding necessary
1683 building stabilization, and foundation repair.

1684 (2) Testing by a professional geologist shall be conducted
1685 in compliance with the Florida Geological Survey Special
1686 Publication No. 57 (2005).

1687 Section 21. Section 627.7073, Florida Statutes, is created
1688 to read:

1689 627.7073 Sinkhole reports.--

1690 (1) Upon completion of testing as provided in s. 627.7072,
1691 the engineer and professional geologist shall issue a report and
1692 certification to the insurer and the policyholder as provided in
1693 this section.

1694 (a) Sinkhole loss is verified if, based upon tests
1695 performed in accordance with s. 627.7072, an engineer and a

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1696 professional geologist issue a written report and certification
1697 stating:

1698 1. That the cause of the actual physical and structural
1699 damage is sinkhole activity within a reasonable professional
1700 probability.

1701 2. That the analyses conducted were of sufficient scope to
1702 identify sinkhole activity as the cause of damage within a
1703 reasonable professional probability.

1704 3. A description of the tests performed.

1705 4. A recommendation by the engineer of methods for
1706 stabilizing the land and building and for making repairs to the
1707 foundation.

1708 (b) If sinkhole activity is eliminated as the cause of
1709 damage to the structure, the engineer and professional geologist
1710 shall issue a written report and certification to the
1711 policyholder and the insurer stating:

1712 1. That the cause of the damage is not sinkhole activity
1713 within a reasonable professional probability.

1714 2. That the analyses and tests conducted were of
1715 sufficient scope to eliminate sinkhole activity as the cause of
1716 damage within a reasonable professional probability.

1717 3. A statement of the cause of the damage within a
1718 reasonable professional probability.

1719 4. A description of the tests performed.

1720 (c) The respective findings, opinions, and recommendations
1721 of the engineer and professional geologist as to the
1722 verification or elimination of a sinkhole loss and the findings,

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1723 opinions, and recommendations of the engineer as to land and
1724 building stabilization and foundation repair shall be presumed
1725 correct.

1726 (2) Any insurer that has paid a claim for a sinkhole loss
1727 shall file a copy of the report and certification, prepared
1728 pursuant to subsection (1), with the county property appraiser
1729 who shall record the report and certification with the parcel
1730 number. The insurer shall bear the cost of filing and recording
1731 the report and certification. There shall be no cause of action
1732 or liability against an insurer for compliance with this
1733 section. The seller of real property upon which a sinkhole claim
1734 has been made shall disclose to the buyer of such property that
1735 a claim has been paid and whether or not the full amount of the
1736 proceeds were used to repair the sinkhole damage.

1737 Section 22. Effective October 1, 2005, and applicable to
1738 policies issued or renewed on or after that date, section
1739 627.711, Florida Statutes, is created to read:

1740 627.711 Notice of premium discounts for hurricane loss
1741 mitigation.--Using a form prescribed by the Office of Insurance
1742 Regulation, the insurer shall clearly notify the applicant or
1743 policyholder of any personal lines residential property
1744 insurance policy, at the time of the issuance of the policy and
1745 at each renewal, of the availability and the range of each
1746 premium discount, credit, other rate differential, or reduction
1747 in deductibles for properties on which fixtures or construction
1748 techniques demonstrated to reduce the amount of loss in a
1749 windstorm can or have been installed or implemented. The

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1750 prescribed form shall describe generally what actions the
1751 policyholders may be able to take to reduce their windstorm
1752 premium. The prescribed form and a list of such ranges approved
1753 by the office for each insurer licensed in the state and
1754 providing such discounts, credits, other rate differentials, or
1755 reductions in deductibles for properties described in this
1756 subsection shall be available for electronic viewing and
1757 download from the Department of Financial Services' or the
1758 Office of Insurance Regulation's Internet website. The Financial
1759 Services Commission may adopt rules to implement this
1760 subsection.

1761 Section 23. (1)(a) Upon an insurer's receiving a
1762 communication with respect to a claim, the insurer shall, within
1763 14 calendar days, review and acknowledge receipt of such
1764 communication unless payment is made within that period of time
1765 or unless the failure to acknowledge is caused by factors beyond
1766 the control of the insurer which reasonably prevent such
1767 acknowledgement. If the acknowledgement is not in writing, a
1768 notification indicating acknowledgement shall be made in the
1769 insurer's claim file and dated. A communication made to or by an
1770 agent of an insurer with respect to a claim shall constitute
1771 communication to or by the insurer.

1772 (b) As used in this subsection, the term "agent" means any
1773 person to whom an insurer has granted authority or
1774 responsibility to receive or make such communications with
1775 respect to claims on behalf of the insurer.

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1776 (c) This subsection shall not apply to claimants
1777 represented by counsel beyond those communications necessary to
1778 provide forms and instructions.

1779 (2) Such acknowledgement shall be responsive to the
1780 communication. If the communication constitutes a notification
1781 of a claim, unless the acknowledgement reasonably advises the
1782 claimant that the claim appears not to be covered by the
1783 insurer, the acknowledgement shall provide necessary claim
1784 forms, and instructions, including an appropriate telephone
1785 number.

1786 (3) Unless otherwise provided by the policy of insurance
1787 or by law, within 10 working days after an insurer receives
1788 proof of loss statements the insurer shall begin such
1789 investigation as is reasonably necessary unless the failure to
1790 begin such investigation is caused by factors beyond the control
1791 of the insurer which reasonably prevent the commencement of such
1792 investigation.

1793 (4) For purposes of this section, the term "insurer" means
1794 any residential property insurer.

1795 Section 24. Task Force on Long-Term Solutions for
1796 Florida's Hurricane Insurance Market.--

1797 (1) TASK FORCE CREATED.--There is created the Task Force
1798 on Long-Term Solutions for Florida's Hurricane Insurance Market.

1799 (2) ADMINISTRATION.--The task force shall be
1800 administratively housed within the Office of the Chief Financial
1801 Officer, but shall operate independently of any state officer or
1802 agency. The Office of the Chief Financial Officer shall provide

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1803 such administrative support as the task force deems necessary to
1804 accomplish its mission and shall provide necessary funding for
1805 the task force within its existing resources. The Executive
1806 Office of the Governor, the Department of Financial Services,
1807 and the Office of Insurance Regulation shall provide substantive
1808 staff support for the task force.

1809 (3) MEMBERSHIP.--The members of the task force shall be
1810 appointed as follows:

1811 (a) The Governor shall appoint three members who have
1812 expertise in financial matters, one of whom is a representative
1813 of the mortgage lending industry, one of whom is a
1814 representative of the real estate or construction industry, and
1815 one of whom is a representative of insurance consumers.

1816 (b) The Chief Financial Officer shall appoint three
1817 members who have expertise in financial matters, one of whom is
1818 a representative of a national property insurer or of a Florida-
1819 only subsidiary of a national property insurer, one of whom is a
1820 representative of a domestic property insurer in this state, and
1821 one of whom is a representative of insurance agents.

1822 (c) The President of the Senate shall appoint three
1823 members.

1824 (d) The Speaker of the House of Representatives shall
1825 appoint three members.

1826 (e) The Commissioner of Insurance Regulation shall serve
1827 as an ex officio voting member of the task force.

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1829 Members of the task force shall serve without compensation but
1830 are entitled to receive reimbursement for per diem and travel
1831 expenses as provided in section 112.061, Florida Statutes.

1832 (4) PURPOSE AND INTENT.--The Legislature recognizes that
1833 the continued availability of hurricane insurance coverage for
1834 property owners in this state is essential to the state's
1835 economic survival. The Legislature further recognizes that
1836 legislative efforts to resolve problems in the hurricane
1837 insurance market in 2005 may not be sufficient to address this
1838 state's long-term needs and that further action may be necessary
1839 in subsequent legislative sessions. The purpose of the task
1840 force is to make recommendations to the legislative and
1841 executive branches of this state's government relating to the
1842 creation and maintenance of insurance capacity in the private
1843 sector and public sector which is sufficient to ensure that all
1844 property owners in this state are able to obtain appropriate
1845 insurance coverage for hurricane losses, as further described in
1846 this section.

1847 (5) SPECIFIC TASKS.--The task force shall conduct such
1848 research and hearings as it deems necessary to achieve the
1849 purposes specified in subsection (4) and shall develop
1850 information on relevant issues, including, but not limited to,
1851 the following issues:

1852 (a) Whether this state currently has sufficient hurricane
1853 insurance capacity to ensure the continuation of a healthy,
1854 competitive marketplace, taking into consideration both private-
1855 sector resources and public-sector resources.

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1856 (b) Identifying the future demands on this state's
1857 hurricane insurance capacity, taking into account population
1858 growth, coastal growth, and anticipated future hurricane
1859 activity.

1860 (c) Whether the Florida Hurricane Catastrophe Fund
1861 fulfilled its purpose of creating additional insurance capacity
1862 sufficient to ameliorate the current dangers to the state's
1863 economy and to the public health, safety, and welfare in its
1864 response to the 2004 hurricane season.

1865 (d) The extent to which the growth in Citizens Property
1866 Insurance Corporation is attributable to insufficient insurance
1867 capacity.

1868 (e) The extent to which the growth trends of Citizens
1869 Property Insurance Corporation create long-term problems for
1870 property owners, buyers, and sellers in this state and for other
1871 persons and businesses that depend on a viable market.

1872 (f) The operation and role of Citizens Property Insurance
1873 Corporation, including:

1874 1. How to ensure that the corporation operates as an
1875 insurer of last resort which does not compete with insurers in
1876 the voluntary market, but which charges rates that are not
1877 excessive, inadequate, or unfairly discriminatory;

1878 2. Whether the bonuses paid by the corporation to carriers
1879 taking policies out of the corporation provide a cost-effective
1880 means of reducing the potential liability of the corporation;

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1881 3. Whether the "Consumer Choice" law should be repealed or
1882 amended to ensure that the corporation serves as the insurer of
1883 last resort;

1884 4. Whether coverage amounts should be limited;

1885 5. Whether the corporation has hired an adequate level of
1886 permanent claims and adjusting staff in addition to outsourcing
1887 its claims-adjusting functions to independent adjusting firms;

1888 6. The effect of reducing or expanding the areas that are
1889 eligible for coverage in the high-risk, wind-only account;

1890 7. Whether the corporation should purchase reinsurance or
1891 take other actions that reduce the potential for debt financing
1892 and deficit assessments; and

1893 8. An evaluation of the infrastructure and administration
1894 of the corporation and how to improve customer service, claims
1895 handling, and communication and the exchange of information with
1896 agents of policyholders of the corporation.

1897 (6) REPORT AND RECOMMENDATIONS.--By April 1, 2006, the
1898 task force shall provide a report containing findings relating
1899 to the tasks identified in subsection (5) and recommendations
1900 consistent with the purposes of this section and also consistent
1901 with such findings. The task force shall submit the report to
1902 the Governor, the Chief Financial Officer, the President of the
1903 Senate, and the Speaker of the House of Representatives. The
1904 task force may also submit such interim reports as it deems
1905 appropriate.

1906 (7) ADDITIONAL ACTIVITIES.--The task force shall monitor
1907 the implementation of hurricane insurance-related legislation

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1908 enacted during the 2005 Regular Session and shall make such
1909 additional recommendations as it deems appropriate for further
1910 legislative action during the 2004-2006 legislative biennium.

1911 (8) EXPIRATION.--The task force shall expire at the end of
1912 the 2004-2006 legislative biennium.

1913 Section 25. The Office of Insurance Regulation shall, by
1914 January 1, 2006, submit a report to the President of the Senate,
1915 the Speaker of the House of Representatives, the minority party
1916 leaders of the Senate and the House of Representatives, and the
1917 chairs of the standing committees of the Senate and the House of
1918 Representatives having jurisdiction over matters relating to
1919 property and casualty insurance. The report shall include
1920 findings and recommendations on requiring residential property
1921 insurers to provide law and ordinance coverage for residential
1922 property insurance policies, the increase or decrease in
1923 insurance costs associated with requiring such coverage, and
1924 such other related information as the Office of Insurance
1925 Regulation determines is appropriate for the Legislature to
1926 consider.

1927 Section 26. Notwithstanding that revenues of Citizens
1928 Property Insurance Corporation are not state revenues, the
1929 Auditor General shall perform an operational audit, as defined
1930 in section 11.45(1), Florida Statutes, of the Citizens Property
1931 Insurance Corporation created under section 627.351(6), Florida
1932 Statutes. The scope of the audit shall also include:

1933 (1) An analysis of the corporation's infrastructure,
1934 customer service, claims handling, accessibility of policyholder

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1935 information to the agent of record, take-out programs, take-out
1936 bonuses, and financing arrangements.

1937 (2) An evaluation of costs associated with the
1938 administration and servicing of the policies issued by the
1939 corporation to determine alternatives by which costs can be
1940 reduced, customer service improved, and claims handling
1941 improved.

1942
1943 The audit shall contain policy alternatives for the Legislature
1944 to consider. The Auditor General shall submit a report to the
1945 Governor, the President of the Senate, and the Speaker of the
1946 House of Representatives no later than February 1, 2006.

1947 Section 27. The board of governors of the Citizens
1948 Property Insurance Corporation created under section 627.351(6),
1949 Florida Statutes, shall, by February 1, 2006, submit a report to
1950 the President of the Senate, the Speaker of the House of
1951 Representatives, the minority party leaders of the Senate and
1952 the House of Representatives, and the chairs of the standing
1953 committees of the Senate and the House of Representatives having
1954 jurisdiction over matters relating to property and casualty
1955 insurance. The report shall include the board's findings and
1956 recommendations on the following issues:

1957 (1) The number of policies and the aggregate premium of
1958 the Citizens Property Insurance Corporation, before and after
1959 enactment of this act, and projections for future policy and
1960 premium growth.

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1961 (2) Increases or decreases in availability of residential
1962 property coverage in the voluntary market and the effectiveness
1963 of this act in improving the availability of residential
1964 property coverage in the voluntary market in the state.

1965 (3) The board's efforts to depopulate the corporation and
1966 the willingness of insurers in the voluntary market to avail
1967 themselves of depopulation incentives.

1968 (4) Further actions that could be taken by the Legislature
1969 to improve availability of residential property coverage in the
1970 voluntary and residual markets.

1971 (5) Actions that the board has taken to restructure the
1972 corporation and recommendations for legislative action to
1973 restructure the corporation, including, but not limited to,
1974 actions relating to claims handling and customer service.

1975 (6) Projected surpluses or deficits and possible means of
1976 providing funding to ensure the continued solvency of the
1977 corporation.

1978 (7) The corporation's efforts to procure catastrophe
1979 reinsurance to cover its projected 100-year probable maximum
1980 loss with specification as to what best efforts were made by the
1981 corporation to procure such reinsurance.

1982 (8) Such other issues as the board determines are worthy
1983 of the Legislature's consideration.

1984 Section 28. For the 2005-2006 fiscal year, there is
1985 appropriated \$350,000 in recurring funds from the Insurance
1986 Regulatory Trust Fund and four positions are authorized to the
1987 Office of the Consumer Advocate within the Department of

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1988 | Financial Services for the purposes provided in section
1989 | 627.0613, Florida Statutes.

1990 | Section 29. The amendment to section 627.0628, Florida
1991 | Statutes, and the creation of section 627.06281, Florida
1992 | Statutes, as provided in this act shall take effect on the same
1993 | date that House Bill 1939, Senate Bill 1478, or similar
1994 | legislation takes effect, if such legislation is adopted in the
1995 | same legislative session or an extension thereof and becomes a
1996 | law.

1997 | Section 30. Except as otherwise expressly provided in this
1998 | act, this act shall take effect upon becoming a law.

1999 |
2000 | ===== T I T L E A M E N D M E N T =====

2001 |
2002 | Delete everything before the enacting clause and insert:

2003 | A bill to be entitled
2004 | An act relating to property insurance; amending s.
2005 | 215.555, F.S.; revising the retention of losses for which
2006 | an insurer is not entitled to reimbursement from the
2007 | Florida Hurricane Catastrophe Fund; amending s. 215.559,
2008 | F.S.; revising the allocation of funds appropriated to the
2009 | Department of Community Affairs from the Florida Hurricane
2010 | Catastrophe Fund for the Hurricane Loss Mitigation
2011 | Program; requiring that the department establish a low-
2012 | interest loan program and pilot project for hurricane loss
2013 | mitigation; authorizing contractual agreements between the
2014 | department and financial institutions; authorizing the

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HOUSE AMENDMENT

Bill No. CS/SB 1486

Amendment No. (for drafter's use only)

2015 Department of Community Affairs to adopt rules; amending
2016 s. 627.062, F.S.; requiring the Office of Insurance
2017 Regulation to submit a proposed plan to the Legislature
2018 establishing uniform rating territories to be used by
2019 insurers for residential property insurance rate filings;
2020 requiring a further act of the Legislature to implement
2021 the plan; limiting the recoupment by an insurer in its
2022 rates of the reimbursement premium it pays to the Florida
2023 Hurricane Catastrophe Fund; amending s. 627.0628, F.S.;
2024 restricting the admissibility and relevance in rate
2025 proceedings of findings of the Florida Commission on
2026 Hurricane Loss Projection Methodology; amending s.
2027 627.0629, F.S.; lowering the percentage amount of a rate
2028 filing based on a computer model which requires a public
2029 hearing; creating s. 627.06281, F.S.; requiring
2030 residential property insurers and rating and advisory
2031 organizations to report hurricane loss data for
2032 development of a public hurricane model for hurricane loss
2033 projections; amending s. 627.351, F.S.; revising the
2034 appointments to the board and the approval of officers and
2035 employees of the corporation; providing additional
2036 legislative intent relating to the Citizens Property
2037 Insurance Corporation; authorizing the corporation to
2038 issue bonds and incur indebtedness for certain purposes;
2039 requiring creation of a Market Accountability Advisory
2040 Committee to assist the corporation for certain purposes;
2041 providing for appointment of committee members; providing

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2042 for terms; requiring reports to the corporation; revising
2043 requirements for the plan of operation of the corporation;
2044 deleting an obsolete reporting requirement; establishing a
2045 pilot program; specifying nonapplication of certain policy
2046 requirements in a county lacking reasonable degrees of
2047 competition for certain policies under certain
2048 circumstances; requiring the commission to adopt rules;
2049 deleting an obsolete rate methodology panel reporting
2050 requirement provision; creating s. 627.40951, F.S.;
2051 providing legislative findings and intent; providing for
2052 an advisory committee; providing for membership; providing
2053 for recommendations to be submitted to the Legislature
2054 regarding standard residential property insurance
2055 policies; amending s. 627.411, F.S.; adding grounds for
2056 which the Office of Insurance Regulation must disapprove a
2057 form filed by an insurer; amending s. 627.4133, F.S.;
2058 prohibiting insurers from canceling or nonrenewing
2059 residential property insurance policies under certain
2060 emergency circumstances; providing exceptions; providing
2061 notice requirements; providing application to personal
2062 residential and commercial residential policies covering
2063 certain damaged property; extending the effective date of
2064 certain policies under certain hurricane circumstances;
2065 authorizing the insurer to collect premiums for the
2066 extended period; providing nonapplication; amending s.
2067 627.4143, F.S.; requiring insurers to provide personal
2068 lines property insurance policyholders with a checklist of

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2069 items contained in policies; authorizing the Financial
2070 Services Commission to adopt rules; prescribing elements
2071 to be contained in the checklist; requiring the checklist
2072 and outline of insurance coverage to be sent with each
2073 renewal; clarifying that homeowners' insurance includes
2074 mobile homeowners', dwelling, and condominium unit owners'
2075 insurance for purposes of the outline of coverage;
2076 amending s. 627.701, F.S.; increasing the maximum
2077 allowable hurricane deductible for personal lines and
2078 certain commercial lines residential policies; requiring
2079 insurers to offer specified hurricane deductibles for such
2080 policies; requiring insurers to provide written notice
2081 explaining hurricane deductible options for such policies;
2082 providing for computation and display of the dollar value
2083 of hurricane deductibles; requiring insurers to compute
2084 and display actual dollar values of certain riders for
2085 certain policies; amending s. 627.701, F.S.; providing
2086 that the requirement for a hurricane deductible to apply
2087 on an annual basis applies to personal lines residential
2088 property insurance policies; requiring insurers that
2089 provide commercial residential property insurance to offer
2090 alternative hurricane deductibles that apply on an annual
2091 basis or to each hurricane; amending s. 627.7011, F.S.;
2092 requiring insurers to offer coverage for additional costs
2093 of repair due to laws and ordinances; requiring insurers
2094 to pay the replacement cost for a loss insured on that
2095 basis, whether or not the insured replaces or repairs the

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2096 dwelling or property; requiring certain homeowner's
2097 insurance policies to contain a specified statement;
2098 providing intent; amending s. 627.7015, F.S.; revising
2099 purpose and scope provisions relating to an alternative
2100 procedure for resolution of disputed property insurance
2101 claims; providing that failure of an insurer to notify a
2102 claimant of the availability of mediation excuses an
2103 insured from being required to submit to certain loss
2104 appraisal processes; amending s. 627.702, F.S.; providing
2105 legislative intent regarding the requirement that an
2106 insurer pay policy limits if there is a total loss of a
2107 building; providing nonapplication of certain insurer
2108 liability requirements under certain circumstances;
2109 limiting an insurer's liability to certain loss covered by
2110 a covered peril; amending s. 627.706, F.S., relating to
2111 sinkhole insurance; providing definitions; creating s.
2112 627.7065, F.S.; providing legislative findings; requiring
2113 the Department of Financial Services and the Office of the
2114 Insurance Consumer Advocate to consult with the Florida
2115 Geological Survey and the Department of Environmental
2116 Protection to implement a statewide automated database of
2117 sinkholes and related activity; providing requirements for
2118 the form and content of the database; authorizing the
2119 Department of Financial Services to require insurers to
2120 provide certain information; providing for management of
2121 the database; requiring the department to investigate
2122 sinkhole activity reports and include findings and

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2123 investigations in the database; requiring the Department
2124 of Environmental Protection to report on the database to
2125 the Governor, Legislature, and Chief Financial Officer;
2126 authorizing the Department of Financial Services to adopt
2127 implementing rules; amending s. 627.707, F.S.; revising
2128 standards for investigations of sinkhole claims by
2129 insurers; requiring an insurer to engage an engineer or
2130 professional geologist for certain purposes; requiring a
2131 report under certain circumstances; requiring an insurer
2132 to provide written notice to a policyholder disclosing
2133 certain information; authorizing an insurer to deny a
2134 claim under certain circumstances; authorizing a
2135 policyholder to demand certain testing; providing
2136 requirements; specifying required activities for insurers
2137 if a sinkhole loss is verified; specifying payment
2138 requirements for insurers; providing limitations;
2139 requiring the insurer to pay fees of the engineer and
2140 geologist; authorizing an insurer to engage a structural
2141 engineer for certain purposes; creating s. 627.7072, F.S.;
2142 specifying requirements for sinkhole testing by engineers
2143 and geologists; creating s. 627.7073, F.S.; providing
2144 reporting requirements for engineers and geologists after
2145 testing for sinkholes; specifying a presumption of
2146 correctness of certain findings; requiring an insurer
2147 paying a sinkhole loss claim to file a report and
2148 certification with the county property appraiser;
2149 requiring the property appraiser to record the report and

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2150 certification; requiring the insurer to bear the cost of
2151 filing and recording; requiring a seller of certain
2152 property to make certain disclosures to property buyers
2153 under certain circumstances; creating s. 627.711, F.S.;
2154 requiring insurers to notify applicants or policyholders
2155 of the availability and amounts of certain discounts,
2156 credits, rate differentials, or reductions in deductibles
2157 for properties on which certain fixtures have been
2158 installed or construction techniques have been
2159 implemented; requiring insurers to provide qualifying
2160 information; authorizing the Financial Services Commission
2161 to adopt rules; creating s. 627.712, F.S.; requiring
2162 property insurers to pay or deny claims within certain
2163 time periods; providing that overdue payments bear
2164 interest; creating the Task Force on Long-Term Solutions
2165 for Florida's Hurricane Insurance Market; requiring the
2166 Executive Office of the Governor, the Department of
2167 Financial Services, and the Office of Insurance Regulation
2168 to provide administrative support and staff support;
2169 providing membership; providing purpose and intent;
2170 providing for research and hearings on specified issues;
2171 requiring the task force to submit a report of findings
2172 and recommendations to the Governor, the Chief Financial
2173 Officer, the President of the Senate, and the Speaker of
2174 the House of Representatives; providing for additional
2175 activities; providing for expiration of the task force;
2176 requiring the Office of Insurance Regulation to submit a

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2177 report to the Legislature relating to residential property
2178 insurance; providing report requirements; requiring the
2179 Office of the Auditor General to conduct an operational
2180 audit of Citizens Property Insurance Corporation;
2181 specifying audit requirements; requiring a report;
2182 requiring the board of governors of the Citizens Property
2183 Insurance Corporation to submit a report to the
2184 Legislature relating to property and casualty insurance;
2185 specifying report requirements; providing an appropriation
2186 and authorizing positions; providing a contingent
2187 effective date; providing effective dates.

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