

By the Committee on Banking and Insurance; and Senator Garcia

597-1812C-05

1 A bill to be entitled

2 An act relating to property insurance; amending

3 s. 215.555, F.S.; revising the retention of

4 losses for which an insurer is not entitled to

5 reimbursement from the Florida Hurricane

6 Catastrophe Fund; amending s. 215.559, F.S.;

7 revising the allocation of funds appropriated

8 to the Department of Community Affairs from the

9 Florida Hurricane Catastrophe Fund for the

10 Hurricane Loss Mitigation Program; requiring

11 that the department establish a low-interest

12 loan program and pilot project for hurricane

13 loss mitigation; authorizing contractual

14 agreements between the department and financial

15 institutions; authorizing the Department of

16 Community Affairs to adopt rules; amending s.

17 627.062, F.S.; requiring the Office of

18 Insurance Regulation to submit a proposed plan

19 to the Legislature establishing uniform rating

20 territories to be used by insurers for

21 residential property insurance rate filings;

22 requiring a further act of the Legislature to

23 implement the plan; limiting the recoupment by

24 an insurer in its rates of the reimbursement

25 premium it pays to the Florida Hurricane

26 Catastrophe Fund; repealing provisions allowing

27 an insurer to submit a rate filing to an

28 arbitration panel; amending s. 627.0628, F.S.;

29 restricting the admissibility and relevance in

30 rate proceedings of findings of the Florida

31 Commission on Hurricane Loss Projection

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

1 Methodology; amending s. 627.0629, F.S.;

2 lowering the percentage amount of a rate filing

3 based on a computer model which requires a

4 public hearing; creating s. 627.06291, F.S.;

5 requiring residential property insurance and

6 rating and advisory organizations to report

7 hurricane loss data for development of a public

8 hurricane model for hurricane loss projections;

9 amending s. 627.351, F.S.; limiting the

10 coverage limits for dwellings insured by

11 Citizens Property Insurance Corporation;

12 revising the appointments to the board and the

13 approval of officers and employees of the

14 corporation; creating a Market Accountability

15 Advisory Committee to assist the corporation in

16 developing awareness of its rates and service

17 levels; providing for membership of the

18 committee; providing terms of office; requiring

19 the committee to report to the corporation at

20 each board meeting; revising the criteria and

21 standards for establishing the rates charged

22 for coverage by the corporation; providing that

23 rates may not be increased by more than a

24 specified percentage; creating s. 627.40951,

25 F.S.; providing legislative findings and

26 intent; providing for an advisory committee;

27 providing for membership; providing for

28 recommendations to be submitted to the

29 Legislature regarding standard residential

30 property insurance policies; amending s.

31 627.411, F.S.; adding grounds for which the

1 Office of Insurance Regulation must disapprove
2 a form filed by an insurer; amending s.
3 627.4133, F.S.; prohibiting insurers from
4 canceling or nonrenewing residential property
5 insurance policies under certain emergency
6 circumstances; providing exceptions; providing
7 notice requirements; providing application to
8 personal residential and commercial residential
9 policies covering certain damaged property;
10 amending s. 627.4143, F.S.; requiring insurers
11 to provide personal lines property insurance
12 policyholders with a checklist of items
13 contained in policies; authorizing the
14 Financial Services Commission to adopt rules;
15 prescribing elements to be contained in the
16 checklist; requiring the checklist and outline
17 of insurance coverage to be sent with each
18 renewal; clarifying that homeowners' insurance
19 includes mobile homeowners', dwelling, and
20 condominium unit owners' insurance for purposes
21 of the outline of coverage; amending s.
22 627.701, F.S.; increasing the maximum allowable
23 hurricane deductible for personal lines and
24 certain commercial lines residential policies;
25 requiring insurers to offer specified hurricane
26 deductibles for such policies; requiring
27 insurers to provide written notice explaining
28 hurricane deductible options for such policies;
29 amending s. 627.7011, F.S.; requiring insurers
30 to offer coverage for additional costs of
31 repair due to laws and ordinances; requiring

1 insurers to pay the replacement cost for a loss
2 insured on that basis, whether or not the
3 insured replaces or repairs the dwelling or
4 property; amending s. 627.7015, F.S.; providing
5 a penalty for an insurer that fails to notify a
6 claimant of the availability of mediation
7 procedures for resolving a disputed property
8 insurance claim; amending s. 627.702, F.S.;
9 providing legislative intent regarding the
10 requirement that an insurer pay policy limits
11 if there is a total loss of a building;
12 amending s. 627.706, F.S., relating to sinkhole
13 insurance; providing definitions; amending s.
14 627.707, F.S.; revising requirements for
15 insurers in investigating sinkhole claims;
16 requiring that the insurer provide certain
17 notification to the policyholder; requiring
18 that the insurer engage an engineer and
19 professional geologist; providing requirements
20 for the insurer if a claim is denied; providing
21 requirements if a sinkhole loss is verified;
22 creating s. 627.7071, F.S.; requiring that the
23 Department of Business and Professional
24 Regulation certify persons as qualified to
25 identify sinkholes and recommend remediation of
26 sinkhole damage; providing for the Department
27 of Financial Services to select engineers and
28 professional geologists to verify sinkhole
29 loss; requiring that the insurer pay the fees
30 of the department in selecting the engineer or
31 geologist; authorizing the Department of

1 Business and Professional Regulation to adopt
2 rules; creating s. 627.7072, F.S.; providing
3 testing standards for sinkholes; authorizing
4 the Department of Financial Services to adopt
5 rules; creating s. 627.7073, F.S.; providing
6 requirements for reports issued by engineers
7 and professional geologists; requiring certain
8 reports and certifications to be issued to the
9 policyholder and the insurer; requiring that
10 the insurer file a copy of the report and
11 certification with the clerk of court to be
12 recorded with the certificate of title or deed
13 for the property; providing that there is no
14 cause of action or liability against an insurer
15 for filing such report and certification;
16 creating s. 627.711, F.S.; requiring insurers
17 to provide written notice to applicants and
18 policyholders of the amount of the premium
19 discounts and credits for fixtures and
20 construction techniques that reduce the amount
21 of windstorm loss; authorizing the Financial
22 Services Commission to adopt rules; creating s.
23 627.712, F.S.; requiring property insurers to
24 pay or deny claims within certain time periods;
25 providing that overdue payments bear interest;
26 requiring the Office of the Auditor General to
27 conduct an operational audit of Citizens
28 Property Insurance Corporation; providing that
29 the amendment to s. 627.702, F.S., is intended
30 to be remedial and clarifying in nature;
31

1 providing an appropriation and authorizing
2 positions; providing effective dates.

3
4 Be It Enacted by the Legislature of the State of Florida:

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

9 215.555 Florida Hurricane Catastrophe Fund.--

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

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

14 1. The board shall calculate and report to each
15 insurer the retention multiples for that year. For the
16 contract year beginning June 1, 2005 ~~2004~~, the retention
17 multiple shall be equal to \$4.5 billion divided by the total
18 estimated reimbursement premium for the contract year; for
19 subsequent years, the retention multiple shall be equal to
20 \$4.5 billion, adjusted based upon the reported exposure from
21 the prior contract year to reflect the percentage growth in
22 exposure to the fund for covered policies since 2004 ~~2003~~,
23 divided by the total estimated reimbursement premium for the
24 contract year. Total reimbursement premium for purposes of the
25 calculation under this subparagraph shall be estimated using
26 the assumption that all insurers have selected the 90-percent
27 coverage level.

28 2. The retention multiple as determined under
29 subparagraph 1. shall be adjusted to reflect the coverage
30 level elected by the insurer. For insurers electing the
31 90-percent coverage level, the adjusted retention multiple is

1 100 percent of the amount determined under subparagraph 1. For
2 insurers electing the 75-percent coverage level, the retention
3 multiple is 120 percent of the amount determined under
4 subparagraph 1. For insurers electing the 45-percent coverage
5 level, the adjusted retention multiple is 200 percent of the
6 amount determined under subparagraph 1.

7 3. An insurer shall determine its provisional
8 retention by multiplying its provisional reimbursement premium
9 by the applicable adjusted retention multiple and shall
10 determine its actual retention by multiplying its actual
11 reimbursement premium by the applicable adjusted retention
12 multiple.

13 4. For insurers who experience multiple covered events
14 causing loss during the contract year, beginning June 1, 2005,
15 each insurer's full retention shall be applied to each of the
16 covered events causing the two largest losses for that
17 insurer. For each other covered event resulting in losses, the
18 insurer's retention shall be reduced to one-third of the full
19 retention. The reimbursement contract shall provide for the
20 reimbursement of losses for each covered event based on the
21 full retention with adjustments made to reflect the reduced
22 retentions after January 1 of the contract year provided the
23 insurer reports its losses as specified in the reimbursement
24 contract.

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

27 215.559 Hurricane Loss Mitigation Program.--

28 (1) There is created a Hurricane Loss Mitigation
29 Program. The Legislature shall annually appropriate \$10
30 million of the moneys authorized for appropriation under s.
31 215.555(7)(c) from the Florida Hurricane Catastrophe Fund to

1 | the Department of Community Affairs for the purposes set forth
2 | in this section.

3 | (2)(a) Seven million dollars in funds provided in
4 | subsection (1) shall be used for programs to improve the wind
5 | resistance of residences and mobile homes, including loans,
6 | subsidies, grants, demonstration projects, and direct
7 | assistance; cooperative programs with local governments and
8 | the Federal Government; and other efforts to prevent or reduce
9 | losses or reduce the cost of rebuilding after a disaster.

10 | (b) Three million dollars in funds provided in
11 | subsection (1) shall be used to retrofit existing facilities
12 | used as public hurricane shelters. The department must
13 | prioritize the use of these funds for projects included in the
14 | September 1, 2000, version of the Shelter Retrofit Report
15 | prepared in accordance with s. 252.385(3), and each annual
16 | report thereafter. The department must give funding priority
17 | to projects in regional planning council regions that have
18 | shelter deficits and to projects that maximize use of state
19 | funds.

20 | (3) By the 2006-2007 fiscal year, the Department of
21 | Community Affairs shall develop a low-interest loan program
22 | for homeowners and mobile home owners to retrofit their homes
23 | with fixtures or apply construction techniques that have been
24 | demonstrated to reduce the amount of damage or loss due to a
25 | hurricane. Funding for the program shall be used to subsidize
26 | or guaranty private-sector loans for this purpose to qualified
27 | homeowners by financial institutions chartered by the state or
28 | Federal Government. The department may enter into contracts
29 | with financial institutions for this purpose. The department
30 | shall establish criteria for determining eligibility for the
31 | loans and selecting recipients, standards for retrofitting

1 homes or mobile homes, limitations on loan subsidies and loan
2 guaranties, and other terms and conditions of the program,
3 which must be specified in the department's report to the
4 Legislature on January 1, 2006, required by subsection (8).
5 For the 2005-2006 fiscal year, the Department of Community
6 Affairs may use up to \$1 million of the funds appropriated
7 pursuant to paragraph (2)(a) to begin the low-interest loan
8 program as a pilot project in one or more counties. The
9 Department of Financial Services, the Office of Financial
10 Regulation, the Florida Housing Finance Corporation, and the
11 Office of Tourism, Trade, and Economic Development shall
12 assist the Department of Community Affairs in establishing the
13 program and pilot project. The department may use up to 2.5
14 percent of the funds appropriated in any given fiscal year for
15 administering the loan program. The department may adopt rules
16 to implement the program.

17 ~~(4)(3)~~ Forty percent of the total appropriation in
18 paragraph (2)(a) shall be used to inspect and improve
19 tie-downs for mobile homes. Within 30 days after the effective
20 date of that appropriation, the department shall contract with
21 a public higher educational institution in this state which
22 has previous experience in administering the programs set
23 forth in this subsection to serve as the administrative entity
24 and fiscal agent pursuant to s. 216.346 for the purpose of
25 administering the programs set forth in this subsection in
26 accordance with established policy and procedures. The
27 administrative entity working with the advisory council set up
28 under subsection ~~(6)(5)~~ shall develop a list of mobile home
29 parks and counties that may be eligible to participate in the
30 tie-down program.

31

1 (5)~~(4)~~ Of moneys provided to the Department of
2 Community Affairs in paragraph (2)(a), 10 percent shall be
3 allocated to a Type I Center within the State University
4 System dedicated to hurricane research. The Type I Center
5 shall develop a preliminary work plan approved by the advisory
6 council set forth in subsection(6)~~(5)~~ to eliminate the state
7 and local barriers to upgrading existing mobile homes and
8 communities, research and develop a program for the recycling
9 of existing older mobile homes, and support programs of
10 research and development relating to hurricane loss reduction
11 devices and techniques for site-built residences. The State
12 University System also shall consult with the Department of
13 Community Affairs and assist the department with the report
14 required under subsection(8)~~(7)~~.

15 (6)~~(5)~~ ~~Except for the program set forth in subsection~~
16 ~~(3)~~, The Department of Community Affairs shall develop the
17 programs set forth in this section in consultation with an
18 advisory council consisting of a representative designated by
19 the Chief Financial Officer, a representative designated by
20 the Florida Home Builders Association, a representative
21 designated by the Florida Insurance Council, a representative
22 designated by the Federation of Manufactured Home Owners, a
23 representative designated by the Florida Association of
24 Counties, and a representative designated by the Florida
25 Manufactured Housing Association.

26 (7)~~(6)~~ Moneys provided to the Department of Community
27 Affairs under this section are intended to supplement other
28 funding sources of the Department of Community Affairs and may
29 not supplant other funding sources of the Department of
30 Community Affairs.

31

1 ~~(8)(7)~~ On January 1st of each year, the Department of
2 Community Affairs shall provide a full report and accounting
3 of activities under this section and an evaluation of such
4 activities to the Speaker of the House of Representatives, the
5 President of the Senate, and the Majority and Minority Leaders
6 of the House of Representatives and the Senate.

7 ~~(9)(8)~~ This section is repealed June 30, 2011.

8 Section 3. Subsections (4) and (5) of section 627.062,
9 Florida Statutes, are amended, subsection (6) of that section
10 is repealed, and subsections (7) and (8) of that section are
11 renumbered as subsections (6) and (7), respectively, to read:

12 627.062 Rate standards.--

13 (4) The establishment of any rate, rating
14 classification, rating plan or schedule, or variation thereof
15 in violation of part IX of chapter 626 is also in violation of
16 this section. In order to enhance the ability of consumers to
17 compare premiums and to increase the accuracy and usefulness
18 of rate-comparison information provided by the office to the
19 public, the office shall develop a proposed standard rating
20 territory plan to be used by all authorized property and
21 casualty insurers for residential property insurance. In
22 adopting the proposed plan, the office may consider
23 geographical characteristics relevant to risk, county lines,
24 major roadways, existing rating territories used by a
25 significant segment of the market, and other relevant factors.
26 Such plan shall be submitted to the President of the Senate
27 and the Speaker of the House of Representatives by January 15,
28 2006. The plan may not be implemented unless authorized by
29 further act of the Legislature.

30 (5) With respect to a rate filing involving coverage
31 of the type for which the insurer is required to pay a

1 reimbursement premium to the Florida Hurricane Catastrophe
2 Fund, the insurer may fully recoup in its property insurance
3 premiums any reimbursement premiums paid to the Florida
4 Hurricane Catastrophe Fund, together with reasonable costs of
5 other reinsurance, but may not recoup reinsurance costs that
6 duplicate coverage provided by the Florida Hurricane
7 Catastrophe Fund. An insurer may not recoup more than 1 year
8 of reimbursement premium at a time. Any under-recoupment from
9 the prior year may be added to the following year's
10 reimbursement premium and any over-recoupment shall be
11 subtracted from the following year's reimbursement premium.

12 ~~(6)(a) After any action with respect to a rate filing~~
13 ~~that constitutes agency action for purposes of the~~
14 ~~Administrative Procedure Act, except for a rate filing for~~
15 ~~medical malpractice, an insurer may, in lieu of demanding a~~
16 ~~hearing under s. 120.57, require arbitration of the rate~~
17 ~~filing. Arbitration shall be conducted by a board of~~
18 ~~arbitrators consisting of an arbitrator selected by the~~
19 ~~office, an arbitrator selected by the insurer, and an~~
20 ~~arbitrator selected jointly by the other two arbitrators. Each~~
21 ~~arbitrator must be certified by the American Arbitration~~
22 ~~Association. A decision is valid only upon the affirmative~~
23 ~~vote of at least two of the arbitrators. No arbitrator may be~~
24 ~~an employee of any insurance regulator or regulatory body or~~
25 ~~of any insurer, regardless of whether or not the employing~~
26 ~~insurer does business in this state. The office and the~~
27 ~~insurer must treat the decision of the arbitrators as the~~
28 ~~final approval of a rate filing. Costs of arbitration shall be~~
29 ~~paid by the insurer.~~

30 ~~(b) Arbitration under this subsection shall be~~
31 ~~conducted pursuant to the procedures specified in ss.~~

1 ~~682.06 682.10. Either party may apply to the circuit court to~~
2 ~~vacate or modify the decision pursuant to s. 682.13 or s.~~
3 ~~682.14. The commission shall adopt rules for arbitration under~~
4 ~~this subsection, which rules may not be inconsistent with the~~
5 ~~arbitration rules of the American Arbitration Association as~~
6 ~~of January 1, 1996.~~

7 ~~(c) Upon initiation of the arbitration process, the~~
8 ~~insurer waives all rights to challenge the action of the~~
9 ~~office under the Administrative Procedure Act or any other~~
10 ~~provision of law; however, such rights are restored to the~~
11 ~~insurer if the arbitrators fail to render a decision within 90~~
12 ~~days after initiation of the arbitration process.~~

13 ~~(6)(7)(a)~~ The provisions of this subsection apply only
14 with respect to rates for medical malpractice insurance and
15 shall control to the extent of any conflict with other
16 provisions of this section.

17 (b) Any portion of a judgment entered or settlement
18 paid as a result of a statutory or common-law bad faith action
19 and any portion of a judgment entered which awards punitive
20 damages against an insurer may not be included in the
21 insurer's rate base, and shall not be used to justify a rate
22 or rate change. Any common-law bad faith action identified as
23 such, any portion of a settlement entered as a result of a
24 statutory or common-law action, or any portion of a settlement
25 wherein an insurer agrees to pay specific punitive damages may
26 not be used to justify a rate or rate change. The portion of
27 the taxable costs and attorney's fees which is identified as
28 being related to the bad faith and punitive damages in these
29 judgments and settlements may not be included in the insurer's
30 rate base and may not be utilized to justify a rate or rate
31 change.

1 (c) Upon reviewing a rate filing and determining
2 whether the rate is excessive, inadequate, or unfairly
3 discriminatory, the office shall consider, in accordance with
4 generally accepted and reasonable actuarial techniques, past
5 and present prospective loss experience, either using loss
6 experience solely for this state or giving greater credibility
7 to this state's loss data after applying actuarially sound
8 methods of assigning credibility to such data.

9 (d) Rates shall be deemed excessive if, among other
10 standards established by this section, the rate structure
11 provides for replenishment of reserves or surpluses from
12 premiums when the replenishment is attributable to investment
13 losses.

14 (e) The insurer must apply a discount or surcharge
15 based on the health care provider's loss experience or shall
16 establish an alternative method giving due consideration to
17 the provider's loss experience. The insurer must include in
18 the filing a copy of the surcharge or discount schedule or a
19 description of the alternative method used, and must provide a
20 copy of such schedule or description, as approved by the
21 office, to policyholders at the time of renewal and to
22 prospective policyholders at the time of application for
23 coverage.

24 (f) Each medical malpractice insurer must make a rate
25 filing under this section, sworn to by at least two executive
26 officers of the insurer, at least once each calendar year.

27 ~~(7)~~~~(8)~~(a)1. No later than 60 days after the effective
28 date of medical malpractice legislation enacted during the
29 2003 Special Session D of the Florida Legislature, the office
30 shall calculate a presumed factor that reflects the impact
31 that the changes contained in such legislation will have on

1 rates for medical malpractice insurance and shall issue a
2 notice informing all insurers writing medical malpractice
3 coverage of such presumed factor. In determining the presumed
4 factor, the office shall use generally accepted actuarial
5 techniques and standards provided in this section in
6 determining the expected impact on losses, expenses, and
7 investment income of the insurer. To the extent that the
8 operation of a provision of medical malpractice legislation
9 enacted during the 2003 Special Session D of the Florida
10 Legislature is stayed pending a constitutional challenge, the
11 impact of that provision shall not be included in the
12 calculation of a presumed factor under this subparagraph.

13 2. No later than 60 days after the office issues its
14 notice of the presumed rate change factor under subparagraph
15 1., each insurer writing medical malpractice coverage in this
16 state shall submit to the office a rate filing for medical
17 malpractice insurance, which will take effect no later than
18 January 1, 2004, and apply retroactively to policies issued or
19 renewed on or after the effective date of medical malpractice
20 legislation enacted during the 2003 Special Session D of the
21 Florida Legislature. Except as authorized under paragraph (b),
22 the filing shall reflect an overall rate reduction at least as
23 great as the presumed factor determined under subparagraph 1.
24 With respect to policies issued on or after the effective date
25 of such legislation and prior to the effective date of the
26 rate filing required by this subsection, the office shall
27 order the insurer to make a refund of the amount that was
28 charged in excess of the rate that is approved.

29 (b) Any insurer or rating organization that contends
30 that the rate provided for in paragraph (a) is excessive,
31 inadequate, or unfairly discriminatory shall separately state

1 | in its filing the rate it contends is appropriate and shall
2 | state with specificity the factors or data that it contends
3 | should be considered in order to produce such appropriate
4 | rate. The insurer or rating organization shall be permitted to
5 | use all of the generally accepted actuarial techniques
6 | provided in this section in making any filing pursuant to this
7 | subsection. The office shall review each such exception and
8 | approve or disapprove it prior to use. It shall be the
9 | insurer's burden to actuarially justify any deviations from
10 | the rates required to be filed under paragraph (a). The
11 | insurer making a filing under this paragraph shall include in
12 | the filing the expected impact of medical malpractice
13 | legislation enacted during the 2003 Special Session D of the
14 | Florida Legislature on losses, expenses, and rates.

15 | (c) If any provision of medical malpractice
16 | legislation enacted during the 2003 Special Session D of the
17 | Florida Legislature is held invalid by a court of competent
18 | jurisdiction, the office shall permit an adjustment of all
19 | medical malpractice rates filed under this section to reflect
20 | the impact of such holding on such rates so as to ensure that
21 | the rates are not excessive, inadequate, or unfairly
22 | discriminatory.

23 | (d) Rates approved on or before July 1, 2003, for
24 | medical malpractice insurance shall remain in effect until the
25 | effective date of a new rate filing approved under this
26 | subsection.

27 | (e) The calculation and notice by the office of the
28 | presumed factor pursuant to paragraph (a) is not an order or
29 | rule that is subject to chapter 120. If the office enters into
30 | a contract with an independent consultant to assist the office
31 | in calculating the presumed factor, such contract shall not be

1 subject to the competitive solicitation requirements of s.
2 287.057.

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

6 627.0628 Florida Commission on Hurricane Loss
7 Projection Methodology.--

8 (1) LEGISLATIVE FINDINGS AND INTENT.--

9 (c) It is the intent of the Legislature to create the
10 Florida Commission on Hurricane Loss Projection Methodology as
11 a panel of experts to provide the most actuarially
12 sophisticated guidelines and standards for projection of
13 hurricane losses possible, given the current state of
14 actuarial science. It is the further intent of the Legislature
15 that such standards and guidelines must be used by the State
16 Board of Administration in developing reimbursement premium
17 rates for the Florida Hurricane Catastrophe Fund, and, subject
18 to paragraph (3)(c), may be used by insurers in rate filings
19 under s. 627.062 unless the way in which such standards and
20 guidelines were applied by the insurer was erroneous, as shown
21 by a preponderance of the evidence.

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

23 (c) With respect to a rate filing under s. 627.062, an
24 insurer may employ actuarial methods, principles, standards,
25 models, or output ranges found by the commission to be
26 accurate or reliable to determine hurricane loss factors for
27 use in a rate filing under s. 627.062. Such, which findings
28 and factors are admissible and relevant in consideration of a
29 rate filing by the office or in any ~~arbitration or~~
30 administrative or judicial review only if the office and the
31 consumer advocate appointed pursuant to s. 627.0613 have

1 access to all of the assumptions and factors that were used in
2 developing the actuarial methods, principles, standards,
3 models, or output ranges, and are not precluded from
4 disclosing such information in a rate proceeding.

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

7 627.0629 Residential property insurance; rate
8 filings.--

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

12 Section 6. Section 627.06291, Florida Statutes, is
13 created to read:

14 627.06291 Reports of hurricane loss data for the
15 public hurricane model.--Residential property insurers and
16 licensed rating and advisory organizations that compile loss
17 data concerning residential property insurance shall report
18 residential hurricane loss data and associated exposure data,
19 within such time and in such manner as specified by the
20 office, to the office or to a type I center at a state
21 university under contract with the office, for the purpose of
22 developing, maintaining, and updating a public hurricane model
23 for hurricane loss projections.

24 Section 7. Effective August 1, 2005, paragraphs (c),
25 (d), and (g) of subsection (6) of section 627.351, Florida
26 Statutes, are amended to read:

27 627.351 Insurance risk apportionment plans.--

28 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

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

30 1. Must provide for adoption of residential property
31 and casualty insurance policy forms and commercial residential

1 and nonresidential property insurance forms, which forms must
2 be approved by the office prior to use. The corporation shall
3 adopt the following policy forms:

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

9 b. Basic personal lines policy forms that are policies
10 similar to an HO-8 policy or a dwelling fire policy that
11 provide coverage meeting the requirements of the secondary
12 mortgage market, but which coverage is more limited than the
13 coverage under a standard policy.

14 c. Commercial lines residential policy forms that are
15 generally similar to the basic perils of full coverage
16 obtainable for commercial residential structures in the
17 admitted voluntary market.

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

23 e. Commercial lines nonresidential property insurance
24 forms that cover the peril of wind only. The forms are
25 applicable only to nonresidential properties located in areas
26 eligible for coverage under the high-risk account referred to
27 in sub-subparagraph (b)2.a.

28
29 The dwelling limits for any personal lines policy in both the
30 personal lines account and the high-risk account may not
31

1 exceed \$1 million. Residential structures valued in excess of
2 \$1 million are not eligible for coverage from the corporation.

3 2.a. Must provide that the corporation adopt a program
4 in which the corporation and authorized insurers enter into
5 quota share primary insurance agreements for hurricane
6 coverage, as defined in s. 627.4025(2)(a), for eligible risks,
7 and adopt property insurance forms for eligible risks which
8 cover the peril of wind only. As used in this subsection, the
9 term:

10 (I) "Quota share primary insurance" means an
11 arrangement in which the primary hurricane coverage of an
12 eligible risk is provided in specified percentages by the
13 corporation and an authorized insurer. The corporation and
14 authorized insurer are each solely responsible for a specified
15 percentage of hurricane coverage of an eligible risk as set
16 forth in a quota share primary insurance agreement between the
17 corporation and an authorized insurer and the insurance
18 contract. The responsibility of the corporation or authorized
19 insurer to pay its specified percentage of hurricane losses of
20 an eligible risk, as set forth in the quota share primary
21 insurance agreement, may not be altered by the inability of
22 the other party to the agreement to pay its specified
23 percentage of hurricane losses. Eligible risks that are
24 provided hurricane coverage through a quota share primary
25 insurance arrangement must be provided policy forms that set
26 forth the obligations of the corporation and authorized
27 insurer under the arrangement, clearly specify the percentages
28 of quota share primary insurance provided by the corporation
29 and authorized insurer, and conspicuously and clearly state
30 that neither the authorized insurer nor the corporation may be
31

1 held responsible beyond its specified percentage of coverage
2 of hurricane losses.

3 (II) "Eligible risks" means personal lines residential
4 and commercial lines residential risks that meet the
5 underwriting criteria of the corporation and are located in
6 areas that were eligible for coverage by the Florida Windstorm
7 Underwriting Association on January 1, 2002.

8 b. The corporation may enter into quota share primary
9 insurance agreements with authorized insurers at corporation
10 coverage levels of 90 percent and 50 percent.

11 c. If the corporation determines that additional
12 coverage levels are necessary to maximize participation in
13 quota share primary insurance agreements by authorized
14 insurers, the corporation may establish additional coverage
15 levels. However, the corporation's quota share primary
16 insurance coverage level may not exceed 90 percent.

17 d. Any quota share primary insurance agreement entered
18 into between an authorized insurer and the corporation must
19 provide for a uniform specified percentage of coverage of
20 hurricane losses, by county or territory as set forth by the
21 corporation board, for all eligible risks of the authorized
22 insurer covered under the quota share primary insurance
23 agreement.

24 e. Any quota share primary insurance agreement entered
25 into between an authorized insurer and the corporation is
26 subject to review and approval by the office. However, such
27 agreement shall be authorized only as to insurance contracts
28 entered into between an authorized insurer and an insured who
29 is already insured by the corporation for wind coverage.

30 f. For all eligible risks covered under quota share
31 primary insurance agreements, the exposure and coverage levels

1 | for both the corporation and authorized insurers shall be
2 | reported by the corporation to the Florida Hurricane
3 | Catastrophe Fund. For all policies of eligible risks covered
4 | under quota share primary insurance agreements, the
5 | corporation and the authorized insurer shall maintain complete
6 | and accurate records for the purpose of exposure and loss
7 | reimbursement audits as required by Florida Hurricane
8 | Catastrophe Fund rules. The corporation and the authorized
9 | insurer shall each maintain duplicate copies of policy
10 | declaration pages and supporting claims documents.

11 | g. The corporation board shall establish in its plan
12 | of operation standards for quota share agreements which ensure
13 | that there is no discriminatory application among insurers as
14 | to the terms of quota share agreements, pricing of quota share
15 | agreements, incentive provisions if any, and consideration
16 | paid for servicing policies or adjusting claims.

17 | h. The quota share primary insurance agreement between
18 | the corporation and an authorized insurer must set forth the
19 | specific terms under which coverage is provided, including,
20 | but not limited to, the sale and servicing of policies issued
21 | under the agreement by the insurance agent of the authorized
22 | insurer producing the business, the reporting of information
23 | concerning eligible risks, the payment of premium to the
24 | corporation, and arrangements for the adjustment and payment
25 | of hurricane claims incurred on eligible risks by the claims
26 | adjuster and personnel of the authorized insurer. Entering
27 | into a quota sharing insurance agreement between the
28 | corporation and an authorized insurer shall be voluntary and
29 | at the discretion of the authorized insurer.

30 | 3. May provide that the corporation may employ or
31 | otherwise contract with individuals or other entities to

1 provide administrative or professional services that may be
2 appropriate to effectuate the plan. The corporation shall have
3 the power to borrow funds, by issuing bonds or by incurring
4 other indebtedness, and shall have other powers reasonably
5 necessary to effectuate the requirements of this subsection.
6 The corporation may, but is not required to, seek judicial
7 validation of its bonds or other indebtedness under chapter
8 75. The corporation may issue bonds or incur other
9 indebtedness, or have bonds issued on its behalf by a unit of
10 local government pursuant to subparagraph (g)2., in the
11 absence of a hurricane or other weather-related event, upon a
12 determination by the corporation, subject to approval by the
13 office, that such action would enable it to efficiently meet
14 the financial obligations of the corporation and that such
15 financings are reasonably necessary to effectuate the
16 requirements of this subsection. The corporation is authorized
17 to take all actions needed to facilitate tax-free status for
18 any such bonds or indebtedness, including formation of trusts
19 or other affiliated entities. The corporation shall have the
20 authority to pledge assessments, projected recoveries from the
21 Florida Hurricane Catastrophe Fund, other reinsurance
22 recoverables, market equalization and other surcharges, and
23 other funds available to the corporation as security for bonds
24 or other indebtedness. In recognition of s. 10, Art. I of the
25 State Constitution, prohibiting the impairment of obligations
26 of contracts, it is the intent of the Legislature that no
27 action be taken whose purpose is to impair any bond indenture
28 or financing agreement or any revenue source committed by
29 contract to such bond or other indebtedness.

30 4.a. Must require that the corporation operate subject
31 to the supervision and approval of a board of governors

1 consisting of 8 ~~7~~ individuals who are residents of this state,
2 from different geographical areas of this state, ~~appointed by~~
3 ~~the Chief Financial Officer~~. The Governor, the Chief Financial
4 Officer, the President of the Senate, and the Speaker of the
5 House of Representatives shall each appoint two members of the
6 board, effective August 1, 2005. At least one of the two
7 members appointed by each appointing officer must have
8 demonstrated expertise in insurance. The Chief Financial
9 Officer shall designate one of the appointees as chair. All
10 board members serve at the pleasure of the appointing officer
11 ~~Chief Financial Officer~~. All board members, including the
12 chair, must be appointed to serve for 3-year terms beginning
13 annually on a date designated by the plan. Any board vacancy
14 shall be filled for the unexpired term by the appointing
15 officer ~~Chief Financial Officer~~. The Chief Financial Officer
16 shall appoint a technical advisory group to provide
17 information and advice to the board of governors in connection
18 with the board's duties under this subsection. The executive
19 director and senior managers of the corporation shall be
20 engaged by the board, as recommended by the Chief Financial
21 Officer and serve at the pleasure of the board ~~Chief Financial~~
22 ~~Officer~~. The executive director is responsible for employing
23 other staff as the corporation may require, subject to review
24 and concurrence by the board and ~~office of~~ the Chief Financial
25 Officer.

26 b. A Market Accountability Advisory Committee shall be
27 created to assist the corporation in developing awareness of
28 its customer and agent service levels in relationship to the
29 voluntary market insurers that are writing similar coverage.
30 The members of the advisory committee shall consist of the
31 following 10 persons, one of whom must be elected chair by the

1 members of the committee: one representative appointed by each
2 of the three largest property and casualty insurance agents
3 associations in this state; one representative appointed by
4 each of the insurers having the three highest voluntary market
5 share of residential property insurance business in the state;
6 one representative from the Office of Insurance Regulation;
7 one consumer appointed by the board who is insured by the
8 corporation at the time of appointment to the committee; one
9 representative appointed by the Florida Association of
10 Realtors; and one representative appointed by the Florida
11 Bankers Association. All members shall be appointed to 3-year
12 terms and may serve consecutive terms. The Market
13 Accountability Advisory Committee shall report to the
14 corporation at each board meeting on insurance market issues,
15 which may include service levels, policy issuance, claims
16 processing and general responsiveness to policyholders,
17 applicants, and agents, and matters relating to depopulation.

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

20 a. Subject to the provisions of s. 627.3517, with
21 respect to personal lines residential risks, if the risk is
22 offered coverage from an authorized insurer at the insurer's
23 approved rate under either a standard policy including wind
24 coverage or, if consistent with the insurer's underwriting
25 rules as filed with the office, a basic policy including wind
26 coverage, the risk is not eligible for any policy issued by
27 the corporation. If the risk is not able to obtain any such
28 offer, the risk is eligible for either a standard policy
29 including wind coverage or a basic policy including wind
30 coverage issued by the corporation; however, if the risk could
31 not be insured under a standard policy including wind coverage

1 regardless of market conditions, the risk shall be eligible
2 for a basic policy including wind coverage unless rejected
3 under subparagraph 8. The corporation shall determine the type
4 of policy to be provided on the basis of objective standards
5 specified in the underwriting manual and based on generally
6 accepted underwriting practices.

7 (I) If the risk accepts an offer of coverage through
8 the market assistance plan or an offer of coverage through a
9 mechanism established by the corporation before a policy is
10 issued to the risk by the corporation or during the first 30
11 days of coverage by the corporation, and the producing agent
12 who submitted the application to the plan or to the
13 corporation is not currently appointed by the insurer, the
14 insurer shall:

15 (A) Pay to the producing agent of record of the
16 policy, for the first year, an amount that is the greater of
17 the insurer's usual and customary commission for the type of
18 policy written or a fee equal to the usual and customary
19 commission of the corporation; or

20 (B) Offer to allow the producing agent of record of
21 the policy to continue servicing the policy for a period of
22 not less than 1 year and offer to pay the agent the greater of
23 the insurer's or the corporation's usual and customary
24 commission for the type of policy written.

25
26 If the producing agent is unwilling or unable to accept
27 appointment, the new insurer shall pay the agent in accordance
28 with sub-sub-sub-subparagraph (A).

29 (II) When the corporation enters into a contractual
30 agreement for a take-out plan, the producing agent of record
31

1 of the corporation policy is entitled to retain any unearned
2 commission on the policy, and the insurer shall:

3 (A) Pay to the producing agent of record of the
4 corporation policy, for the first year, an amount that is the
5 greater of the insurer's usual and customary commission for
6 the type of policy written or a fee equal to the usual and
7 customary commission of the corporation; or

8 (B) Offer to allow the producing agent of record of
9 the corporation policy to continue servicing the policy for a
10 period of not less than 1 year and offer to pay the agent the
11 greater of the insurer's or the corporation's usual and
12 customary commission for the type of policy written.

13
14 If the producing agent is unwilling or unable to accept
15 appointment, the new insurer shall pay the agent in accordance
16 with sub-sub-sub-subparagraph (A).

17 b. With respect to commercial lines residential risks,
18 if the risk is offered coverage under a policy including wind
19 coverage from an authorized insurer at its approved rate, the
20 risk is not eligible for any policy issued by the corporation.
21 If the risk is not able to obtain any such offer, the risk is
22 eligible for a policy including wind coverage issued by the
23 corporation.

24 (I) If the risk accepts an offer of coverage through
25 the market assistance plan or an offer of coverage through a
26 mechanism established by the corporation before a policy is
27 issued to the risk by the corporation or during the first 30
28 days of coverage by the corporation, and the producing agent
29 who submitted the application to the plan or the corporation
30 is not currently appointed by the insurer, the insurer shall:

31

1 (A) Pay to the producing agent of record of the
2 policy, for the first year, an amount that is the greater of
3 the insurer's usual and customary commission for the type of
4 policy written or a fee equal to the usual and customary
5 commission of the corporation; or

6 (B) Offer to allow the producing agent of record of
7 the policy to continue servicing the policy for a period of
8 not less than 1 year and offer to pay the agent the greater of
9 the insurer's or the corporation's usual and customary
10 commission for the type of policy written.

11
12 If the producing agent is unwilling or unable to accept
13 appointment, the new insurer shall pay the agent in accordance
14 with sub-sub-sub-subparagraph (A).

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

19 (A) Pay to the producing agent of record of the
20 corporation policy, for the first year, an amount that is the
21 greater of the insurer's usual and customary commission for
22 the type of policy written or a fee equal to the usual and
23 customary commission of the corporation; or

24 (B) Offer to allow the producing agent of record of
25 the corporation policy to continue servicing the policy for a
26 period of not less than 1 year and offer to pay the agent the
27 greater of the insurer's or the corporation's usual and
28 customary commission for the type of policy written.

29
30
31

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

4 6. Must include rules for classifications of risks and
5 rates therefor.

6 7. Must provide that if premium and investment income
7 for an account attributable to a particular calendar year are
8 in excess of projected losses and expenses for the account
9 attributable to that year, such excess shall be held in
10 surplus in the account. Such surplus shall be available to
11 defray deficits in that account as to future years and shall
12 be used for that purpose prior to assessing assessable
13 insurers and assessable insureds as to any calendar year.

14 8. Must provide objective criteria and procedures to
15 be uniformly applied for all applicants in determining whether
16 an individual risk is so hazardous as to be uninsurable. In
17 making this determination and in establishing the criteria and
18 procedures, the following shall be considered:

19 a. Whether the likelihood of a loss for the individual
20 risk is substantially higher than for other risks of the same
21 class; and

22 b. Whether the uncertainty associated with the
23 individual risk is such that an appropriate premium cannot be
24 determined.

25
26 The acceptance or rejection of a risk by the corporation shall
27 be construed as the private placement of insurance, and the
28 provisions of chapter 120 shall not apply.

29 9. Must provide that the corporation shall make its
30 best efforts to procure catastrophe reinsurance at reasonable
31 rates, as determined by the board of governors.

1 10. Must provide that in the event of regular deficit
2 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
3 (b)3.b., in the personal lines account, the commercial lines
4 residential account, or the high-risk account, the corporation
5 shall levy upon corporation policyholders in its next rate
6 filing, or by a separate rate filing solely for this purpose,
7 a market equalization surcharge arising from a regular
8 assessment in such account in a percentage equal to the total
9 amount of such regular assessments divided by the aggregate
10 statewide direct written premium for subject lines of business
11 for the prior calendar year. Market equalization surcharges
12 under this subparagraph are not considered premium and are not
13 subject to commissions, fees, or premium taxes; however,
14 failure to pay a market equalization surcharge shall be
15 treated as failure to pay premium.

16 11. The policies issued by the corporation must
17 provide that, if the corporation or the market assistance plan
18 obtains an offer from an authorized insurer to cover the risk
19 at its approved rates, the risk is no longer eligible for
20 renewal through the corporation.

21 12. Corporation policies and applications must include
22 a notice that the corporation policy could, under this
23 section, be replaced with a policy issued by an authorized
24 insurer that does not provide coverage identical to the
25 coverage provided by the corporation. The notice shall also
26 specify that acceptance of corporation coverage creates a
27 conclusive presumption that the applicant or policyholder is
28 aware of this potential.

29 13. May establish, subject to approval by the office,
30 different eligibility requirements and operational procedures
31 for any line or type of coverage for any specified county or

1 area if the board determines that such changes to the
2 eligibility requirements and operational procedures are
3 justified due to the voluntary market being sufficiently
4 stable and competitive in such area or for such line or type
5 of coverage and that consumers who, in good faith, are unable
6 to obtain insurance through the voluntary market through
7 ordinary methods would continue to have access to coverage
8 from the corporation. When coverage is sought in connection
9 with a real property transfer, such requirements and
10 procedures shall not provide for an effective date of coverage
11 later than the date of the closing of the transfer as
12 established by the transferor, the transferee, and, if
13 applicable, the lender.

14 14. Must provide that, with respect to the high-risk
15 account, any assessable insurer with a surplus as to
16 policyholders of \$25 million or less writing 25 percent or
17 more of its total countrywide property insurance premiums in
18 this state may petition the office, within the first 90 days
19 of each calendar year, to qualify as a limited apportionment
20 company. In no event shall a limited apportionment company be
21 required to participate in the portion of any assessment,
22 within the high-risk account, pursuant to sub-subparagraph
23 (b)3.a. or sub-subparagraph (b)3.b. in the aggregate which
24 exceeds \$50 million after payment of available high-risk
25 account funds in any calendar year. However, a limited
26 apportionment company shall collect from its policyholders any
27 emergency assessment imposed under sub-subparagraph (b)3.d.
28 The plan shall provide that, if the office determines that any
29 regular assessment will result in an impairment of the surplus
30 of a limited apportionment company, the office may direct that
31 all or part of such assessment be deferred as provided in

1 | subparagraph (g)4. However, there shall be no limitation or
2 | deferment of an emergency assessment to be collected from
3 | policyholders under sub-subparagraph (b)3.d.

4 | 15. Must provide that the corporation appoint as its
5 | licensed agents only those agents who also hold an appointment
6 | as defined in s. 626.015(3) with an insurer who at the time of
7 | the agent's initial appointment by the corporation is
8 | authorized to write and is actually writing personal lines
9 | residential property coverage, commercial residential property
10 | coverage, or commercial nonresidential property coverage
11 | within the state.

12 | (d)1. It is the intent of the Legislature that the
13 | rates for coverage provided by the corporation be actuarially
14 | sound and not competitive with approved rates charged in the
15 | admitted voluntary market, so that the corporation functions
16 | as a residual market mechanism to provide insurance only when
17 | the insurance cannot be procured in the voluntary market.
18 | Rates shall include an appropriate catastrophe loading factor
19 | that reflects the actual catastrophic exposure of the
20 | corporation.

21 | 2. For each county, the average rates of the
22 | corporation for each line of business for personal lines
23 | residential policies excluding rates for wind-only policies
24 | shall be no lower than the average rates charged by the
25 | insurer that had the highest average rate in that county among
26 | the 20 insurers with the greatest total direct written premium
27 | in the state for that line of business in the preceding year,
28 | except that with respect to mobile home coverages, the average
29 | rates of the corporation shall be no lower than the average
30 | rates charged by the insurer that had the highest average rate
31 | in that county among the 5 insurers with the greatest total

1 written premium for mobile home owner's policies in the state
2 in the preceding year.

3 3. Rates for personal lines residential wind-only
4 policies must be actuarially sound and not competitive with
5 approved rates charged by authorized insurers. ~~However, for~~
6 ~~personal lines residential wind only policies issued or~~
7 ~~renewed between July 1, 2002, and June 30, 2003, the maximum~~
8 ~~premium increase must be no greater than 10 percent of the~~
9 ~~Florida Windstorm Underwriting Association premium for that~~
10 ~~policy in effect on June 30, 2002, as adjusted for coverage~~
11 ~~changes and seasonal occupancy surcharges. For personal lines~~
12 ~~residential wind only policies issued or renewed between July~~
13 ~~1, 2003, and June 30, 2004, the corporation shall use its~~
14 ~~existing filed and approved wind only rating and~~
15 ~~classification plans, provided, however, that the maximum~~
16 ~~premium increase must be no greater than 20 percent of the~~
17 ~~premium for that policy in effect on June 30, 2003, as~~
18 ~~adjusted for coverage changes and seasonal occupancy~~
19 ~~surcharges.~~ Corporation rate manuals shall include a rate
20 surcharge for seasonal occupancy. To ensure that personal
21 lines residential wind-only rates ~~effective on or after July~~
22 ~~1, 2004,~~ are not competitive with approved rates charged by
23 authorized insurers, the corporation, in conjunction with the
24 office, shall develop a wind-only ratemaking methodology,
25 which methodology shall be contained in each ~~a~~ rate filing
26 made by the corporation with the office ~~by January 1, 2004.~~ If
27 the office ~~thereafter~~ determines that the wind-only rates or
28 rating factors filed by the corporation fail to comply with
29 the wind-only ratemaking methodology provided for in this
30 subsection, it shall so notify the corporation and require the
31 corporation to amend its rates or rating factors to come into

1 | compliance within 90 days of notice from the office. ~~The~~
2 | ~~office shall report to the Speaker of the House of~~
3 | ~~Representatives and the President of the Senate on the~~
4 | ~~provisions of the wind only ratemaking methodology by January~~
5 | ~~31, 2004.~~

6 | 4. The provisions of subparagraph 2. do not apply to
7 | coverage provided by the corporation in any county for which
8 | the office determines that a reasonable degree of competition
9 | does not exist for personal lines residential policies. The
10 | provisions of subparagraph 3. do not apply to coverage
11 | provided by the corporation in any county for which the office
12 | determines that a reasonable degree of competition does not
13 | exist for personal lines residential policies in the area of
14 | that county which is eligible for wind-only coverage. In such
15 | counties, the rates for personal lines residential coverage
16 | shall be actuarially sound and not excessive, inadequate, or
17 | unfairly discriminatory and are subject to the other
18 | provisions of this paragraph and s. 627.062. The commission
19 | may adopt rules establishing the criteria for determining
20 | whether a reasonable degree of competition exists for personal
21 | lines residential policies. Beginning October 1, 2005, and
22 | each 6 months thereafter, the office shall determine and
23 | identify those counties for which a reasonable degree of
24 | competition does not exist for purposes of subparagraphs 2.
25 | and 3., respectively.

26 | 5. Notwithstanding subparagraphs 2., 3., and 4., for
27 | personal lines residential policies and personal lines
28 | residential wind-only policies issued or renewed between July
29 | 1, 2005, and June 30, 2006, the maximum premium increase must
30 | be not greater than 5 percent of the premium for that policy
31 |

1 in effect on June 30, 2005, as adjusted for coverage changes
2 and seasonal-occupancy surcharges.

3 ~~6.4.~~ Rates for commercial lines coverage shall not be
4 subject to the requirements of subparagraph 2., but shall be
5 subject to all other requirements of this paragraph and s.
6 627.062.

7 ~~7.5.~~ Nothing in this paragraph shall require or allow
8 the corporation to adopt a rate that is inadequate under s.
9 627.062.

10 ~~8.6.~~ The corporation shall certify to the office at
11 least twice annually that its personal lines rates comply with
12 the requirements of this paragraph ~~subparagraphs 1. and 2.~~ If
13 any adjustment in the rates or rating factors of the
14 corporation is necessary to ensure such compliance, the
15 corporation shall make and implement such adjustments and file
16 its revised rates and rating factors with the office. If the
17 office thereafter determines that the revised rates and rating
18 factors fail to comply with the provisions of this paragraph
19 ~~subparagraphs 1. and 2.~~, it shall notify the corporation and
20 require the corporation to amend its rates or rating factors
21 in conjunction with its next rate filing. The office must
22 notify the corporation by electronic means of any rate filing
23 it approves for any insurer among the insurers referred to in
24 subparagraph 2.

25 ~~9.7.~~ In addition to the rates otherwise determined
26 pursuant to this paragraph, the corporation shall impose and
27 collect an amount equal to the premium tax provided for in s.
28 624.509 to augment the financial resources of the corporation.

29 ~~10.8.a.~~ To assist the corporation in developing
30 additional ratemaking methods to assure compliance with this
31 paragraph ~~subparagraphs 1. and 4.~~, the corporation shall

1 | appoint a rate methodology panel consisting of one person
2 | recommended by the Florida Association of Insurance Agents,
3 | one person recommended by the Professional Insurance Agents of
4 | Florida, one person recommended by the Florida Association of
5 | Insurance and Financial Advisors, one person recommended by
6 | the insurer with the highest voluntary market share of
7 | residential property insurance business in the state, one
8 | person recommended by the insurer with the second-highest
9 | voluntary market share of residential property insurance
10 | business in the state, one person recommended by an insurer
11 | writing commercial residential property insurance in this
12 | state, one person recommended by the Office of Insurance
13 | Regulation, and one board member designated by the board
14 | chairman, who shall serve as chairman of the panel.

15 | ~~b. By January 1, 2004, the rate methodology panel~~
16 | ~~shall provide a report to the corporation of its findings and~~
17 | ~~recommendations for the use of additional ratemaking methods~~
18 | ~~and procedures, including the use of a rate equalization~~
19 | ~~surcharge in an amount sufficient to assure that the total~~
20 | ~~cost of coverage for policyholders or applicants to the~~
21 | ~~corporation is sufficient to comply with subparagraph 1.~~

22 | ~~c. Within 30 days after such report, the corporation~~
23 | ~~shall present to the President of the Senate, the Speaker of~~
24 | ~~the House of Representatives, the minority party leaders of~~
25 | ~~each house of the Legislature, and the chairs of the standing~~
26 | ~~committees of each house of the Legislature having~~
27 | ~~jurisdiction of insurance issues, a plan for implementing the~~
28 | ~~additional ratemaking methods and an outline of any~~
29 | ~~legislation needed to facilitate use of the new methods.~~

30 | ~~d. The plan must include a provision that producer~~
31 | ~~commissions paid by the corporation shall not be calculated in~~

1 ~~such a manner as to include any rate equalization surcharge.~~
2 ~~However, without regard to the plan to be developed or its~~
3 ~~implementation, producer commissions paid by the corporation~~
4 ~~for each account, other than the quota share primary program,~~
5 ~~shall remain fixed as to percentage, effective rate,~~
6 ~~calculation, and payment method until January 1, 2004.~~

7 11.9. ~~By January 1, 2004,~~ The corporation shall
8 develop a notice to policyholders or applicants that the rates
9 of Citizens Property Insurance Corporation are intended to be
10 higher than the rates of any admitted carrier and providing
11 other information the corporation deems necessary to assist
12 consumers in finding other voluntary admitted insurers willing
13 to insure their property.

14 (g)1. The corporation shall certify to the office its
15 needs for annual assessments as to a particular calendar year,
16 and for any interim assessments that it deems to be necessary
17 to sustain operations as to a particular year pending the
18 receipt of annual assessments. Upon verification, the office
19 shall approve such certification, and the corporation shall
20 levy such annual or interim assessments. Such assessments
21 shall be prorated as provided in paragraph (b). The
22 corporation shall take all reasonable and prudent steps
23 necessary to collect the amount of assessment due from each
24 assessable insurer, including, if prudent, filing suit to
25 collect such assessment. If the corporation is unable to
26 collect an assessment from any assessable insurer, the
27 uncollected assessments shall be levied as an additional
28 assessment against the assessable insurers and any assessable
29 insurer required to pay an additional assessment as a result
30 of such failure to pay shall have a cause of action against
31 such nonpaying assessable insurer. Assessments shall be

1 included as an appropriate factor in the making of rates. The
2 failure of a surplus lines agent to collect and remit any
3 regular or emergency assessment levied by the corporation is
4 considered to be a violation of s. 626.936 and subjects the
5 surplus lines agent to the penalties provided in that section.

6 2. The governing body of any unit of local government,
7 any residents of which are insured by the corporation, may
8 issue bonds as defined in s. 125.013 or s. 166.101 from time
9 to time to fund an assistance program, in conjunction with the
10 corporation, for the purpose of defraying deficits of the
11 corporation. In order to avoid needless and indiscriminate
12 proliferation, duplication, and fragmentation of such
13 assistance programs, any unit of local government, any
14 residents of which are insured by the corporation, may provide
15 for the payment of losses, regardless of whether or not the
16 losses occurred within or outside of the territorial
17 jurisdiction of the local government. Revenue bonds under this
18 subparagraph may not be issued until validated pursuant to
19 chapter 75, unless a state of emergency is declared by
20 executive order or proclamation of the Governor pursuant to s.
21 252.36 making such findings as are necessary to determine that
22 it is in the best interests of, and necessary for, the
23 protection of the public health, safety, and general welfare
24 of residents of this state and declaring it an essential
25 public purpose to permit certain municipalities or counties to
26 issue such bonds as will permit relief to claimants and
27 policyholders of the corporation. Any such unit of local
28 government may enter into such contracts with the corporation
29 and with any other entity created pursuant to this subsection
30 as are necessary to carry out this paragraph. Any bonds issued
31 under this subparagraph shall be payable from and secured by

1 moneys received by the corporation from emergency assessments
2 under sub-subparagraph (b)3.d., and assigned and pledged to or
3 on behalf of the unit of local government for the benefit of
4 the holders of such bonds. The funds, credit, property, and
5 taxing power of the state or of the unit of local government
6 shall not be pledged for the payment of such bonds. If any of
7 the bonds remain unsold 60 days after issuance, the office
8 shall require all insurers subject to assessment to purchase
9 the bonds, which shall be treated as admitted assets; each
10 insurer shall be required to purchase that percentage of the
11 unsold portion of the bond issue that equals the insurer's
12 relative share of assessment liability under this subsection.
13 An insurer shall not be required to purchase the bonds to the
14 extent that the office determines that the purchase would
15 endanger or impair the solvency of the insurer.

16 3.a. The corporation shall adopt one or more programs
17 subject to approval by the office for the reduction of both
18 new and renewal writings in the corporation. The corporation
19 may consider any prudent and not unfairly discriminatory
20 approach to reducing corporation writings, and may adopt a
21 credit against assessment liability or other liability that
22 provides an incentive for insurers to take risks out of the
23 corporation and to keep risks out of the corporation by
24 maintaining or increasing voluntary writings in counties or
25 areas in which corporation risks are highly concentrated and a
26 program to provide a formula under which an insurer
27 voluntarily taking risks out of the corporation by maintaining
28 or increasing voluntary writings will be relieved wholly or
29 partially from assessments under sub-subparagraphs (b)3.a. and
30 b. When the corporation enters into a contractual agreement
31 for a take-out plan, the producing agent of record of the

1 corporation policy is entitled to retain any unearned
2 commission on such policy, and the insurer shall either:

3 (I) Pay to the producing agent of record of the
4 policy, for the first year, an amount which is the greater of
5 the insurer's usual and customary commission for the type of
6 policy written or a policy fee equal to the usual and
7 customary commission of the corporation; or

8 (II) Offer to allow the producing agent of record of
9 the policy to continue servicing the policy for a period of
10 not less than 1 year and offer to pay the agent the insurer's
11 usual and customary commission for the type of policy written.
12 If the producing agent is unwilling or unable to accept
13 appointment by the new insurer, the new insurer shall pay the
14 agent in accordance with sub-sub-subparagraph (I).

15 b. Any credit or exemption from regular assessments
16 adopted under this subparagraph shall last no longer than the
17 3 years following the cancellation or expiration of the policy
18 by the corporation. With the approval of the office, the board
19 may extend such credits for an additional year if the insurer
20 guarantees an additional year of renewability for all policies
21 removed from the corporation, or for 2 additional years if the
22 insurer guarantees 2 additional years of renewability for all
23 policies so removed.

24 c. There shall be no credit, limitation, exemption, or
25 deferment from emergency assessments to be collected from
26 policyholders pursuant to sub-subparagraph (b)3.d.

27 4. The plan shall provide for the deferment, in whole
28 or in part, of the assessment of an assessable insurer, other
29 than an emergency assessment collected from policyholders
30 pursuant to sub-subparagraph (b)3.d., if the office finds that
31 payment of the assessment would endanger or impair the

1 solvency of the insurer. In the event an assessment against an
2 assessable insurer is deferred in whole or in part, the amount
3 by which such assessment is deferred may be assessed against
4 the other assessable insurers in a manner consistent with the
5 basis for assessments set forth in paragraph (b).

6 Section 8. Section 627.40951, Florida Statutes, is
7 created to read:

8 627.40951 Standard personal lines residential
9 insurance policy.--

10 (1) The Legislature finds that many consumers who
11 filed property loss claims as a result of the hurricanes that
12 struck this state in 2004 were inadequately insured due to the
13 difficulty consumers encounter in trying to understand the
14 complex nature of property insurance policies. The purpose and
15 intent of this section is to have property and casualty
16 insurers offer standard personal lines residential property
17 insurance policies and standard checklists of policy contents,
18 in accordance with s. 627.4143, to consumers and to ensure
19 that these policies and checklists are written in a simple
20 format with easily readable language that will enable most
21 consumers to understand the principal benefits and coverage
22 provided in the policy; the principal exclusions and
23 limitations or reductions contained in the policy, including,
24 but not limited to, deductibles, coinsurance, and any other
25 limitations or reductions; and any additional coverage
26 provided through any rider or endorsement that accompanies the
27 policy and renewal or cancellation provisions.

28 (2) The Chief Financial Officer shall appoint an
29 advisory committee composed of two representatives of insurers
30 currently selling personal lines residential property
31 insurance coverage, two representatives of property and

1 casualty agents, two representatives of consumers, two
2 representatives of the Commissioner of Insurance Regulation,
3 and the Insurance Consumer Advocate or her or his designee.
4 The Chief Financial Officer or her or his designee shall serve
5 as chair of the committee. The committee shall develop policy
6 language for coverage that represents general industry
7 standards in the market for comprehensive coverage under
8 personal lines residential insurance policies and shall
9 develop a checklist to be used with each type of personal
10 lines residential property insurance policy. The committee
11 shall review policies and related forms written by Insurance
12 Services Office, Inc. The committee shall file a report
13 containing its recommendations to the President of the Senate
14 and the Speaker of the House of Representatives by January 15,
15 2006. No insurer shall be required to offer the standard
16 policy unless required by further act of the Legislature.

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

19 627.411 Grounds for disapproval.--

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

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

25 (b) Contains or incorporates by reference, where such
26 incorporation is otherwise permissible, any inconsistent,
27 ambiguous, or misleading clauses, or exceptions and conditions
28 which deceptively affect the risk purported to be assumed in
29 the general coverage of the contract.

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

1 (d) Is printed or otherwise reproduced in such manner
2 as to render any material provision of the form substantially
3 illegible.

4 (e) Contains provisions that are unfair or inequitable
5 or contrary to the public policy of this state or that
6 encourage misrepresentation.

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

8 1. Provides benefits that are unreasonable in relation
9 to the premium charged; or

10 ~~2. Contains provisions that are unfair or inequitable~~
11 ~~or contrary to the public policy of this state or that~~
12 ~~encourage misrepresentation;~~

13 ~~2.3.~~ Contains provisions that apply rating practices
14 that result in unfair discrimination pursuant to s.
15 626.9541(1)(g)2.

16 ~~(g)(f)~~ Excludes coverage for human immunodeficiency
17 virus infection or acquired immune deficiency syndrome or
18 contains limitations in the benefits payable, or in the terms
19 or conditions of such contract, for human immunodeficiency
20 virus infection or acquired immune deficiency syndrome which
21 are different than those which apply to any other sickness or
22 medical condition.

23 Section 10. Paragraph (d) is added to subsection (2)
24 of section 627.4133, Florida Statutes, to read:

25 627.4133 Notice of cancellation, nonrenewal, or
26 renewal premium.--

27 (2) With respect to any personal lines or commercial
28 residential property insurance policy, including, but not
29 limited to, any homeowner's, mobile home owner's, farmowner's,
30 condominium association, condominium unit owner's, apartment
31

1 building, or other policy covering a residential structure or
2 its contents:

3 (d)1. Upon a declaration of an emergency pursuant to
4 s. 252.36 and the filing of an order by the Commissioner of
5 Insurance Regulation, an insurer may not cancel or nonrenew a
6 personal residential or commercial residential property
7 insurance policy covering a dwelling or residential property
8 located in this state which has been damaged as a result of a
9 hurricane or wind loss that is the subject of the declaration
10 of emergency for a period of 60 days after the dwelling or
11 residential property has been repaired. A structure is deemed
12 to be repaired when substantially completed and restored to
13 the extent that it is insurable by another authorized insurer
14 that is writing policies in this state.

15 2. However, an insurer or agent may cancel or nonrenew
16 such a policy prior to the repair of the dwelling or
17 residential property:

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

19 b. Upon 45 days' notice:

20 (I) For a material misstatement or fraud related to
21 the claim;

22 (II) If the insurer can demonstrate that the insured
23 has unreasonably caused a delay in the repair of the dwelling;
24 or

25 (III) If the insurer has paid policy limits, provided
26 the insurer has offered the insured a builder's risk or
27 similar policy that would cover the property until completion
28 of repairs.

29 3. If the insurer elects to nonrenew a policy covering
30 a property that has been damaged, the insurer shall provide at
31 least 60 days' notice to the insured that the insurer intends

1 to nonrenew the policy 60 days after the dwelling or
2 residential property has been repaired. This paragraph does
3 not prevent the insurer from canceling or nonrenewing the
4 policy 60 days after the repairs are complete for the same
5 reasons the insurer would otherwise have canceled or
6 nonrenewed the policy but for the limitations of subparagraph
7 1. The Financial Services Commission may adopt rules, and the
8 Commissioner of Insurance Regulation may issue orders,
9 necessary to administer this paragraph.

10 4. This paragraph also applies to personal residential
11 and commercial residential policies covering property that was
12 damaged as the result of Tropical Storm Bonnie, Hurricane
13 Charley, Hurricane Frances, Hurricane Ivan, or Hurricane
14 Jeanne.

15 Section 11. Effective January 1, 2006, section
16 627.4143, Florida Statutes, is amended to read:

17 627.4143 Outline of coverage.--

18 (1) No private passenger automobile or basic
19 homeowner's policy shall be delivered or issued for delivery
20 in this state unless an appropriate outline of coverage has
21 been delivered prior to issuance of the policy or accompanies
22 the policy when issued.

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

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

30 (b) A summary statement of the principal exclusions
31 and limitations or reductions contained in the policy by class

1 or type, including, but not limited to, deductibles,
2 coinsurance, and any other limitations or reductions.

3 (c) A summary statement of any renewal or cancellation
4 provisions.

5 (d) A description of the credit or surcharge plan that
6 is being applied. The description may display numerical or
7 alphabetical codes on the declarations page or premium notice
8 to enable the insured to determine the reason or reasons why
9 her or his policy is being surcharged or is receiving a
10 credit.

11 (e) A list of any additional coverage provided through
12 any rider or endorsement which accompanies the policy. The
13 list shall contain a descriptive reference to each additional
14 coverage, rather than solely a reference to a form or code
15 number.

16 (f) ~~For a private passenger motor vehicle insurance~~
17 ~~policy,~~ The extent of coverage provided to the insured in the
18 event of collision damage to a rental vehicle rented by the
19 insured. The proof-of-insurance card required by s. 316.646
20 must also specify whether rental car coverage is provided, and
21 may refer to the outline of coverage as to the details or
22 extent of coverage.

23 (3) A basic homeowners', mobile homeowners', dwelling,
24 or condominium unit owners' policy may not be delivered or
25 issued for delivery in this state unless a comprehensive
26 checklist of coverage on a form adopted by the commission and
27 an appropriate outline of coverage have been delivered prior
28 to issuance of the policy or accompanies the policy when
29 issued. The commission shall, by rule, adopt a form for the
30 checklist for each type of policy to which this subsection
31

1 applies. Each form shall indicate that it was adopted by the
2 commission.

3 (a) The checklist must contain a list of the standard
4 provisions and elements that may typically be included in
5 these policies, whether or not they are included in the
6 particular policy being issued, in a format that allows the
7 insurer to place a check mark next to the provisions elements
8 that are included so that the consumer can see both what is
9 included and what is not included in the policy. As an
10 alternative to checking the boxes on the checklist, an insurer
11 may delete the check boxes from the form and replace them with
12 text indicating whether the provision's elements are included
13 or not. Limits of liability shall be listed for each item. The
14 checklist must include, but is not limited to, the following:

15 1. Property coverage for the principal premises shown
16 in the declarations.

17 2. Property coverage for other structures on the
18 residence premises.

19 3. Whether the principal premises and other structures
20 are insured against the following perils:

21 a. Fire.

22 b. Lightning.

23 c. Explosion.

24 d. Hurricane loss.

25 e. Nonhurricane wind loss.

26 f. Collapse.

27 g. Mold.

28 h. Sinkhole loss.

29 i. Vandalism.

30 4. Personal property coverage.

31

- 1 5. Whether personal property is insured against the
2 following perils:
3 a. Fire.
4 b. Lightning.
5 c. Hurricane loss.
6 d. Nonhurricane wind loss.
7 e. Collapse.
8 f. Mold.
9 g. Sinkhole loss.
10 h. Theft.
11 6. The following additional coverages:
12 a. Debris removal.
13 b. Loss assessment.
14 c. Additional living expenses.
15 7. Personal liability coverage.
16 8. Medical payments coverage.
17 9. Discounts applied to the premium.
18 10. Deductibles for loss due to hurricane and loss to
19 other perils.
20 11. Building ordinance or law coverage.
21 12. Replacement cost coverage.
22 13. Actual cash value coverage.
23 (b) The forms shall allow insurers to place other
24 coverages on the checklists which may or may not be included
25 in the insurer's policies.
26 (c) The outline of coverage must contain:
27 1. A brief description of the principal benefits and
28 coverage provided in the policy, broken down by each class or
29 type of coverage provided under the policy for which a premium
30 is charged, and itemization of the applicable premium.
31

1 2. A summary statement of the principal exclusions and
2 limitations or reductions contained in the policy by class or
3 type, including, but not limited to, deductibles, coinsurance,
4 and any other limitations or reductions.

5 3. A summary statement of any renewal or cancellation
6 provisions.

7 4. A description of the credit or surcharge plan that
8 is being applied. The description may display numerical or
9 alphabetical codes on the declarations page or premium notice
10 to enable the insured to determine the reason or reasons why
11 her or his policy is being surcharged or is receiving a
12 credit.

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

15 ~~(4)(3)~~ The outline of coverage for a private passenger
16 motor vehicle policy is required only on the initial policy
17 issued by an insurer. The outline of coverage and the
18 checklist for a basic homeowners', mobile homeowners',
19 dwelling, or condominium unit owners' policy is required on
20 the initial policy and each renewal thereof issued by an
21 insurer.

22 ~~(5)(4)~~ An insurer must insert the following language
23 on the outline of coverage:

24
25 "The following outline of coverage or checklist is for
26 informational purposes only. Florida law prohibits this
27 outline or checklist from changing any of the provisions of
28 the insurance contract which is the subject of this outline.
29 Any endorsement regarding changes in types of coverage,
30 exclusions, limitations, reductions, deductibles, coinsurance,
31

1 renewal provisions, cancellation provisions, surcharges, or
2 credits will be sent separately."
3

4 ~~(6)(5)~~ Neither this section nor the outline of
5 coverage or checklist mandated by this section alters or
6 modifies the terms of the insurance contract, creates a cause
7 of action, or is admissible in any civil action.

8 Section 12. Effective January 1, 2006, subsections
9 (3), (8), and (9) of section 627.701, Florida Statutes, as
10 amended by section 4 of chapter 2004-480, Laws of Florida, are
11 amended to read:

12 627.701 Liability of insureds; coinsurance;
13 deductibles.--

14 (3)(a) A policy of residential property insurance
15 shall include a deductible amount applicable to hurricane ~~or~~
16 ~~wind~~ losses no lower than \$500 and no higher than 2 percent of
17 the policy dwelling limits with respect to personal lines
18 residential risks, and no higher than 3 percent of the policy
19 limits with respect to commercial lines residential risks;
20 however, if a risk was covered on August 24, 1992, under a
21 policy having a higher deductible than the deductibles allowed
22 by this paragraph, a policy covering such risk may include a
23 deductible no higher than the deductible in effect on August
24 24, 1992. Notwithstanding the other provisions of this
25 paragraph, a personal lines residential policy covering a risk
26 valued at \$50,000 or less may include a deductible amount
27 attributable to hurricane ~~or wind~~ losses no lower than \$250,
28 and a personal lines residential policy covering a risk valued
29 at \$100,000 or more may include a deductible amount
30 attributable to hurricane ~~or wind~~ losses no higher than 10 ~~5~~
31 percent of the policy limits unless subject to a higher

1 deductible on August 24, 1992; however, no maximum deductible
2 is required with respect to a personal lines residential
3 policy covering a risk valued at more than \$500,000. An
4 insurer may require a higher deductible, provided such
5 deductible is the same as or similar to a deductible program
6 lawfully in effect on June 14, 1995. In addition to the
7 deductible amounts authorized by this paragraph, an insurer
8 may also offer policies with a copayment provision under
9 which, after exhaustion of the deductible, the policyholder is
10 responsible for 10 percent of the next \$10,000 of insured
11 hurricane ~~or wind~~ losses.

12 (b)1. Except as otherwise provided in this paragraph,
13 prior to issuing a personal lines residential property
14 insurance policy on or after January 1, 2006 ~~April 1, 1996~~, or
15 prior to the first renewal of a residential property insurance
16 policy on or after January 1, 2006 ~~April 1, 1996~~, the insurer
17 must offer alternative deductible amounts applicable to
18 hurricane ~~or wind~~ losses equal to \$500, 1 percent, and 2
19 percent, 5 percent, and 10 percent of the policy dwelling
20 limits, unless the specific percentage ~~2 percent~~ deductible is
21 less than \$500. ~~The written notice of the offer shall specify~~
22 ~~the hurricane or wind deductible to be applied in the event~~
23 ~~that the applicant or policyholder fails to affirmatively~~
24 ~~choose a hurricane deductible. The insurer must provide such~~
25 ~~policyholder with notice of the availability of the deductible~~
26 ~~amounts specified in this paragraph in a form approved by the~~
27 ~~office in conjunction with each renewal of the policy. The~~
28 ~~failure to provide such notice constitutes a violation of this~~
29 ~~code but does not affect the coverage provided under the~~
30 ~~policy.~~
31

1 ~~2. This paragraph does not apply with respect to a~~
2 ~~deductible program lawfully in effect on June 14, 1995, or to~~
3 ~~any similar deductible program, if the deductible program~~
4 ~~requires a minimum deductible amount of no less than 2 percent~~
5 ~~of the policy limits.~~

6 ~~2.3.~~ With respect to a policy covering a risk with
7 dwelling limits of at least \$100,000, but less than \$250,000,
8 the insurer may, in lieu of offering a policy with a \$500
9 hurricane or wind deductible as required by subparagraph 1.,
10 offer a policy that the insurer guarantees it will not
11 nonrenew for reasons of reducing hurricane loss for one
12 renewal period and that contains up to a 2 percent hurricane
13 or wind deductible as required by subparagraph 1.

14 ~~3.4.~~ With respect to a policy covering a risk with
15 dwelling limits of \$250,000 or more, the insurer need not
16 offer the \$500 hurricane ~~or wind~~ deductible as required by
17 subparagraph 1., but must, except as otherwise provided in
18 this subsection, offer the other ~~2 percent~~ hurricane
19 deductibles ~~or wind deductible~~ as required by subparagraph 1.

20 (c) Before issuing a personal lines residential
21 property insurance policy and before each renewal thereof, an
22 insurer must provide each policyholder and applicant with a
23 notice of the availability of the deductible amounts that
24 insurers are required to offer and any other deductible that
25 the insurer chooses to offer which is not prohibited by this
26 section. The notice shall be on a form approved by the office.
27 The form shall fully advise the policyholder or applicant of
28 the nature of the deductible, including the fact that higher
29 deductibles result in lower premiums but will also result in
30 higher out-of-pocket expenses to the policyholder in the event
31 of a hurricane damage claim. For each percentage deductible

1 available to the policyholder or applicant, the form shall
2 include the dollar amount of the deduction which will result
3 from application of the percentage deductible. The heading of
4 the form shall be in 12-point bold type and shall state: "You
5 are required by Florida law to choose a deductible that will
6 apply to any claims that you may have with your insurer as a
7 result of damage to your residence by a hurricane. This form
8 explains the deductible options that your insurer is required
9 or permitted to offer to you. Please read carefully." If this
10 form is signed by the named insured, it will be conclusively
11 presumed that there was an informed, knowing selection of the
12 amount of the deductible. Such notice shall provide for a
13 means to allow the policyholder or applicant to select the
14 deductible. The failure to provide such notice constitutes a
15 violation of this code but does not affect the coverage
16 provided under the policy.

17 ~~(c) In order to provide for the transition from wind~~
18 ~~deductibles to hurricane deductibles as required by this~~
19 ~~subsection, an insurer is required to provide wind deductibles~~
20 ~~meeting the requirements of this subsection until the~~
21 ~~effective date of the insurer's first rate filing made after~~
22 ~~January 1, 1997, and is thereafter required to provide~~
23 ~~hurricane deductibles meeting the requirements of this~~
24 ~~subsection.~~

25 ~~(8)(a) The Legislature finds that property insurance~~
26 ~~coverage has become unaffordable for a significant number of~~
27 ~~mobile home owners, as evidenced by reports that up to 100,000~~
28 ~~mobile home owners have terminated their insurance coverage~~
29 ~~because they cannot afford to pay approved rates charged in~~
30 ~~the voluntary or residual markets. The Legislature further~~
31 ~~finds that additional flexibility in available coverages will~~

1 ~~enable mobile home owners to obtain affordable insurance and~~
2 ~~increase capacity.~~

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

5 ~~1. The deductible for hurricane coverage may not~~
6 ~~exceed 10 percent of the property value if the property is not~~
7 ~~subject to any liens and may not exceed 5 percent of the~~
8 ~~property value if the property is subject to any liens.~~

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

11 ~~(8)(9)~~ Notwithstanding the other provisions of this
12 section or of other law, but only as to hurricane coverage as
13 defined in s. 627.4025 for commercial lines residential
14 coverages, an insurer may offer a deductible in an amount not
15 exceeding ~~5 percent of the insured value with respect to a~~
16 ~~condominium association or cooperative association policy, or~~
17 ~~in an amount not exceeding~~ 10 percent of the insured value
18 ~~with respect to any other commercial lines residential policy,~~
19 if, at the time of such offer and at each renewal, the insurer
20 also offers to the policyholder a deductible in the amount of
21 3 percent of the insured value. Nothing in this subsection
22 prohibits any deductible otherwise authorized by this section.
23 All forms by which the offers authorized in this subsection
24 are made or required to be made shall be on forms that are
25 adopted or approved by the commission or office.

26 Section 13. Effective October 1, 2005, section
27 627.7011, Florida Statutes, is amended to read:

28 627.7011 Homeowners' policies; offer of replacement
29 cost coverage and law and ordinance coverage.--

30 (1) Prior to issuing a homeowner's insurance policy on
31 or after October 1, 2005 ~~June 1, 1994~~, or prior to the first

1 renewal of a homeowner's insurance policy on or after October
2 1, 2005 ~~June 1, 1994~~, the insurer must offer each of the
3 following:

4 (a) A policy or endorsement providing that any loss
5 which is repaired or replaced will be adjusted on the basis of
6 replacement costs not exceeding policy limits as to the
7 dwelling, rather than actual cash value, but not including
8 costs necessary to meet applicable laws and ordinances
9 regulating the construction, use, or repair of any property or
10 requiring the tearing down of any property, including the
11 costs of removing debris.

12 (b) A policy or endorsement providing that, subject to
13 other policy provisions, any loss which is repaired or
14 replaced at any location will be adjusted on the basis of
15 replacement costs not exceeding policy limits as to the
16 dwelling, rather than actual cash value, and also including
17 costs necessary to meet applicable laws and ordinances
18 regulating the construction, use, or repair of any property or
19 requiring the tearing down of any property, including the
20 costs of removing debris; however, such additional costs
21 necessary to meet applicable laws and ordinances may be
22 limited to either 25 percent or 50 percent of the dwelling
23 limit, as selected by the policyholder, and such coverage
24 shall apply only to repairs of the damaged portion of the
25 structure unless the total damage to the structure exceeds 50
26 percent of the replacement cost of the structure.

27
28 An insurer is not required to make the offers required by this
29 subsection with respect to the issuance or renewal of a
30 homeowner's policy that contains the provisions specified in
31 paragraph (b) for law and ordinance coverage limited to 25

1 percent of the dwelling limit, except that the insurer must
2 offer the law and ordinance coverage limited to 50 percent of
3 the dwelling limit. This subsection does not prohibit the
4 offer of a guaranteed replacement cost policy.

5 (2) Unless the insurer obtains the policyholder's
6 written refusal of the policies or endorsements specified in
7 subsection (1), any policy covering the dwelling is deemed to
8 include the coverage specified in paragraph (1)(b). The
9 rejection or selection of alternative coverage shall be made
10 on a form approved by the office. The form shall fully advise
11 the applicant of the nature of the coverage being rejected. If
12 this form is signed by a named insured, it will be
13 conclusively presumed that there was an informed, knowing
14 rejection of the coverage or election of the alternative
15 coverage on behalf of all insureds. Unless the policyholder
16 requests in writing the coverage specified in this section, it
17 need not be provided in or supplemental to any other policy
18 that renews, insures, extends, changes, supersedes, or
19 replaces an existing policy when the policyholder has rejected
20 the coverage specified in this section or has selected
21 alternative coverage. The insurer must provide such
22 policyholder with notice of the availability of such coverage
23 in a form approved by the office at least once every 3 years.
24 The failure to provide such notice constitutes a violation of
25 this code, but does not affect the coverage provided under the
26 policy.

27 (3) In the event of a loss for which a dwelling or
28 personal property is insured on the basis of replacement
29 costs, the insurer shall pay the replacement cost without
30 reservation or holdback of any depreciation in value, whether
31

1 or not the insured replaces or repairs the dwelling or
2 property.

3 ~~(4)(3)~~ Nothing in this section shall be construed to
4 apply to policies not considered to be "homeowners' policies,"
5 as that term is commonly understood in the insurance industry.
6 This section specifically does not apply to mobile home
7 policies. Nothing in this section shall be construed as
8 limiting the ability of any insurer to reject or nonrenew any
9 insured or applicant on the grounds that the structure does
10 not meet underwriting criteria applicable to replacement cost
11 or law and ordinance policies or for other lawful reasons.

12 Section 14. Effective July 1, 2005, subsection (7) of
13 section 627.7015, Florida Statutes, is amended, and subsection
14 (2) of that section is republished, to read:

15 627.7015 Alternative procedure for resolution of
16 disputed property insurance claims.--

17 (2) At the time a first-party claim within the scope
18 of this section is filed, the insurer shall notify all
19 first-party claimants of their right to participate in the
20 mediation program under this section. The department shall
21 prepare a consumer information pamphlet for distribution to
22 persons participating in mediation under this section.

23 (7) If the insurer fails to comply with the
24 requirements of subsection (2) by failing to notify a
25 first-party claimant of his or her right to participate in the
26 mediation program under this section, or if the insurer
27 requests the mediation, and the mediation results are rejected
28 by either party, the insured shall not be required to submit
29 to or participate in any contractual loss appraisal process of
30 the property loss damage as a precondition to legal action for
31

1 breach of contract against the insurer for its failure to pay
2 the policyholder's claims covered by the policy.

3 Section 15. Subsection (1) of section 627.702, Florida
4 Statutes, is amended to read:

5 627.702 Valued policy law.--

6 (1)(a) In the event of the total loss of any building,
7 structure, mobile home as defined in s. 320.01(2), or
8 manufactured building as defined in s. 553.36(12), located in
9 this state and insured by any insurer as to a covered peril,
10 in the absence of any change increasing the risk without the
11 insurer's consent and in the absence of fraudulent or criminal
12 fault on the part of the insured or one acting in her or his
13 behalf, the insurer's liability, if any, under the policy for
14 such total loss shall be in the amount of money for which such
15 property was so insured as specified in the policy and for
16 which a premium has been charged and paid.

17 (b) The legislative intent of this subsection is not
18 to require an insurer to pay for a loss caused by a peril
19 other than the covered peril. In furtherance of such
20 legislative intent, when a loss was caused in part by a
21 covered peril and in part by a noncovered peril, the insurer's
22 liability under this section is limited to the percentage of
23 the loss caused by the covered peril.

24 Section 16. Section 627.706, Florida Statutes, is
25 amended to read:

26 627.706 Sinkhole insurance; definitions.--

27 (1) Every insurer authorized to transact property
28 insurance in this state shall make available coverage for
29 insurable sinkhole losses on any structure, including contents
30 of personal property contained therein, to the extent provided
31 in the form to which the sinkhole coverage attaches.

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

4 (a)(2) "Sinkhole loss" means structural damage to the
5 building caused by sinkhole activity. Contents coverage shall
6 apply only if there is structural damage to the building
7 caused by sinkhole activity. Building coverage shall apply
8 only to the reasonable costs to stabilize the land if possible
9 and building if necessary and to repair the damage to the
10 foundation and building, subject to the coverage and terms of
11 the policy.

12 (b)(3) "Sinkhole activity loss" means ~~actual physical~~
13 ~~damage to the property covered arising out of or caused by~~
14 ~~sudden~~ settlement or systematic weakening collapse of the
15 earth supporting such property only when such settlement or
16 systematic weakening collapse results from naturally occurring
17 movement or raveling of soils, sediments, or rock materials
18 into subterranean voids created by the effect ~~action~~ of water
19 on a limestone or similar rock formation.

20 (c) "Engineer" means a person, as defined in s.
21 471.005, who has a bachelor degree or higher in engineering
22 with a specialty in the geotechnical engineering field. An
23 engineer must have geotechnical experience and expertise in
24 the identification of sinkhole activity as well as other
25 potential causes of damage to the structure.

26 (d) "Professional geologist" means a person, as
27 defined by s. 492.102, who has a bachelor degree or higher in
28 geology or related earth science with expertise in the geology
29 of Florida. A professional geologist must have geological
30 experience and expertise in the identification of sinkhole
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1 activity as well as other potential causes of damage to the
2 structure.

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

8 Section 17. Section 627.707, Florida Statutes, is
9 amended to read:

10 627.707 ~~Minimum~~ Standards for investigation of
11 sinkhole claims by insurers; nonrenewals.--

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

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

19 ~~(b)~~ ~~If, upon the investigation pursuant to paragraph~~
20 ~~(a), the insurer discovers damage to a structure which is~~
21 ~~consistent with sinkhole activity or if the structure is~~
22 ~~located in close proximity to a structure in which sinkhole~~
23 ~~damage has been verified, then prior to denying a claim, the~~
24 ~~insurer must obtain a written certification from an individual~~
25 ~~qualified to determine the existence of sinkhole activity,~~
26 ~~stating that the cause of the claim is not sinkhole activity,~~
27 ~~and that the analysis conducted was of sufficient scope to~~
28 ~~eliminate sinkhole activity as the cause of damage within a~~
29 ~~reasonable professional probability. The written~~
30 ~~certification must also specify the professional discipline~~

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1 ~~and professional licensure or registration under which the~~
2 ~~analysis was conducted.~~

3 (2) Following the initial inspection of the insured
4 premises, the insurer shall provide written notice to the
5 policyholder containing the following disclosure:

6 (a) What the insurer has determined to be the cause of
7 damage, if it has made such a determination.

8 (b) A statement of the circumstances under which the
9 insurer is required to engage an engineer and a professional
10 geologist to verify or eliminate sinkhole loss and to make
11 recommendations regarding land and building stabilization and
12 foundation repair.

13 (c) A statement regarding the right of the
14 policyholder to request that the department appoint an
15 engineer and a professional geologist and the circumstances
16 under which the policyholder may demand certain testing.

17 (3)(a) Following the insurer's initial inspection, the
18 insurer shall engage an engineer and a professional geologist
19 to conduct testing as provided in s. 627.7072 to determine the
20 cause of the loss within a reasonable professional probability
21 and issue a report as provided in s. 627.7073, if:

22 1. The insurer is unable to identify a valid cause of
23 the damage or discovers damage to the structure which is
24 consistent with sinkhole loss; or

25 2. The policyholder demands testing in accordance with
26 this section or s. 627.7072.

27 (4) If the insurer determines that there is no
28 sinkhole loss, the insurer may deny the claim. If the insurer
29 denies the claim, the policyholder may demand testing under s.
30 627.7072. The policyholder's demand for testing must be
31

1 communicated to the insurer in writing within 60 days after
2 the policyholder's receipt of insurer's denial of the claim.

3 (5) If a sinkhole loss is verified, the insurer shall
4 pay to stabilize the land, if possible, and building, if
5 necessary, and repair the foundation and building in
6 accordance with the recommendations of the engineer and the
7 professional geologist as provided under s. 627.7073, and in
8 consultation with the insurer and the policyholder, subject to
9 the coverage and terms of the policy. The insurer shall pay
10 for other repairs to the structure and contents in accordance
11 with the terms of the policy. The insurer may make payment
12 directly to the persons performing the land and building
13 stabilization and foundation repairs. The insurer has no
14 liability for the work performed unless it agrees to such
15 liability in writing.

16 (6)(a) Except as provided in paragraph (b), the fees
17 and costs of the engineer or the professional geologist shall
18 be paid by the insurer.

19 (7)(c) If the insurer obtains, pursuant to s. 627.7073
20 ~~paragraph (b)~~, written certification that there is no sinkhole
21 loss or that the cause of the ~~damage claim~~ was not sinkhole
22 activity, and if the policyholder has submitted the sinkhole
23 claim without good faith grounds for submitting such claim,
24 the policyholder shall reimburse the insurer for 50 percent of
25 the actual costs ~~cost~~ of the analyses and services provided
26 under ss. 627.7072 and 627.7073 ~~analysis under paragraph (b)~~;
27 however, a policyholder is not required to reimburse an
28 insurer more than \$2,500 with respect to any claim. A
29 policyholder is required to pay reimbursement under this
30 ~~subsection paragraph~~ only if the insurer, prior to ordering
31 the analysis under s. 627.7072 ~~paragraph (b)~~, informs the

1 | policyholder in writing of the policyholder's potential
2 | liability for reimbursement and gives the policyholder the
3 | opportunity to withdraw the claim.

4 | ~~(8)(2)~~ No insurer shall nonrenew any policy of
5 | property insurance on the basis of filing of claims for
6 | partial loss caused by sinkhole damage or clay shrinkage as
7 | long as the total of such payments does not exceed the current
8 | policy limits of coverage for property damage, and provided
9 | the insured has repaired the structure in accordance with the
10 | engineering recommendations upon which any payment or policy
11 | proceeds were based.

12 | Section 18. Section 627.7071, Florida Statutes, is
13 | created to read:

14 | 627.7071 Certification of engineers and professional
15 | geologists.--

16 | (1) The Department of Business and Professional
17 | Regulation in consultation with the Florida Board of
18 | Professional Geologists and Florida Board of Professional
19 | Engineers shall certify persons as engineers and professional
20 | geologists qualified to identify sinkholes and make
21 | recommendations for remediation of sinkhole damage to real
22 | property and structures thereon. The Department of Business
23 | and Professional Regulation shall forward the list to the
24 | Department of Financial Services.

25 | (2) If requested by the insurer or the policyholder,
26 | the Department of Financial Services randomly shall select up
27 | to three engineers and three professional geologists to
28 | perform the services provided in ss. 627.7072 and 627.7073.
29 | The policyholder or the insurer each may reject any one
30 | engineer and one professional geologist selected by the
31 | department. The insurer shall pay the fees of the department

1 for its services in selecting the engineer or professional
2 geologist.

3 (3) The Department of Financial Services and the
4 Department of Business and Professional Regulation, in
5 consultation with the Florida Board of Professional Geologists
6 and Florida Board of Professional Engineers may adopt rules to
7 administer this section.

8 Section 19. Section 627.7072, Florida Statutes, is
9 created to read:

10 627.7072 Testing standards for sinkholes.--

11 (1) The engineer and professional geologist shall
12 perform such tests as sufficient, in their professional
13 opinion, to determine the presence or absence of sinkhole loss
14 or other cause of damage within reasonable professional
15 probability, and to make recommendations regarding necessary
16 building stabilization.

17 (2) Testing shall be conducted in compliance with
18 standards of the American Society for Testing and Materials
19 International, the United States Army Corps of Engineers, the
20 Department of Transportation, or other appropriate standards,
21 as determined by rule of the department, to the extent
22 applicable.

23 (3) The department may adopt rules to establish
24 testing standards to administer this section.

25 Section 20. Section 627.7073, Florida Statutes, is
26 created to read:

27 627.7073 Sinkhole reports.--

28 (1) Upon completion of testing as provided in s.
29 627.7072, the engineer or professional geologist shall issue a
30 report and certification to the insurer and the policyholder
31 as provided in this section.

1 (a) Sinkhole loss is verified only if an engineer or a
2 professional geologist performs tests in accordance with s.
3 627.7072 and issues a written report and certification to the
4 policyholder and the insurer stating:

5 1. That the cause of the actual physical and
6 structural damage is sinkhole activity within a reasonable
7 professional probability.

8 2. That the analyses conducted was of sufficient scope
9 to eliminate any other activity as the cause of damage within
10 a reasonable professional probability.

11 3. A description of the tests performed.

12 4. A recommendation of methods for stabilizing the
13 land, if possible, and building, if required, and
14 recommendations for making repairs to the foundation.

15 (b) If sinkhole activity is eliminated as the cause of
16 damage to the structure, the engineer or professional
17 geologist shall issue a written report and certification to
18 the policyholder and the insurer stating:

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

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

24 3. A statement of the cause of the damage within a
25 reasonable professional probability.

26 4. A description of the tests performed.

27 (c) The respective findings, opinions and
28 recommendations of the engineer or professional geologist as
29 to the verification of a sinkhole loss, land and building
30 stabilization, foundation repair, and elimination of sinkhole
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1 loss shall be presumed correct, unless rebutted by clear and
2 convincing evidence in a civil proceeding.

3 (2) Any insurer that has paid a claim for a sinkhole
4 loss shall file a copy of the report and certification
5 prepared pursuant to subsection (1), with the clerk of court
6 and the clerk shall record the report and certification with
7 the certificate of title or deed for that property. The
8 insurer shall bear the cost of filing and recording the report
9 and certification. There shall be no cause of action or
10 liability against an insurer for compliance with this section.

11 Section 21. Effective October 1, 2005, and applicable
12 to policies issued or renewed on or after that date, section
13 627.711, Florida Statutes, is created to read:

14 627.711 Notice of premium discounts for hurricane loss
15 mitigation.--Before issuing a personal lines residential
16 property insurance policy and as part of each premium renewal
17 notice, the insurer shall provide written notice to the
18 applicant or policyholder, on a form approved by the office,
19 of the availability and amount of the premium discounts and
20 credits for fixtures and construction techniques that reduce
21 the amount of loss in a windstorm, as required by s.
22 627.0629(1). The notice must clearly inform the applicant or
23 policyholder as to what the policyholder must do to qualify
24 for such credits or discounts. The commission may adopt rules
25 to administer this section.

26 Section 22. Section 627.712, Florida Statutes, is
27 created to read:

28 627.712 Timely payment of claims.--

29 (1) An insurer shall, within 30 days after receipt of
30 a claim under a property insurance policy:

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1 (a) Pay that portion of the claim for which the
2 policyholder has submitted all information that is required
3 for payment under the terms of the policy;

4 (b) Provide a written denial to the policyholder for
5 that portion of a claim which the insurer determines is not
6 covered under the policy, including the specific reasons; and

7 (c) Specify, in writing, the additional information
8 that the policyholder must submit to the insurer in order for
9 any remaining amount of the claim to be paid.

10 (2) Within 30 days after receipt of the additional
11 information specified in paragraph (1)(c), the insurer shall
12 either pay or deny the claim as specified in paragraph (1)(a)
13 or paragraph (1)(b).

14 (3) Payment shall be considered made on the date a
15 check or other valid payment instrument is placed in the
16 United States mail in a properly addressed, postpaid envelope,
17 or if not so posted, on the date of delivery.

18 (4) All overdue payments shall bear simple interest at
19 the rate of 10 percent per year.

20 (5) Following a hurricane or natural disaster, the
21 requirements of this section are subject to such exceptions or
22 alternative requirements as may be provided by rule of the
23 commission or order of the office.

24 Section 23. By January 15, 2006, the Office of the
25 Auditor General shall conduct an operational audit of Citizens
26 Property Insurance Corporation regarding its customer service,
27 claims handling, accessibility of policyholder information to
28 the agent of record, take-out programs, and financing
29 arrangements, including recommendations for legislative
30 changes related to the findings of the audit.

31

1 Section 24. The amendment to section 627.702, Florida
2 Statutes, contained in this act is remedial in nature and
3 intended to clarify the intent of that section.

4 Section 25. For the 2005-2006 fiscal year, there is
5 appropriated \$350,000 in recurring funds from the Insurance
6 Regulatory Trust Fund and four positions are authorized to the
7 Office of the Consumer Advocate within the Department of
8 Financial Services for the purposes provided in section
9 627.0613, Florida Statutes.

10 Section 26. Except as otherwise expressly provided in
11 this act, this act shall take effect upon becoming a law.

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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 1488

4 The Committee Substitute makes the following changes:

- 5 o Lowers the retention in the Florida Hurricane Catastrophe
6 Fund;
- 7 o Requires the Department of Community Affairs to establish
8 a low-interest loan program for hurricane loss
9 mitigation;
- 10 o Revises the rating law for property and casualty
11 insurance;
- 12 o Limits admissibility of hurricane loss models in rate
13 hearings;
- 14 o Requires public hearings on certain rate filings;
- 15 o Requires standard rating territories and standard
16 policies to be proposed to the Legislature for further
17 consideration;
- 18 o Requires insurers to report data for the public hurricane
19 loss model;
- 20 o Makes changes to Citizens Property Insurance Corporation,
21 regarding appointment of the board, limits of coverage,
22 standards for rates, premium limitations, and requiring
23 an audit;
- 24 o Revises standards for disapproval of policy forms;
- 25 o Requires that insurers provide a checklist of coverage;
- 26 o Increases maximum hurricane deductibles and requires
27 insurers to offer specified deductibles;
- 28 o Requires insurers to offer coverage for costs of meeting
29 building codes;
- 30 o Requires replacement cost coverage to be paid whether or
31 not the insured replaces or repairs the dwelling or
 property;
- o Provides a penalty for insurers failing to notify
 claimants of their right to mediation;
- o Provides legislative intent that the valued policy law is
 not intended to require an insurer to pay for a loss
 caused by a peril other than the covered peril;
- o Revises requirements for sinkhole claims;
- o Requires insurers to provide notice or premium discounts
 for certain construction techniques for mitigating
 losses;

- 1 o Requires property insurers to pay claims within certain
2 time periods;
- 3 o Prohibits an insurer from canceling coverage for a
4 hurricane damaged dwelling;
- 5 o Makes appropriations for the Office of the Consumer
6 Advocate.
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