

1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 627.062, F.S.; limiting an insurer's recoupment of
4 reimbursement premium; providing limitations; amending s.
5 627.0628, F.S.; limiting use of certain methodologies in
6 determining hurricane loss factors for reimbursement
7 premium rates in certain rate filings; creating s.
8 627.06281, F.S.; requiring certain insurers and
9 organizations to develop, maintain, and update a public
10 hurricane loss projection model; providing reporting
11 requirements for insurers; protecting trade secret
12 information; amending s. 627.0629, F.S.; tightening a
13 limitation on rate filings based on computer models under
14 certain circumstances; amending s. 627.351, F.S.;
15 providing additional legislative intent relating to the
16 Citizens Property Insurance Corporation; specifying a
17 limitation on dwelling limits for personal lines policies;
18 revising appointment authority for members of the board of
19 governors of the corporation; requiring creation of a
20 Market Accountability Advisory Committee to assist the
21 corporation for certain purposes; providing for
22 appointment of committee members; providing for terms;
23 requiring reports to the corporation; revising
24 requirements for the plan of operation of the corporation;
25 requiring the corporation to pay bonuses to carriers
26 removing policies by assumption; providing for calculation
27 of the bonus amount; providing eligibility for carriers to
28 receive bonuses; deleting limitations on certain person

29 | lines residential wind-only policies; deleting an obsolete
30 | reporting requirement; specifying nonapplication of
31 | certain policy requirements in counties lacking reasonable
32 | degrees of competition for certain policies under certain
33 | circumstances; authorizing the commission to adopt rules;
34 | deleting an obsolete rate methodology panel reporting
35 | requirement provision; amending s. 627.411, F.S.; revising
36 | grounds for office disapproval of certain forms; amending
37 | s. 627.7015, F.S.; revising purpose and scope provisions
38 | relating to an alternative procedure for resolution of
39 | disputed property insurance claims; providing an
40 | additional criterion for excusing an insured from being
41 | required to submit to certain loss appraisal processes;
42 | amending s. 627.702, F.S.; providing legislative intent;
43 | limiting an insurer's loss liability under certain
44 | circumstances; amending s. 627.706, F.S.; revising
45 | definitions relating to sinkholes; creating s. 627.7065,
46 | F.S.; providing legislative findings; requiring the
47 | Department of Financial Services and the Office of the
48 | Insurance Consumer Advocate to consult with the Florida
49 | Geological Survey and the Department of Environmental
50 | Protection to implement a statewide automated database of
51 | sinkholes and related activity; providing requirements for
52 | the form and content of the database; authorizing the
53 | Department of Financial Services to require insurers to
54 | provide certain information; providing for management of
55 | the database; requiring the department to investigate
56 | sinkhole activity reports and include findings and

57 investigations in the database; requiring the Department
 58 of Environmental Protection to report on the database to
 59 the Governor, Legislature, and Chief Financial Officer;
 60 authorizing the Department of Financial services to adopt
 61 implementing rules; requiring the Auditor General to
 62 perform an operational audit of the Citizens Property
 63 Insurance Corporation; specifying audit requirements;
 64 requiring a report; requiring the board of governors of
 65 the Citizens Property Insurance Corporation to submit a
 66 report to the Legislature relating to property and
 67 casualty insurance; specifying report requirements;
 68 providing for contingent effect; providing effective
 69 dates.

70

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

72

73 Section 1. Subsection (5) of section 627.062, Florida
 74 Statutes, is amended to read:

75 627.062 Rate standards.--

76 (5) With respect to a rate filing involving coverage of
 77 the type for which the insurer is required to pay a
 78 reimbursement premium to the Florida Hurricane Catastrophe Fund,
 79 the insurer may fully recoup in its property insurance premiums
 80 any reimbursement premiums paid to the Florida Hurricane
 81 Catastrophe Fund, together with reasonable costs of other
 82 reinsurance, but may not recoup reinsurance costs that duplicate
 83 coverage provided by the Florida Hurricane Catastrophe Fund. An
 84 insurer may not recoup more than one year of reimbursement

85 premium at a time. Any under-recoupment from the prior year may
 86 be added to the following year's reimbursement premium and any
 87 over-recoupment shall be subtracted from the following year's
 88 reimbursement premium.

89 Section 2. Paragraph (c) of subsection (1) and paragraph
 90 (c) of subsection (3) of section 627.0628, Florida Statutes, are
 91 amended to read:

92 627.0628 Florida Commission on Hurricane Loss Projection
 93 Methodology.--

94 (1) LEGISLATIVE FINDINGS AND INTENT.--

95 (c) It is the intent of the Legislature to create the
 96 Florida Commission on Hurricane Loss Projection Methodology as a
 97 panel of experts to provide the most actuarially sophisticated
 98 guidelines and standards for projection of hurricane losses
 99 possible, given the current state of actuarial science. It is
 100 the further intent of the Legislature that such standards and
 101 guidelines must be used by the State Board of Administration in
 102 developing reimbursement premium rates for the Florida Hurricane
 103 Catastrophe Fund, and, subject to paragraph (3)(c), may be used
 104 by insurers in rate filings under s. 627.062 unless the way in
 105 which such standards and guidelines were applied by the insurer
 106 was erroneous, as shown by a preponderance of the evidence.

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

108 (c) With respect to a rate filing under s. 627.062, an
 109 insurer may employ actuarial methods, principles, standards,
 110 models, or output ranges found by the commission to be accurate
 111 or reliable to determine hurricane loss factors for use in a
 112 rate filing under s. 627.062. Such, ~~which~~ findings and factors

113 are admissible and relevant in consideration of a rate filing by
 114 the office or in any arbitration or administrative or judicial
 115 review only if the office and the consumer advocate appointed
 116 pursuant to s. 627.0613 have access to all of the assumptions
 117 and factors that were used in developing the actuarial methods,
 118 principles, standards, models, or output ranges and are not
 119 precluded from disclosing such information in a rate proceeding.

120 Section 3. Section 627.06281, Florida Statutes, is created
 121 to read:

122 627.06281 Public hurricane loss projection model;
 123 reporting of data by insurers.--Within 30 days after a written
 124 request for loss data and associated exposure data by the office
 125 or a type I center within the State University System
 126 established to study mitigation, residential property insurers
 127 and licensed rating and advisory organizations that compile
 128 residential property insurance loss data shall provide loss data
 129 and associated exposure data for residential property insurance
 130 policies to the office or to a type I center within the State
 131 University System established to study mitigation, as directed
 132 by the office, for the purposes of developing, maintaining, and
 133 updating a public model for hurricane loss projections. The loss
 134 data and associated exposure data provided shall be in writing.
 135 Any loss data and associated exposure data provided pursuant to
 136 this section that constitutes a trade secret as defined in s.
 137 812.081, and as provided in s. 815.04(3), shall be subject to
 138 the provisions of s. 815.045.

139 Section 4. Subsection (7) of section 627.0629, Florida
 140 Statutes, is amended to read:

141 627.0629 Residential property insurance; rate filings.--

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

145 Section 5. Paragraphs (a), (c), and (d) of subsection (6)
 146 of section 627.351, Florida Statutes, are amended to read:

147 627.351 Insurance risk apportionment plans.--

148 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

149 (a)1. The Legislature finds that actual and threatened
 150 catastrophic losses to property in this state from hurricanes
 151 have caused insurers to be unwilling or unable to provide
 152 property insurance coverage to the extent sought and needed. It
 153 is in the public interest and a public purpose to assist in
 154 assuring that property in the state is insured so as to
 155 facilitate the remediation, reconstruction, and replacement of
 156 damaged or destroyed property in order to reduce or avoid the
 157 negative effects otherwise resulting to the public health,
 158 safety, and welfare; to the economy of the state; and to the
 159 revenues of the state and local governments needed to provide
 160 for the public welfare. It is necessary, therefore, to provide
 161 property insurance to applicants who are in good faith entitled
 162 to procure insurance through the voluntary market but are unable
 163 to do so. The Legislature intends by this subsection that
 164 property insurance be provided and that it continues, as long as
 165 necessary, through an entity organized to achieve efficiencies
 166 and economies, while providing service to policyholders,
 167 applicants, and agents that is no less than the quality
 168 generally provided in the voluntary market, all toward the

169 achievement of the foregoing public purposes. Because it is
170 essential for the corporation to have the maximum financial
171 resources to pay claims following a catastrophic hurricane, it
172 is the intent of the Legislature that the income of the
173 corporation be exempt from federal income taxation and that
174 interest on the debt obligations issued by the corporation be
175 exempt from federal income taxation.

176 2. The Residential Property and Casualty Joint
177 Underwriting Association originally created by this statute
178 shall be known, as of July 1, 2002, as the Citizens Property
179 Insurance Corporation. The corporation shall provide insurance
180 for residential and commercial property, for applicants who are
181 in good faith entitled, but are unable, to procure insurance
182 through the voluntary market. The corporation shall operate
183 pursuant to a plan of operation approved by order of the office.
184 The plan is subject to continuous review by the office. The
185 office may, by order, withdraw approval of all or part of a plan
186 if the office determines that conditions have changed since
187 approval was granted and that the purposes of the plan require
188 changes in the plan. For the purposes of this subsection,
189 residential coverage includes both personal lines residential
190 coverage, which consists of the type of coverage provided by
191 homeowner's, mobile home owner's, dwelling, tenant's,
192 condominium unit owner's, and similar policies, and commercial
193 lines residential coverage, which consists of the type of
194 coverage provided by condominium association, apartment
195 building, and similar policies.

196 3. It is the intent of the Legislature that policyholders,
 197 applicants, and agents of the corporation receive service and
 198 treatment of the highest possible level but never less than that
 199 generally provided in the voluntary market. It also is intended
 200 that the corporation be held to service standards no less than
 201 those applied to insurers in the voluntary market by the office
 202 with respect to responsiveness, timeliness, customer courtesy,
 203 and overall dealings with policyholders, applicants, or agents
 204 of the corporation.

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

206 1. Must provide for adoption of residential property and
 207 casualty insurance policy forms and commercial residential and
 208 nonresidential property insurance forms, which forms must be
 209 approved by the office prior to use. The corporation shall adopt
 210 the following policy forms:

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

215 b. Basic personal lines policy forms that are policies
 216 similar to an HO-8 policy or a dwelling fire policy that provide
 217 coverage meeting the requirements of the secondary mortgage
 218 market, but which coverage is more limited than the coverage
 219 under a standard policy.

220 c. Commercial lines residential policy forms that are
 221 generally similar to the basic perils of full coverage
 222 obtainable for commercial residential structures in the admitted
 223 voluntary market.

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

229 e. Commercial lines nonresidential property insurance
 230 forms that cover the peril of wind only. The forms are
 231 applicable only to nonresidential properties located in areas
 232 eligible for coverage under the high-risk account referred to in
 233 sub-subparagraph (b)2.a.

234
 235 The dwelling limits for any personal lines policy in both the
 236 personal lines account and the high-risk account may not exceed
 237 \$1 million.

238 2.a. Must provide that the corporation adopt a program in
 239 which the corporation and authorized insurers enter into quota
 240 share primary insurance agreements for hurricane coverage, as
 241 defined in s. 627.4025(2)(a), for eligible risks, and adopt
 242 property insurance forms for eligible risks which cover the
 243 peril of wind only. As used in this subsection, the term:

244 (I) "Quota share primary insurance" means an arrangement
 245 in which the primary hurricane coverage of an eligible risk is
 246 provided in specified percentages by the corporation and an
 247 authorized insurer. The corporation and authorized insurer are
 248 each solely responsible for a specified percentage of hurricane
 249 coverage of an eligible risk as set forth in a quota share
 250 primary insurance agreement between the corporation and an
 251 authorized insurer and the insurance contract. The

252 responsibility of the corporation or authorized insurer to pay
253 its specified percentage of hurricane losses of an eligible
254 risk, as set forth in the quota share primary insurance
255 agreement, may not be altered by the inability of the other
256 party to the agreement to pay its specified percentage of
257 hurricane losses. Eligible risks that are provided hurricane
258 coverage through a quota share primary insurance arrangement
259 must be provided policy forms that set forth the obligations of
260 the corporation and authorized insurer under the arrangement,
261 clearly specify the percentages of quota share primary insurance
262 provided by the corporation and authorized insurer, and
263 conspicuously and clearly state that neither the authorized
264 insurer nor the corporation may be held responsible beyond its
265 specified percentage of coverage of hurricane losses.

266 (II) "Eligible risks" means personal lines residential and
267 commercial lines residential risks that meet the underwriting
268 criteria of the corporation and are located in areas that were
269 eligible for coverage by the Florida Windstorm Underwriting
270 Association on January 1, 2002.

271 b. The corporation may enter into quota share primary
272 insurance agreements with authorized insurers at corporation
273 coverage levels of 90 percent and 50 percent.

274 c. If the corporation determines that additional coverage
275 levels are necessary to maximize participation in quota share
276 primary insurance agreements by authorized insurers, the
277 corporation may establish additional coverage levels. However,
278 the corporation's quota share primary insurance coverage level
279 may not exceed 90 percent.

280 d. Any quota share primary insurance agreement entered
281 into between an authorized insurer and the corporation must
282 provide for a uniform specified percentage of coverage of
283 hurricane losses, by county or territory as set forth by the
284 corporation board, for all eligible risks of the authorized
285 insurer covered under the quota share primary insurance
286 agreement.

287 e. Any quota share primary insurance agreement entered
288 into between an authorized insurer and the corporation is
289 subject to review and approval by the office. However, such
290 agreement shall be authorized only as to insurance contracts
291 entered into between an authorized insurer and an insured who is
292 already insured by the corporation for wind coverage.

293 f. For all eligible risks covered under quota share
294 primary insurance agreements, the exposure and coverage levels
295 for both the corporation and authorized insurers shall be
296 reported by the corporation to the Florida Hurricane Catastrophe
297 Fund. For all policies of eligible risks covered under quota
298 share primary insurance agreements, the corporation and the
299 authorized insurer shall maintain complete and accurate records
300 for the purpose of exposure and loss reimbursement audits as
301 required by Florida Hurricane Catastrophe Fund rules. The
302 corporation and the authorized insurer shall each maintain
303 duplicate copies of policy declaration pages and supporting
304 claims documents.

305 g. The corporation board shall establish in its plan of
306 operation standards for quota share agreements which ensure that
307 there is no discriminatory application among insurers as to the

308 terms of quota share agreements, pricing of quota share
 309 agreements, incentive provisions if any, and consideration paid
 310 for servicing policies or adjusting claims.

311 h. The quota share primary insurance agreement between the
 312 corporation and an authorized insurer must set forth the
 313 specific terms under which coverage is provided, including, but
 314 not limited to, the sale and servicing of policies issued under
 315 the agreement by the insurance agent of the authorized insurer
 316 producing the business, the reporting of information concerning
 317 eligible risks, the payment of premium to the corporation, and
 318 arrangements for the adjustment and payment of hurricane claims
 319 incurred on eligible risks by the claims adjuster and personnel
 320 of the authorized insurer. Entering into a quota sharing
 321 insurance agreement between the corporation and an authorized
 322 insurer shall be voluntary and at the discretion of the
 323 authorized insurer.

324 3. May provide that the corporation may employ or
 325 otherwise contract with individuals or other entities to provide
 326 administrative or professional services that may be appropriate
 327 to effectuate the plan. The corporation shall have the power to
 328 borrow funds, by issuing bonds or by incurring other
 329 indebtedness, and shall have other powers reasonably necessary
 330 to effectuate the requirements of this subsection. The
 331 corporation may, but is not required to, seek judicial
 332 validation of its bonds or other indebtedness under chapter 75.
 333 The corporation may issue bonds or incur other indebtedness, or
 334 have bonds issued on its behalf by a unit of local government
 335 pursuant to subparagraph (g)2., in the absence of a hurricane or

336 other weather-related event, upon a determination by the
 337 corporation, subject to approval by the office, that such action
 338 would enable it to efficiently meet the financial obligations of
 339 the corporation and that such financings are reasonably
 340 necessary to effectuate the requirements of this subsection. The
 341 corporation is authorized to take all actions needed to
 342 facilitate tax-free status for any such bonds or indebtedness,
 343 including formation of trusts or other affiliated entities. The
 344 corporation shall have the authority to pledge assessments,
 345 projected recoveries from the Florida Hurricane Catastrophe
 346 Fund, other reinsurance recoverables, market equalization and
 347 other surcharges, and other funds available to the corporation
 348 as security for bonds or other indebtedness. In recognition of
 349 s. 10, Art. I of the State Constitution, prohibiting the
 350 impairment of obligations of contracts, it is the intent of the
 351 Legislature that no action be taken whose purpose is to impair
 352 any bond indenture or financing agreement or any revenue source
 353 committed by contract to such bond or other indebtedness.

354 4.a. Must require that the corporation operate subject to
 355 the supervision and approval of a board of governors consisting
 356 of 8 ~~7~~ individuals who are residents of this state, from
 357 different geographical areas of this state, ~~appointed by the~~
 358 ~~Chief Financial Officer~~. The Governor, the Chief Financial
 359 Officer, the President of the Senate, and the Speaker of the
 360 House of Representatives shall each appoint two members of the
 361 board, effective August 1, 2005. The Chief Financial Officer
 362 shall designate one of the appointees as chair. All board
 363 members serve at the pleasure of the appointing officer ~~Chief~~

364 ~~Financial Officer~~. All board members, including the chair, must
 365 be appointed to serve for 3-year terms beginning annually on a
 366 date designated by the plan. Any board vacancy shall be filled
 367 for the unexpired term by the appointing officer ~~Chief Financial~~
 368 ~~Officer~~. The Chief Financial Officer shall appoint a technical
 369 advisory group to provide information and advice to the board of
 370 governors in connection with the board's duties under this
 371 subsection. The executive director and senior managers of the
 372 corporation shall be engaged by the board, as recommended by the
 373 Chief Financial Officer and serve at the pleasure of the board
 374 ~~Chief Financial Officer~~. The executive director is responsible
 375 for employing other staff as the corporation may require,
 376 subject to review and concurrence by the board and ~~office of~~ the
 377 Chief Financial Officer.

378 b. The board shall create a Market Accountability Advisory
 379 Committee to assist the corporation in developing awareness of
 380 its rates and its customer and agent service levels in
 381 relationship to the voluntary market insurers writing similar
 382 coverage. The members of the advisory committee shall consist of
 383 the following ten persons, one of whom must be elected chair by
 384 the members of the committee: one representative appointed by
 385 each of the three largest property and casualty insurance agents
 386 independent trade associations in this state; three
 387 representatives appointed by the insurers with the three highest
 388 voluntary market share of residential property insurance
 389 business in the state; one representative from the Office of
 390 Insurance Regulation; one consumer appointed by the board who is
 391 insured by the corporation at the time of appointment to the

392 committee; one representative appointed by the Florida
 393 Association of Realtors; and one representative appointed by the
 394 Florida Bankers Association. All members must serve for 3-year
 395 terms and may serve for consecutive terms. The committee shall
 396 report to the corporation at each board meeting on insurance
 397 market issues which may include rates and rate competition with
 398 the voluntary market; service, including policy issuance, claims
 399 processing, and general responsiveness to policyholders,
 400 applicants, and agents; and matters relating to depopulation.

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

403 a. Subject to the provisions of s. 627.3517, with respect
 404 to personal lines residential risks, if the risk is offered
 405 coverage from an authorized insurer at the insurer's approved
 406 rate under either a standard policy including wind coverage or,
 407 if consistent with the insurer's underwriting rules as filed
 408 with the office, a basic policy including wind coverage, the
 409 risk is not eligible for any policy issued by the corporation.
 410 If the risk is not able to obtain any such offer, the risk is
 411 eligible for either a standard policy including wind coverage or
 412 a basic policy including wind coverage issued by the
 413 corporation; however, if the risk could not be insured under a
 414 standard policy including wind coverage regardless of market
 415 conditions, the risk shall be eligible for a basic policy
 416 including wind coverage unless rejected under subparagraph 8.
 417 The corporation shall determine the type of policy to be
 418 provided on the basis of objective standards specified in the

HB 1937

2005

419 | underwriting manual and based on generally accepted underwriting
420 | practices.

421 | (I) If the risk accepts an offer of coverage through the
422 | market assistance plan or an offer of coverage through a
423 | mechanism established by the corporation before a policy is
424 | issued to the risk by the corporation or during the first 30
425 | days of coverage by the corporation, and the producing agent who
426 | submitted the application to the plan or to the corporation is
427 | not currently appointed by the insurer, the insurer shall:

428 | (A) Pay to the producing agent of record of the policy,
429 | for the first year, an amount that is the greater of the
430 | insurer's usual and customary commission for the type of policy
431 | written or a fee equal to the usual and customary commission of
432 | the corporation; or

433 | (B) Offer to allow the producing agent of record of the
434 | policy to continue servicing the policy for a period of not less
435 | than 1 year and offer to pay the agent the greater of the
436 | insurer's or the corporation's usual and customary commission
437 | for the type of policy written.

438 |
439 | If the producing agent is unwilling or unable to accept
440 | appointment, the new insurer shall pay the agent in accordance
441 | with sub-sub-sub-subparagraph (A).

442 | (II) When the corporation enters into a contractual
443 | agreement for a take-out plan, the producing agent of record of
444 | the corporation policy is entitled to retain any unearned
445 | commission on the policy, and the insurer shall:

446 (A) Pay to the producing agent of record of the
447 corporation policy, for the first year, an amount that is the
448 greater of the insurer's usual and customary commission for the
449 type of policy written or a fee equal to the usual and customary
450 commission of the corporation; or

451 (B) Offer to allow the producing agent of record of the
452 corporation policy to continue servicing the policy for a period
453 of not less than 1 year and offer to pay the agent the greater
454 of the insurer's or the corporation's usual and customary
455 commission for the type of policy written.

456

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

460 b. With respect to commercial lines residential risks, if
461 the risk is offered coverage under a policy including wind
462 coverage from an authorized insurer at its approved rate, the
463 risk is not eligible for any policy issued by the corporation.
464 If the risk is not able to obtain any such offer, the risk is
465 eligible for a policy including wind coverage issued by the
466 corporation.

467 (I) If the risk accepts an offer of coverage through the
468 market assistance plan or an offer of coverage through a
469 mechanism established by the corporation before a policy is
470 issued to the risk by the corporation or during the first 30
471 days of coverage by the corporation, and the producing agent who
472 submitted the application to the plan or the corporation is not
473 currently appointed by the insurer, the insurer shall:

474 (A) Pay to the producing agent of record of the policy,
 475 for the first year, an amount that is the greater of the
 476 insurer's usual and customary commission for the type of policy
 477 written or a fee equal to the usual and customary commission of
 478 the corporation; or

479 (B) Offer to allow the producing agent of record of the
 480 policy to continue servicing the policy for a period of not less
 481 than 1 year and offer to pay the agent the greater of the
 482 insurer's or the corporation's usual and customary commission
 483 for the type of policy written.

484
 485 If the producing agent is unwilling or unable to accept
 486 appointment, the new insurer shall pay the agent in accordance
 487 with sub-sub-sub-subparagraph (A).

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

492 (A) Pay to the producing agent of record of the
 493 corporation policy, for the first year, an amount that is the
 494 greater of the insurer's usual and customary commission for the
 495 type of policy written or a fee equal to the usual and customary
 496 commission of the corporation; or

497 (B) Offer to allow the producing agent of record of the
 498 corporation policy to continue servicing the policy for a period
 499 of not less than 1 year and offer to pay the agent the greater
 500 of the insurer's or the corporation's usual and customary
 501 commission for the type of policy written.

502
503 If the producing agent is unwilling or unable to accept
504 appointment, the new insurer shall pay the agent in accordance
505 with sub-sub-sub-subparagraph (A).

506 6. Must include rules for classifications of risks and
507 rates therefor.

508 7. Must provide that if premium and investment income for
509 an account attributable to a particular calendar year are in
510 excess of projected losses and expenses for the account
511 attributable to that year, such excess shall be held in surplus
512 in the account. Such surplus shall be available to defray
513 deficits in that account as to future years and shall be used
514 for that purpose prior to assessing assessable insurers and
515 assessable insureds as to any calendar year.

516 8. Must provide objective criteria and procedures to be
517 uniformly applied for all applicants in determining whether an
518 individual risk is so hazardous as to be uninsurable. In making
519 this determination and in establishing the criteria and
520 procedures, the following shall be considered:

521 a. Whether the likelihood of a loss for the individual
522 risk is substantially higher than for other risks of the same
523 class; and

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

526
527 The acceptance or rejection of a risk by the corporation shall
528 be construed as the private placement of insurance, and the
529 provisions of chapter 120 shall not apply.

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

534 10. Must provide that in the event of regular deficit
 535 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
 536 (b)3.b., in the personal lines account, the commercial lines
 537 residential account, or the high-risk account, the corporation
 538 shall levy upon corporation policyholders in its next rate
 539 filing, or by a separate rate filing solely for this purpose, a
 540 market equalization surcharge arising from a regular assessment
 541 in such account in a percentage equal to the total amount of
 542 such regular assessments divided by the aggregate statewide
 543 direct written premium for subject lines of business for the
 544 prior calendar year. Market equalization surcharges under this
 545 subparagraph are not considered premium and are not subject to
 546 commissions, fees, or premium taxes; however, failure to pay a
 547 market equalization surcharge shall be treated as failure to pay
 548 premium.

549 11. The policies issued by the corporation must provide
 550 that, if the corporation or the market assistance plan obtains
 551 an offer from an authorized insurer to cover the risk at its
 552 approved rates, the risk is no longer eligible for renewal
 553 through the corporation.

554 12. Corporation policies and applications must include a
 555 notice that the corporation policy could, under this section, be
 556 replaced with a policy issued by an authorized insurer that does
 557 not provide coverage identical to the coverage provided by the

558 corporation. The notice shall also specify that acceptance of
559 corporation coverage creates a conclusive presumption that the
560 applicant or policyholder is aware of this potential.

561 13. May establish, subject to approval by the office,
562 different eligibility requirements and operational procedures
563 for any line or type of coverage for any specified county or
564 area if the board determines that such changes to the
565 eligibility requirements and operational procedures are
566 justified due to the voluntary market being sufficiently stable
567 and competitive in such area or for such line or type of
568 coverage and that consumers who, in good faith, are unable to
569 obtain insurance through the voluntary market through ordinary
570 methods would continue to have access to coverage from the
571 corporation. When coverage is sought in connection with a real
572 property transfer, such requirements and procedures shall not
573 provide for an effective date of coverage later than the date of
574 the closing of the transfer as established by the transferor,
575 the transferee, and, if applicable, the lender.

576 14. Must provide that, with respect to the high-risk
577 account, any assessable insurer with a surplus as to
578 policyholders of \$25 million or less writing 25 percent or more
579 of its total countrywide property insurance premiums in this
580 state may petition the office, within the first 90 days of each
581 calendar year, to qualify as a limited apportionment company. In
582 no event shall a limited apportionment company be required to
583 participate in the portion of any assessment, within the high-
584 risk account, pursuant to sub-subparagraph (b)3.a. or sub-
585 subparagraph (b)3.b. in the aggregate which exceeds \$50 million

586 after payment of available high-risk account funds in any
 587 calendar year. However, a limited apportionment company shall
 588 collect from its policyholders any emergency assessment imposed
 589 under sub-subparagraph (b)3.d. The plan shall provide that, if
 590 the office determines that any regular assessment will result in
 591 an impairment of the surplus of a limited apportionment company,
 592 the office may direct that all or part of such assessment be
 593 deferred as provided in subparagraph (g)4. However, there shall
 594 be no limitation or deferment of an emergency assessment to be
 595 collected from policyholders under sub-subparagraph (b)3.d.

596 15. Must provide that the corporation appoint as its
 597 licensed agents only those agents who also hold an appointment
 598 as defined in s. 626.015(3) with an insurer who at the time of
 599 the agent's initial appointment by the corporation is authorized
 600 to write and is actually writing personal lines residential
 601 property coverage, commercial residential property coverage, or
 602 commercial nonresidential property coverage within the state.

603 16. Must provide that for each carrier removing policies
 604 by assumption from the personal lines account of the corporation
 605 that carrier shall receive a minimum per policy bonus equal to
 606 12.5 percent of written premium for a minimum of 10,000 policies
 607 removed with wind coverage in coastal counties, 15 percent of
 608 written premium for a minimum of 30,000 policies removed with
 609 wind coverage in coastal counties, and 17.5 percent of written
 610 premium for a minimum of 50,000 policies removed with wind
 611 coverage in coastal counties. In order to be eligible for such
 612 per-policy bonus, the carrier must offer to issue and renew the
 613 carrier's policy for a period of 3 years subsequent to the

614 expiration of the assumed policy. The carrier shall nonetheless
 615 be eligible for such per-policy bonus if the policy is
 616 voluntarily terminated by the insured at any time subsequent to
 617 the insured's initial acceptance of coverage from the carrier.
 618 Cancellation of a policy for nonpayment of premium by the
 619 insured shall be deemed a voluntary termination by the insured.
 620 Failure of the insured to accept the carrier's offer of renewal,
 621 if such renewal is in accordance with the corporation's plan of
 622 operations, shall be deemed a voluntary termination by the
 623 insured.

624 (d)1. It is the intent of the Legislature that the rates
 625 for coverage provided by the corporation be actuarially sound
 626 and not competitive with approved rates charged in the admitted
 627 voluntary market, so that the corporation functions as a
 628 residual market mechanism to provide insurance only when the
 629 insurance cannot be procured in the voluntary market. Rates
 630 shall include an appropriate catastrophe loading factor that
 631 reflects the actual catastrophic exposure of the corporation.

632 2. For each county, the average rates of the corporation
 633 for each line of business for personal lines residential
 634 policies excluding rates for wind-only policies shall be no
 635 lower than the average rates charged by the insurer that had the
 636 highest average rate in that county among the 20 insurers with
 637 the greatest total direct written premium in the state for that
 638 line of business in the preceding year, except that with respect
 639 to mobile home coverages, the average rates of the corporation
 640 shall be no lower than the average rates charged by the insurer
 641 that had the highest average rate in that county among the 5

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

644 3. Rates for personal lines residential wind-only policies
645 must be actuarially sound and not competitive with approved
646 rates charged by authorized insurers. ~~However, for personal~~
647 ~~lines residential wind-only policies issued or renewed between~~
648 ~~July 1, 2002, and June 30, 2003, the maximum premium increase~~
649 ~~must be no greater than 10 percent of the Florida Windstorm~~
650 ~~Underwriting Association premium for that policy in effect on~~
651 ~~June 30, 2002, as adjusted for coverage changes and seasonal~~
652 ~~occupancy surcharges. For personal lines residential wind-only~~
653 ~~policies issued or renewed between July 1, 2003, and June 30,~~
654 ~~2004, the corporation shall use its existing filed and approved~~
655 ~~wind-only rating and classification plans, provided, however,~~
656 ~~that the maximum premium increase must be no greater than 20~~
657 ~~percent of the premium for that policy in effect on June 30,~~
658 ~~2003, as adjusted for coverage changes and seasonal occupancy~~
659 ~~surcharges.~~ Corporation rate manuals shall include a rate
660 surcharge for seasonal occupancy. To ensure that personal lines
661 residential wind-only rates effective ~~on or after July 1, 2004,~~
662 are not competitive with approved rates charged by authorized
663 insurers, the corporation, in conjunction with the office, shall
664 develop a wind-only ratemaking methodology, which methodology
665 shall be contained in each a rate filing made by the corporation
666 with the office ~~by January 1, 2004.~~ If the office thereafter
667 determines that the wind-only rates or rating factors filed by
668 the corporation fail to comply with the wind-only ratemaking
669 methodology provided for in this subsection, it shall so notify

HB 1937

2005

670 the corporation and require the corporation to amend its rates
671 or rating factors to come into compliance within 90 days of
672 notice from the office. ~~The office shall report to the Speaker~~
673 ~~of the House of Representatives and the President of the Senate~~
674 ~~on the provisions of the wind-only ratemaking methodology by~~
675 ~~January 31, 2004.~~

676 4. The provisions of subparagraph 2. do not apply to
677 coverage provided by the corporation in any county for which the
678 office determines that a reasonable degree of competition does
679 not exist for personal lines residential policies. The
680 provisions of subparagraph 3. do not apply to coverage provided
681 by the corporation in any county for which the office determines
682 that a reasonable degree of competition does not exist for
683 personal lines residential policies in the area of that county
684 which is eligible for wind-only coverage. In such counties, the
685 rates for personal lines residential coverage shall be
686 actuarially sound and not excessive, inadequate, or unfairly
687 discriminatory and are subject to the other provisions of the
688 paragraph and s. 627.062. The commission may adopt rules
689 establishing the criteria for determining whether a reasonable
690 degree of competition exists for personal lines residential
691 policies. Beginning October 1, 2005, and each 6 months
692 thereafter, the office shall determine and identify those
693 counties for which a reasonable degree of competition does not
694 exist for purposes of subparagraphs 2. and 3., respectively.

695 5.4. Rates for commercial lines coverage shall not be
696 subject to the requirements of subparagraph 2., but shall be

697 subject to all other requirements of this paragraph and s.
 698 627.062.

699 ~~6.5.~~ Nothing in this paragraph shall require or allow the
 700 corporation to adopt a rate that is inadequate under s. 627.062.

701 ~~7.6.~~ The corporation shall certify to the office at least
 702 twice annually that its personal lines rates comply with the
 703 requirements of this paragraph ~~subparagraphs 1. and 2.~~ If any
 704 adjustment in the rates or rating factors of the corporation is
 705 necessary to ensure such compliance, the corporation shall make
 706 and implement such adjustments and file its revised rates and
 707 rating factors with the office. If the office thereafter
 708 determines that the revised rates and rating factors fail to
 709 comply with the provisions of this paragraph ~~subparagraphs 1.~~
 710 ~~and 2.~~, it shall notify the corporation and require the
 711 corporation to amend its rates or rating factors in conjunction
 712 with its next rate filing. The office must notify the
 713 corporation by electronic means of any rate filing it approves
 714 for any insurer among the insurers referred to in subparagraph
 715 2.

716 ~~8.7.~~ In addition to the rates otherwise determined
 717 pursuant to this paragraph, the corporation shall impose and
 718 collect an amount equal to the premium tax provided for in s.
 719 624.509 to augment the financial resources of the corporation.

720 ~~9.8.a.~~ To assist the corporation in developing additional
 721 ratemaking methods to assure compliance with this paragraph
 722 ~~subparagraphs 1. and 4.~~, the corporation shall appoint a rate
 723 methodology panel consisting of one person recommended by the
 724 Florida Association of Insurance Agents, one person recommended

725 by the Professional Insurance Agents of Florida, one person
 726 recommended by the Florida Association of Insurance and
 727 Financial Advisors, one person recommended by the insurer with
 728 the highest voluntary market share of residential property
 729 insurance business in the state, one person recommended by the
 730 insurer with the second-highest voluntary market share of
 731 residential property insurance business in the state, one person
 732 recommended by an insurer writing commercial residential
 733 property insurance in this state, one person recommended by the
 734 Office of Insurance Regulation, and one board member designated
 735 by the board chairman, who shall serve as chairman of the panel.

736 ~~b. By January 1, 2004, the rate methodology panel shall~~
 737 ~~provide a report to the corporation of its findings and~~
 738 ~~recommendations for the use of additional ratemaking methods and~~
 739 ~~procedures, including the use of a rate equalization surcharge~~
 740 ~~in an amount sufficient to assure that the total cost of~~
 741 ~~coverage for policyholders or applicants to the corporation is~~
 742 ~~sufficient to comply with subparagraph 1.~~

743 ~~e. Within 30 days after such report, the corporation shall~~
 744 ~~present to the President of the Senate, the Speaker of the House~~
 745 ~~of Representatives, the minority party leaders of each house of~~
 746 ~~the Legislature, and the chairs of the standing committees of~~
 747 ~~each house of the Legislature having jurisdiction of insurance~~
 748 ~~issues, a plan for implementing the additional ratemaking~~
 749 ~~methods and an outline of any legislation needed to facilitate~~
 750 ~~use of the new methods.~~

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

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

759 10.9. ~~By January 1, 2004,~~ The corporation shall develop a
760 notice to policyholders or applicants that the rates of Citizens
761 Property Insurance Corporation are intended to be higher than
762 the rates of any admitted carrier except when the provisions of
763 subparagraph 4. apply and providing other information the
764 corporation deems necessary to assist consumers in finding other
765 voluntary admitted insurers willing to insure their property.

766 Section 6. Subsection (1) of section 627.411, Florida
767 Statutes, is amended to read:

768 627.411 Grounds for disapproval.--

769 (1) The office shall disapprove any form filed under s.
770 627.410, or withdraw any previous approval thereof, only if the
771 form:

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

774 (b) Contains or incorporates by reference, where such
775 incorporation is otherwise permissible, any inconsistent,
776 ambiguous, or misleading clauses, or exceptions and conditions
777 which deceptively affect the risk purported to be assumed in the
778 general coverage of the contract.

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

781 (d) Is printed or otherwise reproduced in such manner as
 782 to render any material provision of the form substantially
 783 illegible.

784 (e) Contains provisions that are unfair or inequitable or
 785 contrary to the public policy of this state or that encourage
 786 misrepresentation.

787 (f)(e) Is for health insurance, and:

788 1. Provides benefits that are unreasonable in relation to
 789 the premium charged.†

790 ~~2. Contains provisions that are unfair or inequitable or~~
 791 ~~contrary to the public policy of this state or that encourage~~
 792 ~~misrepresentation;†~~

793 ~~2.3.~~ Contains provisions that apply rating practices that
 794 result in unfair discrimination pursuant to s. 626.9541(1)(g)2.

795 (g)(f) Excludes coverage for human immunodeficiency virus
 796 infection or acquired immune deficiency syndrome or contains
 797 limitations in the benefits payable, or in the terms or
 798 conditions of such contract, for human immunodeficiency virus
 799 infection or acquired immune deficiency syndrome which are
 800 different than those which apply to any other sickness or
 801 medical condition.

802 Section 7. Subsections (1) and (7) of section 627.7015,
 803 Florida Statutes, are amended to read:

804 627.7015 Alternative procedure for resolution of disputed
 805 property insurance claims.--

806 (1) PURPOSE AND SCOPE.--This section sets forth a
 807 nonadversarial alternative dispute resolution procedure for a
 808 mediated claim resolution conference prompted by the need for

809 effective, fair, and timely handling of property insurance
 810 claims. There is a particular need for an informal,
 811 nonthreatening forum for helping parties who elect this
 812 procedure to resolve their claims disputes because most
 813 homeowner's and commercial residential insurance policies
 814 obligate insureds to participate in a potentially expensive and
 815 time-consuming adversarial appraisal process prior to
 816 litigation. The procedure set forth in this section is designed
 817 to bring the parties together for a mediated claims settlement
 818 conference without any of the trappings or drawbacks of an
 819 adversarial process. Before resorting to these procedures,
 820 insureds and insurers are encouraged to resolve claims as
 821 quickly and fairly as possible. This section is available with
 822 respect to claims under personal lines and commercial
 823 residential policies for all claimants and insurers prior to
 824 commencing the appraisal process, or commencing litigation. If
 825 requested by the insured, participation by legal counsel shall
 826 be permitted. Mediation under this section is also available to
 827 litigants referred to the department by a county court or
 828 circuit court. This section does not apply to commercial
 829 coverages, to private passenger motor vehicle insurance
 830 coverages, or to disputes relating to liability coverages in
 831 policies of property insurance.

832 (7) If the insurer fails to comply with subsection (2) by
 833 failing to notify a first-party claimant of its right to
 834 participate in the mediation program under this section or if
 835 the insurer requests the mediation, and the mediation results
 836 are rejected by either party, the insured shall not be required

837 to submit to or participate in any contractual loss appraisal
 838 process of the property loss damage as a precondition to legal
 839 action for breach of contract against the insurer for its
 840 failure to pay the policyholder's claims covered by the policy.

841 Section 8. Effective upon this act becoming a law,
 842 subsection (1) of section 627.702, Florida Statutes, is amended
 843 to read:

844 627.702 Valued policy law.--

845 (1)(a) In the event of the total loss of any building,
 846 structure, mobile home as defined in s. 320.01(2), or
 847 manufactured building as defined in s. 553.36(12), located in
 848 this state and insured by any insurer as to a covered peril, in
 849 the absence of any change increasing the risk without the
 850 insurer's consent and in the absence of fraudulent or criminal
 851 fault on the part of the insured or one acting in her or his
 852 behalf, the insurer's liability, if any, under the policy for
 853 such total loss shall be in the amount of money for which such
 854 property was so insured as specified in the policy and for which
 855 a premium has been charged and paid.

856 (b) The legislative intent of this subsection is not to
 857 require an insurer to pay for a loss other than one caused by
 858 the covered peril or one resulting from a covered peril. In
 859 furtherance of such legislative intent, when a loss was caused
 860 in part by or resulting from a covered peril and in part by a
 861 noncovered peril, the insurer's liability under this section
 862 shall be limited to the amount of the loss caused by or
 863 resulting from the covered peril.

864 Section 9. Section 627.706, Florida Statutes, is amended
 865 to read:

866 627.706 Sinkhole insurance; definitions.--

867 (1) Every insurer authorized to transact property
 868 insurance in this state shall make available coverage for
 869 insurable sinkhole losses on any structure, including contents
 870 of personal property contained therein, to the extent provided
 871 in the form to which the sinkhole coverage attaches.

872 (2) As used in this section and s. 627.7065, and as used
 873 in connection with any policy providing coverage for sinkhole
 874 losses:

875 (a) "Sinkhole" means a landform created by subsidence of
 876 soil, sediment, or rock as underlying strata are dissolved by
 877 ground water. A sinkhole may form by collapse into subterranean
 878 voids created by dissolution of limestone or dolostone or by
 879 subsidence as these strata are dissolved.

880 (b) "Sinkhole loss" means structural damage to a the
 881 building caused by sinkhole activity. Contents coverage shall
 882 apply only if there is structural damage to the building caused
 883 by sinkhole activity. Building coverage shall apply only to the
 884 reasonable costs to stabilize the land and building if necessary
 885 and to repair the damage to the foundation, subject to the
 886 coverage and terms of the policy.

887 (c)~~(3)~~ "Sinkhole activity loss" means actual physical
 888 damage to the covered property ecovered arising out of or caused
 889 by sudden settlement or collapse of the earth supporting such
 890 property only when such settlement or collapse results from
 891 movement or raveling of soils, sediments, or rock materials from

HB 1937

2005

892 the surface into subterranean voids created by the effect ~~action~~
893 of water on a limestone or similar rock formation.

894 ~~(3)(4)~~ Every insurer authorized to transact property
895 insurance in this state shall make a proper filing with the
896 office for the purpose of extending the appropriate forms of
897 property insurance to include coverage for insurable sinkhole
898 losses.

899 Section 10. Section 627.7065, Florida Statutes, is created
900 to read:

901 627.7065 Database of information relating to sinkholes;
902 the Department of Financial Services and the Department of
903 Environmental Protection.--

904 (1) The Legislature finds that there has been a dramatic
905 increase in the number of sinkholes and insurance claims for
906 sinkhole damage in the state during the past 10 years.
907 Accordingly, the Legislature recognizes the need to track
908 current and past sinkhole activity and to make the information
909 available for prevention and remediation activities. The
910 Legislature further finds that the Florida Geological Survey of
911 the Department of Environmental Protection has created a partial
912 database of some sinkholes identified in Florida, although the
913 database is not reflective of all sinkholes or insurance claims
914 for sinkhole damage. The Legislature determines that creating a
915 complete electronic database of sinkhole activity serves an
916 important purpose in protecting the public and in studying
917 property claims activities in the insurance industry.

918 (2) The Department of Financial Services, including the
919 employee of the Division of Consumer Services designated as the

920 primary contact for consumers on issues relating to sinkholes,
921 and the Office of the Insurance Consumer Advocate shall consult
922 with the Florida Geological Survey and the Department of
923 Environmental Protection to implement a statewide automated
924 database of sinkholes and related activity identified in the
925 state.

926 (3) Representatives of the Department of Financial
927 Services, with the agreement of the Department of Environmental
928 Protection, shall determine the form and content of the
929 database. The content may include standards for reporting and
930 investigating sinkholes for inclusion in the database and
931 requirements for insurers to report to the departments the
932 receipt of claims involving sinkhole loss and other similar
933 activities. The Department of Financial Services may require
934 insurers to report present and past data of sinkhole claims. The
935 database also may include information of damage due to ground
936 settling and other subsidence activity.

937 (4) The Department of Financial Services may manage the
938 database or may contract for its management and maintenance. The
939 Department of Environmental Protection shall investigate reports
940 of sinkhole activity and include its findings and investigations
941 in the database.

942 (5) The Department of Environmental Protection, in
943 consultation with the Department of Financial Services, shall
944 present a report of activities relating to the sinkhole
945 database, including recommendations regarding the database and
946 similar matters, to the Governor, the Speaker of the House of
947 Representatives, the President of the Senate, and the Chief

948 Financial Officer by December 31, 2005. The report may consider
949 the need for the Legislature to create an entity to study the
950 increase in sinkhole activity in the state and other similar
951 issues relating to sinkhole damage, including recommendations
952 and costs for staffing the entity. The report may include other
953 information, as appropriate.

954 (6) The Department of Financial Services, in consultation
955 with the Department of Environmental Protection, may adopt rules
956 to implement the provisions of this section.

957 Section 11. The Auditor General shall perform an
958 operational audit, as defined in s. 11.45(1), Florida Statutes,
959 of Citizens Property Insurance Corporation created under s.
960 627.351(6), Florida Statutes. The scope of the audit shall also
961 include:

962 (1) An analysis of the corporation's infrastructure,
963 customer service, claims handling, accessibility of policyholder
964 information to the agent of record, take-out programs, take-out
965 bonuses, and financing arrangements.

966 (2) An evaluation of costs associated with the
967 administration and servicing of the policies issued by the
968 corporation to determine alternatives by which costs can be
969 reduced, customer service improved, and claims handling
970 improved.

971 The audit shall contain policy alternatives for the Legislature
972 to consider. The Auditor General shall submit a report to the
973 Governor, the President of the Senate, and the Speaker of the
974 House of Representatives no later than February 1, 2006.

975 Section 12. The board of governors of Citizens Property
 976 Insurance Corporation created by section 627.351(6), Florida
 977 Statutes, shall, by February 1, 2006, submit a report to the
 978 President of the Senate, the Speaker of the House of
 979 Representatives, the minority party leaders of the Senate and
 980 the House of Representatives, and the chairs of the standing
 981 committees of the Senate and the House of Representatives having
 982 jurisdiction over matters relating to property and casualty
 983 insurance. The report shall include the board's findings and
 984 recommendations on the following issues:

985 (1) The number of policies and the aggregate premium of
 986 Citizens Property Insurance Corporation, before and after
 987 enactment of this act, and projections for future policy and
 988 premium growth.

989 (2) Increases or decreases in availability of residential
 990 property coverage in the voluntary market and the effectiveness
 991 of this act in improving the availability of residential
 992 property coverage in the voluntary market in the state.

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

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

999 (5) Actions that the board has taken to restructure the
 1000 corporation and recommendations for legislative action to
 1001 restructure the corporation, including, but not limited to,
 1002 actions relating to claims handling and customer service.

1003 (6) Projected surpluses or deficits and possible means of
 1004 providing funding to ensure the continued solvency of the
 1005 corporation.

1006 (7) The corporation's efforts to procure catastrophe
 1007 reinsurance to cover its projected 100-year probable maximum
 1008 loss with specification as to what best efforts were made by the
 1009 corporation to procure such reinsurance.

1010 (8) Such other issues as the board determines are worthy
 1011 of the Legislature's consideration.

1012 Section 13. (1) Section 2 of this act shall take effect
 1013 on the same date that House Bill 1939 or similar legislation
 1014 takes effect, if such legislation is adopted in the same
 1015 legislative session or an extension thereof and becomes a law.

1016 (2) Section 3 of this act shall take effect on the same
 1017 date that House Bill 1939 or similar legislation takes effect,
 1018 if such legislation is adopted in the same legislative session
 1019 or an extension thereof and becomes a law.

1020 Section 14. Except as otherwise provided herein, this act
 1021 shall take effect July 1, 2005.