

By Senator Alexander

17-1508-06

See HB 721

1 A bill to be entitled
2 An act relating to the Citizens Property
3 Insurance Corporation; amending s. 627.351,
4 F.S.; deleting a provision expressing
5 legislative intent; deleting certain reporting
6 requirements of the board of governors of the
7 corporation relating to losses from wind-only
8 coverage and the quota share program; deleting
9 certain duties of the board relating to
10 reduction of boundaries of certain areas
11 eligible for certain coverage under certain
12 circumstances; providing an effective date.

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

16 Section 1. Paragraphs (o), (p), (q), and (r) of
17 subsection (6) of section 627.351, Florida Statutes, are
18 amended to read:

19 627.351 Insurance risk apportionment plans.--

20 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

21 ~~(o) It is the intent of the Legislature that the~~
22 ~~amendments to this subsection enacted in 2002 should, over~~
23 ~~time, reduce the probable maximum windstorm losses in the~~
24 ~~residual markets and should reduce the potential assessments~~
25 ~~to be levied on property insurers and policyholders statewide.~~
26 ~~In furtherance of this intent:~~

27 ~~1. The board shall, on or before February 1 of each~~
28 ~~year, provide a report to the President of the Senate and the~~
29 ~~Speaker of the House of Representatives showing the reduction~~
30 ~~or increase in the 100 year probable maximum loss attributable~~
31 ~~to wind only coverages and the quota share program under this~~

1 ~~subsection combined, as compared to the benchmark 100 year~~
2 ~~probable maximum loss of the Florida Windstorm Underwriting~~
3 ~~Association. For purposes of this paragraph, the benchmark~~
4 ~~100 year probable maximum loss of the Florida Windstorm~~
5 ~~Underwriting Association shall be the calculation dated~~
6 ~~February 2001 and based on November 30, 2000, exposures. In~~
7 ~~order to ensure comparability of data, the board shall use the~~
8 ~~same methods for calculating its probable maximum loss as were~~
9 ~~used to calculate the benchmark probable maximum loss.~~

10 2. ~~Beginning February 1, 2007, if the report under~~
11 ~~subparagraph 1. for any year indicates that the 100 year~~
12 ~~probable maximum loss attributable to wind only coverages and~~
13 ~~the quota share program combined does not reflect a reduction~~
14 ~~of at least 25 percent from the benchmark, the board shall~~
15 ~~reduce the boundaries of the high risk area eligible for~~
16 ~~wind only coverages under this subsection in a manner~~
17 ~~calculated to reduce such probable maximum loss to an amount~~
18 ~~at least 25 percent below the benchmark.~~

19 3. ~~Beginning February 1, 2012, if the report under~~
20 ~~subparagraph 1. for any year indicates that the 100 year~~
21 ~~probable maximum loss attributable to wind only coverages and~~
22 ~~the quota share program combined does not reflect a reduction~~
23 ~~of at least 50 percent from the benchmark, the boundaries of~~
24 ~~the high risk area eligible for wind only coverages under this~~
25 ~~subsection shall be reduced by the elimination of any area~~
26 ~~that is not seaward of a line 1,000 feet inland from the~~
27 ~~Intracoastal Waterway.~~

28 (o)~~(p)~~ In enacting the provisions of this section, the
29 Legislature recognizes that both the Florida Windstorm
30 Underwriting Association and the Residential Property and
31 Casualty Joint Underwriting Association have entered into

1 financing arrangements that obligate each entity to service
2 its debts and maintain the capacity to repay funds secured
3 under these financing arrangements. It is the intent of the
4 Legislature that nothing in this section be construed to
5 compromise, diminish, or interfere with the rights of
6 creditors under such financing arrangements. It is further the
7 intent of the Legislature to preserve the obligations of the
8 Florida Windstorm Underwriting Association and Residential
9 Property and Casualty Joint Underwriting Association with
10 regard to outstanding financing arrangements, with such
11 obligations passing entirely and unchanged to the corporation
12 and, specifically, to the applicable account of the
13 corporation. So long as any bonds, notes, indebtedness, or
14 other financing obligations of the Florida Windstorm
15 Underwriting Association or the Residential Property and
16 Casualty Joint Underwriting Association are outstanding, under
17 the terms of the financing documents pertaining to them, the
18 governing board of the corporation shall have and shall
19 exercise the authority to levy, charge, collect, and receive
20 all premiums, assessments, surcharges, charges, revenues, and
21 receipts that the associations had authority to levy, charge,
22 collect, or receive under the provisions of subsection (2) and
23 this subsection, respectively, as they existed on January 1,
24 2002, to provide moneys, without exercise of the authority
25 provided by this subsection, in at least the amounts, and by
26 the times, as would be provided under those former provisions
27 of subsection (2) or this subsection, respectively, so that
28 the value, amount, and collectability of any assets, revenues,
29 or revenue source pledged or committed to, or any lien thereon
30 securing such outstanding bonds, notes, indebtedness, or other
31 financing obligations will not be diminished, impaired, or

1 adversely affected by the amendments made by this act and to
2 permit compliance with all provisions of financing documents
3 pertaining to such bonds, notes, indebtedness, or other
4 financing obligations, or the security or credit enhancement
5 for them, and any reference in this subsection to bonds,
6 notes, indebtedness, financing obligations, or similar
7 obligations, of the corporation shall include like instruments
8 or contracts of the Florida Windstorm Underwriting Association
9 and the Residential Property and Casualty Joint Underwriting
10 Association to the extent not inconsistent with the provisions
11 of the financing documents pertaining to them.

12 (p)~~(q)~~ The corporation shall not require the securing
13 of flood insurance as a condition of coverage if the insured
14 or applicant executes a form approved by the office affirming
15 that flood insurance is not provided by the corporation and
16 that if flood insurance is not secured by the applicant or
17 insured in addition to coverage by the corporation, the risk
18 will not be covered for flood damage. A corporation
19 policyholder electing not to secure flood insurance and
20 executing a form as provided herein making a claim for water
21 damage against the corporation shall have the burden of
22 proving the damage was not caused by flooding. Notwithstanding
23 other provisions of this subsection, the corporation may deny
24 coverage to an applicant or insured who refuses to execute the
25 form described herein.

26 (q)~~(r)~~ A salaried employee of the corporation who
27 performs policy administration services subsequent to the
28 effectuation of a corporation policy is not required to be
29 licensed as an agent under the provisions of s. 626.112.

30 Section 2. This act shall take effect July 1, 2006.
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