

By Senator Campbell

32-1147A-06

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

A bill to be entitled

An act relating to insurance risk apportionment plans; amending s. 627.351, F.S.; revising standards for determining rates to be charged for coverage by the Citizens Property Insurance Corporation; deleting obsolete provisions; requiring the payment of claims for hurricane damage within specified times; providing an effective date.

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

Section 1. Paragraphs (c) and (d) of subsection (6) of section 627.351, Florida Statutes, are amended to read:

627.351 Insurance risk apportionment plans.--

(6) CITIZENS PROPERTY INSURANCE CORPORATION.--

(c) The plan of operation of the corporation:

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

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

b. Basic personal lines policy forms that are policies similar to an HO-8 policy or a dwelling fire policy that provide coverage meeting the requirements of the secondary

1 mortgage market, but which coverage is more limited than the
2 coverage under a standard policy.

3 c. Commercial lines residential policy forms that are
4 generally similar to the basic perils of full coverage
5 obtainable for commercial residential structures in the
6 admitted voluntary market.

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

12 e. Commercial lines nonresidential property insurance
13 forms that cover the peril of wind only. The forms are
14 applicable only to nonresidential properties located in areas
15 eligible for coverage under the high-risk account referred to
16 in sub-subparagraph (b)2.a.

17 2.a. Must provide that the corporation adopt a program
18 in which the corporation and authorized insurers enter into
19 quota share primary insurance agreements for hurricane
20 coverage, as defined in s. 627.4025(2)(a), for eligible risks,
21 and adopt property insurance forms for eligible risks which
22 cover the peril of wind only. As used in this subsection, the
23 term:

24 (I) "Quota share primary insurance" means an
25 arrangement in which the primary hurricane coverage of an
26 eligible risk is provided in specified percentages by the
27 corporation and an authorized insurer. The corporation and
28 authorized insurer are each solely responsible for a specified
29 percentage of hurricane coverage of an eligible risk as set
30 forth in a quota share primary insurance agreement between the
31 corporation and an authorized insurer and the insurance

1 contract. The responsibility of the corporation or authorized
2 insurer to pay its specified percentage of hurricane losses of
3 an eligible risk, as set forth in the quota share primary
4 insurance agreement, may not be altered by the inability of
5 the other party to the agreement to pay its specified
6 percentage of hurricane losses. Eligible risks that are
7 provided hurricane coverage through a quota share primary
8 insurance arrangement must be provided policy forms that set
9 forth the obligations of the corporation and authorized
10 insurer under the arrangement, clearly specify the percentages
11 of quota share primary insurance provided by the corporation
12 and authorized insurer, and conspicuously and clearly state
13 that neither the authorized insurer nor the corporation may be
14 held responsible beyond its specified percentage of coverage
15 of hurricane losses.

16 (II) "Eligible risks" means personal lines residential
17 and commercial lines residential risks that meet the
18 underwriting criteria of the corporation and are located in
19 areas that were eligible for coverage by the Florida Windstorm
20 Underwriting Association on January 1, 2002.

21 b. The corporation may enter into quota share primary
22 insurance agreements with authorized insurers at corporation
23 coverage levels of 90 percent and 50 percent.

24 c. If the corporation determines that additional
25 coverage levels are necessary to maximize participation in
26 quota share primary insurance agreements by authorized
27 insurers, the corporation may establish additional coverage
28 levels. However, the corporation's quota share primary
29 insurance coverage level may not exceed 90 percent.

30 d. Any quota share primary insurance agreement entered
31 into between an authorized insurer and the corporation must

1 provide for a uniform specified percentage of coverage of
2 hurricane losses, by county or territory as set forth by the
3 corporation board, for all eligible risks of the authorized
4 insurer covered under the quota share primary insurance
5 agreement.

6 e. Any quota share primary insurance agreement entered
7 into between an authorized insurer and the corporation is
8 subject to review and approval by the office. However, such
9 agreement shall be authorized only as to insurance contracts
10 entered into between an authorized insurer and an insured who
11 is already insured by the corporation for wind coverage.

12 f. For all eligible risks covered under quota share
13 primary insurance agreements, the exposure and coverage levels
14 for both the corporation and authorized insurers shall be
15 reported by the corporation to the Florida Hurricane
16 Catastrophe Fund. For all policies of eligible risks covered
17 under quota share primary insurance agreements, the
18 corporation and the authorized insurer shall maintain complete
19 and accurate records for the purpose of exposure and loss
20 reimbursement audits as required by Florida Hurricane
21 Catastrophe Fund rules. The corporation and the authorized
22 insurer shall each maintain duplicate copies of policy
23 declaration pages and supporting claims documents.

24 g. The corporation board shall establish in its plan
25 of operation standards for quota share agreements which ensure
26 that there is no discriminatory application among insurers as
27 to the terms of quota share agreements, pricing of quota share
28 agreements, incentive provisions if any, and consideration
29 paid for servicing policies or adjusting claims.

30 h. The quota share primary insurance agreement between
31 the corporation and an authorized insurer must set forth the

1 specific terms under which coverage is provided, including,
2 but not limited to, the sale and servicing of policies issued
3 under the agreement by the insurance agent of the authorized
4 insurer producing the business, the reporting of information
5 concerning eligible risks, the payment of premium to the
6 corporation, and arrangements for the adjustment and payment
7 of hurricane claims incurred on eligible risks by the claims
8 adjuster and personnel of the authorized insurer. Entering
9 into a quota sharing insurance agreement between the
10 corporation and an authorized insurer shall be voluntary and
11 at the discretion of the authorized insurer.

12 3. May provide that the corporation may employ or
13 otherwise contract with individuals or other entities to
14 provide administrative or professional services that may be
15 appropriate to effectuate the plan. The corporation shall have
16 the power to borrow funds, by issuing bonds or by incurring
17 other indebtedness, and shall have other powers reasonably
18 necessary to effectuate the requirements of this subsection,
19 including, without limitation, the power to issue bonds and
20 incur other indebtedness in order to refinance outstanding
21 bonds or other indebtedness. The corporation may, but is not
22 required to, seek judicial validation of its bonds or other
23 indebtedness under chapter 75. The corporation may issue bonds
24 or incur other indebtedness, or have bonds issued on its
25 behalf by a unit of local government pursuant to subparagraph
26 (g)2., in the absence of a hurricane or other weather-related
27 event, upon a determination by the corporation, subject to
28 approval by the office, that such action would enable it to
29 efficiently meet the financial obligations of the corporation
30 and that such financings are reasonably necessary to
31 effectuate the requirements of this subsection. The

1 corporation is authorized to take all actions needed to
2 facilitate tax-free status for any such bonds or indebtedness,
3 including formation of trusts or other affiliated entities.
4 The corporation shall have the authority to pledge
5 assessments, projected recoveries from the Florida Hurricane
6 Catastrophe Fund, other reinsurance recoverables, market
7 equalization and other surcharges, and other funds available
8 to the corporation as security for bonds or other
9 indebtedness. In recognition of s. 10, Art. I of the State
10 Constitution, prohibiting the impairment of obligations of
11 contracts, it is the intent of the Legislature that no action
12 be taken whose purpose is to impair any bond indenture or
13 financing agreement or any revenue source committed by
14 contract to such bond or other indebtedness.

15 4.a. Must require that the corporation operate subject
16 to the supervision and approval of a board of governors
17 consisting of 8 individuals who are residents of this state,
18 from different geographical areas of this state. The Governor,
19 the Chief Financial Officer, the President of the Senate, and
20 the Speaker of the House of Representatives shall each appoint
21 two members of the board, effective August 1, 2005. At least
22 one of the two members appointed by each appointing officer
23 must have demonstrated expertise in insurance. The Chief
24 Financial Officer shall designate one of the appointees as
25 chair. All board members serve at the pleasure of the
26 appointing officer. All board members, including the chair,
27 must be appointed to serve for 3-year terms beginning annually
28 on a date designated by the plan. Any board vacancy shall be
29 filled for the unexpired term by the appointing officer. The
30 Chief Financial Officer shall appoint a technical advisory
31 group to provide information and advice to the board of

1 | governors in connection with the board's duties under this
2 | subsection. The executive director and senior managers of the
3 | corporation shall be engaged by the board, as recommended by
4 | the Chief Financial Officer, and serve at the pleasure of the
5 | board. The executive director is responsible for employing
6 | other staff as the corporation may require, subject to review
7 | and concurrence by the board and the Chief Financial Officer.

8 | b. The board shall create a Market Accountability
9 | Advisory Committee to assist the corporation in developing
10 | awareness of its rates and its customer and agent service
11 | levels in relationship to the voluntary market insurers
12 | writing similar coverage. The members of the advisory
13 | committee shall consist of the following 11 persons, one of
14 | whom must be elected chair by the members of the committee:
15 | four representatives, one appointed by the Florida Association
16 | of Insurance Agents, one by the Florida Association of
17 | Insurance and Financial Advisors, one by the Professional
18 | Insurance Agents of Florida, and one by the Latin American
19 | Association of Insurance Agencies; three representatives
20 | appointed by the insurers with the three highest voluntary
21 | market share of residential property insurance business in the
22 | state; one representative from the Office of Insurance
23 | Regulation; one consumer appointed by the board who is insured
24 | by the corporation at the time of appointment to the
25 | committee; one representative appointed by the Florida
26 | Association of Realtors; and one representative appointed by
27 | the Florida Bankers Association. All members must serve for
28 | 3-year terms and may serve for consecutive terms. The
29 | committee shall report to the corporation at each board
30 | meeting on insurance market issues which may include rates and
31 | rate competition with the voluntary market; service, including

1 | policy issuance, claims processing, and general responsiveness
2 | to policyholders, applicants, and agents; and matters relating
3 | to depopulation.

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

6 | a. Subject to the provisions of s. 627.3517, with
7 | respect to personal lines residential risks, if the risk is
8 | offered coverage from an authorized insurer at the insurer's
9 | approved rate under either a standard policy including wind
10 | coverage or, if consistent with the insurer's underwriting
11 | rules as filed with the office, a basic policy including wind
12 | coverage, the risk is not eligible for any policy issued by
13 | the corporation. If the risk is not able to obtain any such
14 | offer, the risk is eligible for either a standard policy
15 | including wind coverage or a basic policy including wind
16 | coverage issued by the corporation; however, if the risk could
17 | not be insured under a standard policy including wind coverage
18 | regardless of market conditions, the risk shall be eligible
19 | for a basic policy including wind coverage unless rejected
20 | under subparagraph 8. The corporation shall determine the type
21 | of policy to be provided on the basis of objective standards
22 | specified in the underwriting manual and based on generally
23 | accepted underwriting practices.

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 to the
30 | corporation is not currently appointed by the insurer, the
31 | insurer shall:

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 b. With respect to commercial lines residential risks,
5 if the risk is offered coverage under a policy including wind
6 coverage from an authorized insurer at its approved rate, the
7 risk is not eligible for any policy issued by the corporation.
8 If the risk is not able to obtain any such offer, the risk is
9 eligible for a policy including wind coverage issued by the
10 corporation.

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

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

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

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

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

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

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

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

19 6. Must include rules for classifications of risks and
20 rates therefor.

21 7. Must provide that if premium and investment income
22 for an account attributable to a particular calendar year are
23 in excess of projected losses and expenses for the account
24 attributable to that year, such excess shall be held in
25 surplus in the account. Such surplus shall be available to
26 defray deficits in that account as to future years and shall
27 be used for that purpose prior to assessing assessable
28 insurers and assessable insureds as to any calendar year.

29 8. Must provide objective criteria and procedures to
30 be uniformly applied for all applicants in determining whether
31 an individual risk is so hazardous as to be uninsurable. In

1 making this determination and in establishing the criteria and
2 procedures, the following shall be considered:

3 a. Whether the likelihood of a loss for the individual
4 risk is substantially higher than for other risks of the same
5 class; and

6 b. Whether the uncertainty associated with the
7 individual risk is such that an appropriate premium cannot be
8 determined.

9
10 The acceptance or rejection of a risk by the corporation shall
11 be construed as the private placement of insurance, and the
12 provisions of chapter 120 shall not apply.

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

17 10. Must provide that in the event of regular deficit
18 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
19 (b)3.b., in the personal lines account, the commercial lines
20 residential account, or the high-risk account, the corporation
21 shall levy upon corporation policyholders in its next rate
22 filing, or by a separate rate filing solely for this purpose,
23 a market equalization surcharge arising from a regular
24 assessment in such account in a percentage equal to the total
25 amount of such regular assessments divided by the aggregate
26 statewide direct written premium for subject lines of business
27 for the prior calendar year. Market equalization surcharges
28 under this subparagraph are not considered premium and are not
29 subject to commissions, fees, or premium taxes; however,
30 failure to pay a market equalization surcharge shall be
31 treated as failure to pay premium.

1 11. The policies issued by the corporation must
2 provide that, if the corporation or the market assistance plan
3 obtains an offer from an authorized insurer to cover the risk
4 at its approved rates, the risk is no longer eligible for
5 renewal through the corporation.

6 12. Corporation policies and applications must include
7 a notice that the corporation policy could, under this
8 section, be replaced with a policy issued by an authorized
9 insurer that does not provide coverage identical to the
10 coverage provided by the corporation. The notice shall also
11 specify that acceptance of corporation coverage creates a
12 conclusive presumption that the applicant or policyholder is
13 aware of this potential.

14 13. May establish, subject to approval by the office,
15 different eligibility requirements and operational procedures
16 for any line or type of coverage for any specified county or
17 area if the board determines that such changes to the
18 eligibility requirements and operational procedures are
19 justified due to the voluntary market being sufficiently
20 stable and competitive in such area or for such line or type
21 of coverage and that consumers who, in good faith, are unable
22 to obtain insurance through the voluntary market through
23 ordinary methods would continue to have access to coverage
24 from the corporation. When coverage is sought in connection
25 with a real property transfer, such requirements and
26 procedures shall not provide for an effective date of coverage
27 later than the date of the closing of the transfer as
28 established by the transferor, the transferee, and, if
29 applicable, the lender.

30 14. Must provide that, with respect to the high-risk
31 account, any assessable insurer with a surplus as to

1 | policyholders of \$25 million or less writing 25 percent or
2 | more of its total countrywide property insurance premiums in
3 | this state may petition the office, within the first 90 days
4 | of each calendar year, to qualify as a limited apportionment
5 | company. In no event shall a limited apportionment company be
6 | required to participate in the portion of any assessment,
7 | within the high-risk account, pursuant to sub-subparagraph
8 | (b)3.a. or sub-subparagraph (b)3.b. in the aggregate which
9 | exceeds \$50 million after payment of available high-risk
10 | account funds in any calendar year. However, a limited
11 | apportionment company shall collect from its policyholders any
12 | emergency assessment imposed under sub-subparagraph (b)3.d.
13 | The plan shall provide that, if the office determines that any
14 | regular assessment will result in an impairment of the surplus
15 | of a limited apportionment company, the office may direct that
16 | all or part of such assessment be deferred as provided in
17 | subparagraph (g)4. However, there shall be no limitation or
18 | deferment of an emergency assessment to be collected from
19 | policyholders under sub-subparagraph (b)3.d.

20 | 15. Must provide that the corporation appoint as its
21 | licensed agents only those agents who also hold an appointment
22 | as defined in s. 626.015(3) with an insurer who at the time of
23 | the agent's initial appointment by the corporation is
24 | authorized to write and is actually writing personal lines
25 | residential property coverage, commercial residential property
26 | coverage, or commercial nonresidential property coverage
27 | within the state.

28 | 16. Must provide for payment of homeowners' claims for
29 | damages resulting from hurricanes as follows: 50 percent must
30 | be paid within 6 months after the claim is filed, and the
31 | claim must be paid in full within 1 year after it is filed.

1 (d)1. It is the intent of the Legislature that the
2 rates for coverage provided by the corporation be actuarially
3 sound and be subject to s. 627.062 ~~and not competitive with~~
4 ~~approved rates charged in the admitted voluntary market, so~~
5 ~~that the corporation functions as a residual market mechanism~~
6 ~~to provide insurance only when the insurance cannot be~~
7 ~~procured in the voluntary market.~~ Rates shall include an
8 appropriate catastrophe loading factor that reflects the
9 actual catastrophic exposure of the corporation.

10 2. ~~For each county, the average rates of the~~
11 ~~corporation for each line of business for personal lines~~
12 ~~residential policies excluding rates for wind only policies~~
13 ~~shall be no lower than the average rates charged by the~~
14 ~~insurer that had the highest average rate in that county among~~
15 ~~the 20 insurers with the greatest total direct written premium~~
16 ~~in the state for that line of business in the preceding year,~~
17 ~~except that with respect to mobile home coverages, the average~~
18 ~~rates of the corporation shall be no lower than the average~~
19 ~~rates charged by the insurer that had the highest average rate~~
20 ~~in that county among the 5 insurers with the greatest total~~
21 ~~written premium for mobile home owner's policies in the state~~
22 ~~in the preceding year.~~

23 2.3. Rates for personal lines residential wind-only
24 policies must be actuarially sound ~~and not competitive with~~
25 ~~approved rates charged by authorized insurers.~~ Corporation
26 rate manuals shall include a rate surcharge for seasonal
27 occupancy. ~~To ensure that personal lines residential wind only~~
28 ~~rates are not competitive with approved rates charged by~~
29 ~~authorized insurers, the corporation, in conjunction with the~~
30 ~~office, shall develop a wind only ratemaking methodology,~~
31 ~~which methodology shall be contained in each rate filing made~~

1 ~~by the corporation with the office. If the office determines~~
2 ~~that the wind only rates or rating factors filed by the~~
3 ~~corporation fail to comply with the wind only ratemaking~~
4 ~~methodology provided for in this subsection, it shall so~~
5 ~~notify the corporation and require the corporation to amend~~
6 ~~its rates or rating factors to come into compliance within 90~~
7 ~~days of notice from the office.~~

8 4. ~~For the purposes of establishing a pilot program to~~
9 ~~evaluate issues relating to the availability and affordability~~
10 ~~of insurance in an area where historically there has been~~
11 ~~little market competition, the provisions of subparagraph 2.~~
12 ~~do not apply to coverage provided by the corporation in Monroe~~
13 ~~County if the office determines that a reasonable degree of~~
14 ~~competition does not exist for personal lines residential~~
15 ~~policies. The provisions of subparagraph 3. do not apply to~~
16 ~~coverage provided by the corporation in Monroe County if the~~
17 ~~office determines that a reasonable degree of competition does~~
18 ~~not exist for personal lines residential policies in the area~~
19 ~~of that county which is eligible for wind only coverage. In~~
20 ~~this county, the rates for personal lines residential coverage~~
21 ~~shall be actuarially sound and not excessive, inadequate, or~~
22 ~~unfairly discriminatory and are subject to the other~~
23 ~~provisions of the paragraph and s. 627.062. The commission~~
24 ~~shall adopt rules establishing the criteria for determining~~
25 ~~whether a reasonable degree of competition exists for personal~~
26 ~~lines residential policies in Monroe County. By March 1, 2006,~~
27 ~~the office shall submit a report to the Legislature providing~~
28 ~~an evaluation of the implementation of the pilot program~~
29 ~~affecting Monroe County.~~

30 5. ~~Rates for commercial lines coverage shall not be~~
31 ~~subject to the requirements of subparagraph 2., but shall be~~

1 ~~subject to all other requirements of this paragraph and s.~~
2 ~~627.062.~~

3 ~~3.6.~~ Nothing in this paragraph shall require or allow
4 the corporation to adopt a rate that is inadequate under s.
5 627.062.

6 ~~4.7.~~ The corporation shall certify to the office at
7 least twice annually that its personal lines rates comply with
8 subparagraph ~~the requirements of subparagraphs 1. and 2.~~ If
9 any adjustment in the rates or rating factors of the
10 corporation is necessary to ensure such compliance, the
11 corporation shall make and implement such adjustments and file
12 its revised rates and rating factors with the office. If the
13 office thereafter determines that the revised rates and rating
14 factors fail to comply with subparagraph ~~the provisions of~~
15 ~~subparagraphs 1. and 2.~~, it shall notify the corporation and
16 require the corporation to amend its rates or rating factors
17 in conjunction with its next rate filing. ~~The office must~~
18 ~~notify the corporation by electronic means of any rate filing~~
19 ~~it approves for any insurer among the insurers referred to in~~
20 ~~subparagraph 2.~~

21 ~~5.8.~~ In addition to the rates otherwise determined
22 pursuant to this paragraph, the corporation shall impose and
23 collect an amount equal to the premium tax provided for in s.
24 624.509 to augment the financial resources of the corporation.

25 ~~6.9.a.~~ To assist the corporation in developing
26 additional ratemaking methods to assure compliance with
27 subparagraph ~~subparagraphs 1. and 4.~~, the corporation shall
28 appoint a rate methodology panel consisting of one person
29 recommended by the Florida Association of Insurance Agents,
30 one person recommended by the Professional Insurance Agents of
31 Florida, one person recommended by the Florida Association of

1 Insurance and Financial Advisors, one person recommended by
2 the insurer with the highest voluntary market share of
3 residential property insurance business in the state, one
4 person recommended by the insurer with the second-highest
5 voluntary market share of residential property insurance
6 business in the state, one person recommended by an insurer
7 writing commercial residential property insurance in this
8 state, one person recommended by the Office of Insurance
9 Regulation, and one board member designated by the board
10 chairman, who shall serve as chairman of the panel.

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

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

26 ~~b.d.~~ The rates plan must include a provision that
27 producer commissions paid by the corporation shall not be
28 calculated in such a manner as to include any rate
29 equalization surcharge. However, without regard to the plan to
30 be developed or its implementation, producer commissions paid
31 by the corporation for each account, other than the quota

1 share primary program, shall remain fixed as to percentage,
2 effective rate, calculation, and payment method until January
3 1, 2004.

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

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

12 *****

13
14 SENATE SUMMARY

15 Revises the calculation of rates for the Citizens
16 Property Insurance Corporation by deleting the
17 requirement that rates be no lower than the rates charged
18 by the insurer with the highest rate among the 20
19 insurers with the greatest total written premium in the
20 state. Deletes provisions that are obsolete or have had
21 their effect. Provides a schedule for payment of claims
22 resulting from hurricane damage. (See bill for details.)
23
24
25
26
27
28
29
30
31