

1 A bill to be entitled
 2 An act relating to property and casualty insurance;
 3 amending s. 215.555, F.S.; revising a definition; revising
 4 certain reimbursement contract criteria; revising certain
 5 reimbursement premium requirements; revising certain
 6 revenue bond emergency assessment requirements; creating
 7 s. 215.558, F.S.; creating the Florida Hurricane Damage
 8 Prevention Endowment; providing a purpose and legislative
 9 intent; providing definitions; providing requirements and
 10 authority for investment of endowment assets by the State
 11 Board of Administration; requiring a report to the
 12 Legislature; providing for payment of the board's
 13 investment services' costs and fees from the endowment;
 14 providing requirements of Department of Community Affairs
 15 in providing financial incentives for residential
 16 hurricane damage prevention activities; providing for an
 17 interest-free loan program; providing program criteria and
 18 requirements; creating an advisory council for certain
 19 purposes; providing for appointment of members; requiring
 20 members to serve without compensation; providing for per
 21 diem and travel expenses; creating s. 215.5586, F.S.;
 22 providing a purpose; requiring the Department of Community
 23 Affairs to establish a wind certification and hurricane
 24 mitigation inspection program; specifying inspection
 25 requirements; providing qualification requirements for
 26 inspection providers; requiring the department to adopt
 27 rules; creating s. 252.63, F.S.; providing purpose and
 28 intent; providing powers of the Commissioner of Insurance

29 | Regulation during a state of emergency; providing a
30 | purpose and intent; authorizing the commissioner to issue
31 | certain orders in a state of emergency; providing for
32 | effect and duration of such orders; providing for
33 | legislative termination of such orders; requiring the
34 | commissioner to publish such orders and an explanatory
35 | statement; amending s. 626.918, F.S.; authorizing certain
36 | letters of credit to fund an insurer's required
37 | policyholder protection trust fund; providing a
38 | definition; amending s. 627.062, F.S.; specifying certain
39 | rate filings as not subject to office determination as
40 | excessive or unfairly discriminatory; providing
41 | limitations; providing a definition; prohibiting certain
42 | rate filings under certain circumstances; preserving the
43 | office's authority to disapprove certain rate filings
44 | under certain circumstances; providing procedures for
45 | insurers submitting certain rate filings; specifying
46 | nonapplication to certain types of insurance; specifying
47 | approval of certain rate filings under certain
48 | circumstances; providing an exception; requiring the
49 | office to provide annual reports on the impact of certain
50 | rate regulations; specifying report requirements; amending
51 | s. 627.0628, F.S.; prohibiting certain office or consumer
52 | advocate questions of certain models reviewed by the
53 | commission; amending s. 627.06281, F.S.; prohibiting the
54 | office from using certain hurricane loss projection models
55 | under certain circumstances; amending s. 627.351, F.S.,
56 | relating to the Citizens Property Insurance Corporation;

57 providing additional legislative intent; specifying
58 application to homestead property; specifying the existing
59 three separate accounts of the corporation as providing
60 coverage only for homestead property; providing a
61 definition; providing for an additional separate account
62 for nonhomestead property; requiring separate maintenance
63 of revenues, assets, liabilities, losses, and expenses
64 attributable to the nonhomestead account; providing
65 authority and requirements for coverage rates for
66 nonhomestead properties; providing for office review of
67 such rates or rating plans for being inadequate or
68 unfairly discriminatory; authorizing the office to order
69 discontinuance of certain policies under certain
70 circumstances; requiring insurers to maintain certain
71 records; providing for reducing regular assessments by the
72 Citizen policyholder surcharge under certain
73 circumstances; providing for deficit assessments against
74 nonhomestead account policyholders under certain
75 circumstances; authorizing the board of governors of the
76 corporation to make loans from the homestead accounts to
77 the nonhomestead account under certain circumstances;
78 specifying ineligibility of certain nonhomestead account
79 policyholders for certain coverage under certain
80 circumstances; revising the requirements of the plan of
81 operation of the corporation; requiring additional
82 procedures for determining eligibility of a risk for
83 coverage; providing for determination of regular
84 assessments to which the Citizen policyholder surcharge

85 | applies; specifying a minimum requirement for a hurricane
86 | deductible for certain property; specifying contents of
87 | required statements in applications for nonhomestead and
88 | homestead account coverage; limiting coverage on certain
89 | mobile or manufactured homes; requiring the corporation to
90 | purchase certain catastrophe reinsurance; providing
91 | additional legislative intent relating to rate adequacy in
92 | the residual market; deleting provisions relating to a
93 | rate methodology panel appointed by the corporation;
94 | providing requirements and limitations for a corporation
95 | adopted bonus payment program; providing a criterion for
96 | calculating reduction or increase in probable maximum
97 | loss; delaying application of certain high-risk area
98 | boundary reduction provisions; providing for application
99 | of provisions relating to homestead and nonhomestead
100 | accounts to certain policies; requiring certain
101 | corporation employees to comply with certain ethics code
102 | requirements; requiring corporation employees to notify
103 | the Division of Insurance Fraud of probable commissions of
104 | fraud by corporation employees; requiring the corporation
105 | to report on the feasibility of requiring authorized
106 | insurers to issue and service specified policies of the
107 | corporation; specifying report requirements; providing
108 | immunity to producing agents and employees for specified
109 | actions taken relating to removal of policies from the
110 | corporation; providing a limitation; providing legislative
111 | intent; creating a High Risk Eligibility Panel; providing
112 | for appointment of panel members and member's terms;

113 providing for administration of the panel by the
114 corporation; prohibiting compensation and per diem and
115 travel expenses; providing an exception; requiring the
116 panel to report annually to the Legislature on the certain
117 areas that should be included in the Citizens Property
118 Insurance Corporation high risk account; specifying
119 factors to be considered by the panel; providing duties of
120 the office; authorizing the office to conduct public
121 hearings; requiring the panel to conduct an analysis of
122 property eligible for the high-risk account in specified
123 areas; requiring the panel to submit a report to the
124 office and corporation; providing requirements of the
125 report; amending s. 627.4035, F.S.; providing for a waiver
126 of a written authorization requirement to pay claims by
127 debit card or other electronic transfer; providing
128 construction relating to limiting the liability of an
129 insurer for certain replacement costs; amending s.
130 627.7011, F.S.; limiting certain law and ordinance
131 coverage; deleting application to personal property;
132 requiring insurers to issue separate checks for certain
133 expenses and requiring certain checks to be issued
134 directly to a policyholder; creating s. 627.7019, F.S.;
135 requiring the Financial Services Commission to adopt rules
136 imposing standardized requirements applicable to insurers
137 after certain natural events; providing criteria;
138 providing requirements of the Office of Insurance
139 Regulation; prohibiting certain conflicting emergency
140 rules; amending s. 627.727, F.S.; correcting a cross-

141 reference; amending s. 631.181, F.S.; providing an
142 exception to certain requirements for a signed statement
143 for certain claims; providing requirements; amending s.
144 631.54, F.S.; defining the term "homeowner's insurance";
145 amending s. 631.55, F.S.; correcting a cross-reference;
146 amending s. 631.57, F.S.; revising requirements and
147 limitations for obligations of the Florida Insurance
148 Guaranty Association for covered claims; authorizing the
149 association to contract with counties, municipalities, and
150 legal entities to issue revenue bonds for certain
151 purposes; authorizing the Office of Insurance Regulation
152 to levy assessments and emergency assessments on insurers
153 under certain circumstances for certain bond repayment
154 purposes; providing requirements for and limitations on
155 such assessments; providing for payment, collection, and
156 distribution of such assessments; requiring insurers to
157 include an analysis of revenues from such assessments in a
158 required report; providing rate filing requirements for
159 insurers relating to such assessments; providing for
160 continuing annual assessments under certain circumstances;
161 specifying emergency assessments as not premium and not
162 subject to certain taxes, fees, or commissions; specifying
163 insurer liability for emergency assessments; providing an
164 exception; creating s. 631.695, F.S.; providing
165 legislative findings and purposes; providing for issuance
166 of revenue bonds through counties and municipalities to
167 fund assistance programs for paying covered claims for
168 hurricane damage; providing procedures, requirements, and

169 limitations for counties, municipalities, and the Florida
170 Insurance Guaranty Association, Inc., relating to issuance
171 and validation of such bonds; prohibiting pledging the
172 funds, credit, property, and taxing power of the state,
173 counties, and municipalities for payment of bonds;
174 specifying authorized uses of bond proceeds; limiting the
175 term of bonds; specifying a state covenant to protect
176 bondholders from adverse actions relating to such bonds;
177 specifying exemptions for bonds, notes, and other
178 obligations of counties and municipalities from certain
179 taxes or assessments on property and revenues; authorizing
180 counties and municipalities to create a legal entity to
181 exercise certain powers; requiring the association to
182 issue an annual report on the status of certain uses of
183 bond proceeds; providing report requirements; requiring
184 the association to provide a copy of the report to the
185 Legislature and Chief Financial Officer; prohibiting
186 repeal of certain provisions relating to certain bonds
187 under certain circumstances; amending s. 817.234, F.S.;
188 providing an additional circumstance that constitutes
189 committing insurance fraud; creating the Task Force on
190 Hurricane Mitigation and Hurricane Insurance for Mobile
191 and Manufactured Homes; providing for administration by
192 the office; specifying additional agency administrative
193 staff; providing for appointment of task force members;
194 requiring members to serve without compensation; providing
195 for per diem and travel expenses; providing purpose and
196 intent; requiring the task force to address specified

197 | issues; requiring a report to the Governor, Chief
 198 | Financial Officer, and Legislature; providing for
 199 | expiration of the task force; requiring the Office of
 200 | Insurance Regulation to submit reports to the Legislature
 201 | relating to the insurability of certain attached or free
 202 | standing structures and decreases in policyholder
 203 | hurricane deductibles based on policyholder hurricane
 204 | damage mitigation measures; providing report requirements;
 205 | providing duties of the office; providing appropriations;
 206 | providing effective dates.

207 |

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

209 |

210 | Section 1. Paragraph (d) of subsection (2), paragraphs (c)
 211 | and (d) of subsection (4), paragraph (b) of subsection (5), and
 212 | paragraph (b) of subsection (6) of section 215.555, Florida
 213 | Statutes, are amended to read:

214 | 215.555 Florida Hurricane Catastrophe Fund.--

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

216 | (d) "Losses" means direct incurred losses under covered
 217 | policies, which shall include losses for additional living
 218 | expenses not to exceed 40 percent of the insured value of a
 219 | residential structure or its contents and shall exclude loss
 220 | adjustment expenses. "Losses" does not include losses for fair
 221 | rental value, loss of rent or rental income ~~use~~, or business
 222 | interruption losses.

223 | (4) REIMBURSEMENT CONTRACTS.--

224 (c)1. The contract shall also provide that the obligation
225 of the board with respect to all contracts covering a particular
226 contract year shall not exceed the actual claims-paying capacity
227 of the fund up to a limit of \$15 billion for that contract year
228 adjusted based upon the reported exposure from the prior
229 contract year to reflect the percentage growth in exposure to
230 the fund for covered policies since 2003, provided the dollar
231 growth in the limit may not increase in any year by an amount
232 greater than the dollar growth of the ~~each~~ balance of the fund
233 as of December 31 as defined by rule which occurred over the
234 prior calendar year.

235 2. In May before the start of the upcoming contract year
236 and in October during the contract year, the board shall publish
237 in the Florida Administrative Weekly a statement of the fund's
238 estimated borrowing capacity and the projected balance of the
239 fund as of December 31. After the end of each calendar year, the
240 board shall notify insurers of the estimated borrowing capacity
241 and the balance of the fund as of December 31 to provide
242 insurers with data necessary to assist them in determining their
243 retention and projected payout from the fund for loss
244 reimbursement purposes. In conjunction with the development of
245 the premium formula, as provided for in subsection (5), the
246 board shall publish factors or multiples that assist insurers in
247 determining their retention and projected payout for the next
248 contract year. For all regulatory and reinsurance purposes, an
249 insurer may calculate its projected payout from the fund as its
250 share of the total fund premium for the current contract year
251 multiplied by the sum of the projected balance of the fund as of

252 December 31 and the estimated borrowing capacity for that
 253 contract year as reported under this subparagraph.

254 (d)1. For purposes of determining potential liability and
 255 to aid in the sound administration of the fund, the contract
 256 shall require each insurer to report such insurer's losses from
 257 each covered event on an interim basis, as directed by the
 258 board. The contract shall require the insurer to report to the
 259 board no later than December 31 of each year, and quarterly
 260 thereafter, its reimbursable losses from covered events for the
 261 year. The contract shall require the board to determine and pay,
 262 as soon as practicable after receiving these reports of
 263 reimbursable losses, the initial amount of reimbursement due and
 264 adjustments to this amount based on later loss information. The
 265 adjustments to reimbursement amounts shall require the board to
 266 pay, or the insurer to return, amounts reflecting the most
 267 recent calculation of losses.

268 2. In determining reimbursements pursuant to this
 269 subsection, the contract shall provide that the board shall:

270 ~~a. First reimburse insurers writing covered policies,~~
 271 ~~which insurers are in full compliance with this section and have~~
 272 ~~petitioned the Office of Insurance Regulation and qualified as~~
 273 ~~limited apportionment companies under s. 627.351(2)(b)3. The~~
 274 ~~amount of such reimbursement shall be the lesser of \$10 million~~
 275 ~~or an amount equal to 10 times the insurer's reimbursement~~
 276 ~~premium for the current year. The amount of reimbursement paid~~
 277 ~~under this sub subparagraph may not exceed the full amount of~~
 278 ~~reimbursement promised in the reimbursement contract. This sub~~
 279 ~~subparagraph does not apply with respect to any contract year in~~

280 ~~which the year end projected cash balance of the fund, exclusive~~
 281 ~~of any bonding capacity of the fund, exceeds \$2 billion. Only~~
 282 ~~one member of any insurer group may receive reimbursement under~~
 283 ~~this sub-subparagraph.~~

284 a.b. Next pay to each insurer such insurer's projected
 285 payout, which is the amount of reimbursement it is owed, up to
 286 an amount equal to the insurer's share of the actual premium
 287 paid for that contract year, multiplied by the actual claims-
 288 paying capacity available for that contract year; provided,
 289 entities created pursuant to s. 627.351 shall be further
 290 reimbursed in accordance with sub-subparagraph b. ~~e.~~

291 b.e. Thereafter, establish the prorated reimbursement
 292 level at the highest level for which any remaining fund balance
 293 or bond proceeds are sufficient to reimburse entities created
 294 pursuant to s. 627.351 based on reimbursable losses exceeding
 295 the amounts payable pursuant to sub-subparagraph a. ~~b.~~ for the
 296 current contract year.

297 (5) REIMBURSEMENT PREMIUMS.--

298 (b) The State Board of Administration shall select an
 299 independent consultant to develop a formula for determining the
 300 actuarially indicated premium to be paid to the fund. The
 301 formula shall specify, for each zip code or other limited
 302 geographical area, the amount of premium to be paid by an
 303 insurer for each \$1,000 of insured value under covered policies
 304 in that zip code or other area. In establishing premiums, the
 305 board shall consider the coverage elected under paragraph (4) (b)
 306 and any factors that tend to enhance the actuarial
 307 sophistication of ratemaking for the fund, including

308 deductibles, type of construction, type of coverage provided,
 309 relative concentration of risks, ~~a factor providing for more~~
 310 ~~rapid cash buildup in the fund until the fund capacity for a~~
 311 ~~single hurricane season is fully funded~~, and other such factors
 312 deemed by the board to be appropriate. The formula may provide
 313 for a procedure to determine the premiums to be paid by new
 314 insurers that begin writing covered policies after the beginning
 315 of a contract year, taking into consideration when the insurer
 316 starts writing covered policies, the potential exposure of the
 317 insurer, the potential exposure of the fund, the administrative
 318 costs to the insurer and to the fund, and any other factors
 319 deemed appropriate by the board. The formula shall include a
 320 factor of 25 percent of the fund's actuarially indicated premium
 321 in order to provide for more rapid cash buildup in the fund. The
 322 formula must be approved by unanimous vote of the board. The
 323 board may, at any time, revise the formula pursuant to the
 324 procedure provided in this paragraph.

325 (6) REVENUE BONDS.--

326 (b) Emergency assessments.--

327 1. If the board determines that the amount of revenue
 328 produced under subsection (5) is insufficient to fund the
 329 obligations, costs, and expenses of the fund and the
 330 corporation, including repayment of revenue bonds and that
 331 portion of the debt service coverage not met by reimbursement
 332 premiums, the board shall direct the Office of Insurance
 333 Regulation to levy, by order, an emergency assessment on direct
 334 premiums for all property and casualty lines of business in this
 335 state, including property and casualty business of surplus lines

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336 insurers regulated under part VIII of chapter 626, but not
337 including any workers' compensation premiums or medical
338 malpractice premiums. As used in this subsection, the term
339 "property and casualty business" includes all lines of business
340 identified on Form 2, Exhibit of Premiums and Losses, in the
341 annual statement required of authorized insurers by s. 624.424
342 and any rule adopted under this section, except for those lines
343 identified as accident and health insurance and except for
344 policies written under the National Flood Insurance Program. The
345 assessment shall be specified as a percentage of future premium
346 collections and is subject to annual adjustments by the board to
347 reflect changes in premiums subject to assessments collected
348 under this subparagraph in order to meet debt obligations. The
349 same percentage shall apply to all policies in lines of business
350 subject to the assessment issued or renewed during the 12-month
351 period beginning on the effective date of the assessment.

352 2. A premium is not subject to an annual assessment under
353 this paragraph in excess of 6 percent of premium with respect to
354 obligations arising out of losses attributable to any one
355 contract year, and a premium is not subject to an aggregate
356 annual assessment under this paragraph in excess of 10 percent
357 of premium. An annual assessment under this paragraph shall
358 continue for as long as ~~until~~ the revenue bonds issued with
359 respect to which the assessment was imposed are outstanding,
360 including any bonds the proceeds of which were used to refund
361 the revenue bonds, unless adequate provision has been made for
362 the payment of the bonds under the documents authorizing
363 issuance of the bonds.

364 3. With respect to each insurer collecting premiums that
365 are subject to the assessment, the insurer shall collect the
366 assessment at the same time as it collects the premium payment
367 for each policy and shall remit the assessment collected to the
368 fund or corporation as provided in the order issued by the
369 Office of Insurance Regulation. The office shall verify the
370 accurate and timely collection and remittance of emergency
371 assessments and shall report the information to the board in a
372 form and at a time specified by the board. Each insurer
373 collecting assessments shall provide the information with
374 respect to premiums and collections as may be required by the
375 office to enable the office to monitor and verify compliance
376 with this paragraph.

377 4. With respect to assessments of surplus lines premiums,
378 each surplus lines agent shall collect the assessment at the
379 same time as the agent collects the surplus lines tax required
380 by s. 626.932, and the surplus lines agent shall remit the
381 assessment to the Florida Surplus Lines Service Office created
382 by s. 626.921 at the same time as the agent remits the surplus
383 lines tax to the Florida Surplus Lines Service Office. The
384 emergency assessment on each insured procuring coverage and
385 filing under s. 626.938 shall be remitted by the insured to the
386 Florida Surplus Lines Service Office at the time the insured
387 pays the surplus lines tax to the Florida Surplus Lines Service
388 Office. The Florida Surplus Lines Service Office shall remit the
389 collected assessments to the fund or corporation as provided in
390 the order levied by the Office of Insurance Regulation. The
391 Florida Surplus Lines Service Office shall verify the proper

392 application of such emergency assessments and shall assist the
393 board in ensuring the accurate and timely collection and
394 remittance of assessments as required by the board. The Florida
395 Surplus Lines Service Office shall annually calculate the
396 aggregate written premium on property and casualty business,
397 other than workers' compensation and medical malpractice,
398 procured through surplus lines agents and insureds procuring
399 coverage and filing under s. 626.938 and shall report the
400 information to the board in a form and at a time specified by
401 the board.

402 5. Any assessment authority not used for a particular
403 contract year may be used for a subsequent contract year. If,
404 for a subsequent contract year, the board determines that the
405 amount of revenue produced under subsection (5) is insufficient
406 to fund the obligations, costs, and expenses of the fund and the
407 corporation, including repayment of revenue bonds and that
408 portion of the debt service coverage not met by reimbursement
409 premiums, the board shall direct the Office of Insurance
410 Regulation to levy an emergency assessment up to an amount not
411 exceeding the amount of unused assessment authority from a
412 previous contract year or years, plus an additional 4 percent
413 provided that the assessments in the aggregate do not exceed the
414 limits specified in subparagraph 2.

415 6. The assessments otherwise payable to the corporation
416 under this paragraph shall be paid to the fund unless and until
417 the Office of Insurance Regulation and the Florida Surplus Lines
418 Service Office have received from the corporation and the fund a
419 notice, which shall be conclusive and upon which they may rely

420 without further inquiry, that the corporation has issued bonds
421 and the fund has no agreements in effect with local governments
422 under paragraph (c). On or after the date of the notice and
423 until the date the corporation has no bonds outstanding, the
424 fund shall have no right, title, or interest in or to the
425 assessments, except as provided in the fund's agreement with the
426 corporation.

427 7. Emergency assessments are not premium and are not
428 subject to the premium tax, to the surplus lines tax, to any
429 fees, or to any commissions. An insurer is liable for all
430 assessments that it collects and must treat the failure of an
431 insured to pay an assessment as a failure to pay the premium. An
432 insurer is not liable for uncollectible assessments.

433 8. When an insurer is required to return an unearned
434 premium, it shall also return any collected assessment
435 attributable to the unearned premium. A credit adjustment to the
436 collected assessment may be made by the insurer with regard to
437 future remittances that are payable to the fund or corporation,
438 but the insurer is not entitled to a refund.

439 9. When a surplus lines insured or an insured who has
440 procured coverage and filed under s. 626.938 is entitled to the
441 return of an unearned premium, the Florida Surplus Lines Service
442 Office shall provide a credit or refund to the agent or such
443 insured for the collected assessment attributable to the
444 unearned premium prior to remitting the emergency assessment
445 collected to the fund or corporation.

446 10. The exemption of medical malpractice insurance
447 premiums from emergency assessments under this paragraph is

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448 repealed May 31, 2010 ~~2007~~, and medical malpractice insurance
449 premiums shall be subject to emergency assessments attributable
450 to loss events occurring in the contract years commencing on
451 June 1, 2010 ~~2007~~.

452 Section 2. Section 215.558, Florida Statutes, is created
453 to read:

454 215.558 Florida Hurricane Damage Prevention Endowment.--

455 (1) PURPOSE AND INTENT.--The purpose of this section is to
456 provide a continuing source of funding for financial incentives
457 to encourage residential property owners of this state to
458 retrofit their properties to make them less vulnerable to
459 hurricane damage, to help decrease the cost of residential
460 property and casualty insurance, and to provide matching funds
461 to local governments and nonprofit entities for projects that
462 will reduce hurricane damage to residential properties. It is
463 the intent of the Legislature that this section be construed
464 liberally to effectuate its purpose.

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

466 (a) "Board" means the State Board of Administration.

467 (b) "Corpus" means the money that has been appropriated to
468 the endowment by the 2006 Legislature, together with any amounts
469 subsequently appropriated to the endowment that are specifically
470 designated as contributions to the corpus and any grants, gifts,
471 or donations to the endowment that are specifically designated
472 as contributions to the corpus.

473 (c) "Earnings" means any money in the endowment in excess
474 of the corpus, including any income generated by investments,
475 any increase in the market value of investments net of decreases

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476 in market value, and any appropriations, grants, gifts, or
477 donations to the endowment not specifically designated as
478 contributions to the corpus.

479 (d) "Endowment" means the Florida Hurricane Damage
480 Prevention Endowment Fund created by s. 215.5585.

481 (e) "Program administrator" means the Department of
482 Community Affairs.

483 (3) ADMINISTRATION.--

484 (a) The board shall invest endowment assets as provided in
485 this section.

486 (b) The board may invest and reinvest funds of the
487 endowment in accordance with s. 215.47 and consistent with board
488 policy.

489 (c) The investment objective shall be long-term
490 preservation of the value of the corpus and a specified regular
491 annual cash outflow for appropriation, as nonrecurring revenue,
492 for the purposes specified in subsection (4).

493 (d) In accordance with s. 215.44, the board shall report
494 on the financial status of the endowment in its annual
495 investment report to the Legislature.

496 (e) Costs and fees of the board for investment services
497 shall be deducted from the assets of the endowment.

498 (4) FINANCIAL INCENTIVES FOR RESIDENTIAL HURRICANE DAMAGE
499 PREVENTION ACTIVITIES.--

500 (a) Not less than 80 percent of the net earnings of the
501 endowment shall be expended for financial incentives to
502 residential property owners as described in paragraph (b), and
503 no more than the remainder of the net earnings of the endowment

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504 shall be expended for matching fund grants to local governments
505 and nonprofit entities for projects that will reduce hurricane
506 damage to residential properties as described in paragraph (c).
507 Any funds authorized for expenditure but not expended for these
508 purposes shall be returned to the endowment.

509 (b)1. The program administrator, by rule, shall establish
510 a request for a proposal process to annually solicit proposals
511 from lending institutions under which the lending institution
512 will provide interest-free loans to homestead property owners to
513 pay for inspections of homestead property to determine what
514 mitigation measures are needed and for improvements to existing
515 residential properties intended to reduce the homestead
516 property's vulnerability to hurricane damage, in exchange for
517 funding from the endowment.

518 2. In order to qualify for funding under this paragraph,
519 an interest-free loan program must include an inspection of
520 homestead property to determine what mitigation measures are
521 needed, a means for verifying that the improvements to be paid
522 for from loan proceeds have been demonstrated to reduce a
523 homestead property's vulnerability to hurricane damage, and a
524 means for verifying that the proceeds were actually spent on
525 such improvements. The program must include a method for
526 awarding loans according to the following priorities:

527 a. The highest priority must be given to single-family
528 owner-occupied homestead dwellings, insured at \$500,000 or less,
529 located in the areas designated as high-risk areas for purposes
530 of coverage by the Citizens Property Insurance Corporation.

531 b. The next highest priority must be given to single-

532 family owner-occupied homestead dwellings, insured at \$500,000
 533 or less, covered by the Citizens Property Insurance Corporation,
 534 wherever located.

535 c. The next highest priority must be given to single-
 536 family owner-occupied homestead dwellings, insured at \$500,000
 537 or less, that are more than 40 years old.

538 d. The next highest priority must be given to all other
 539 single-family owner-occupied homestead dwellings insured at
 540 \$500,000 or less.

541 3. The program administrator shall evaluate proposals
 542 based on the following factors:

543 a. The degree to which the proposal meets the requirements
 544 of subparagraph 2.

545 b. The lending institution's plan for marketing the loans.

546 c. The anticipated number of loans to be granted relative
 547 to the total amount of funding sought.

548 4. The program administrator shall annually solicit
 549 proposals from local governments and nonprofit entities for
 550 projects that will reduce hurricane damage to homestead
 551 properties. The program administrator may provide up to 50
 552 percent of the funding for such projects. The projects may
 553 include educational programs, repair services, property
 554 inspections, and hurricane vulnerability analyses and such other
 555 projects as the program administrator determines to be
 556 consistent with the purposes of this section.

557 (5) ADVISORY COUNCIL.--There is created an advisory
 558 council to provide advice and assistance to the program
 559 administrator with regard to its administration of the

560 endowment. The advisory council shall consist of:

561 (a) A representative of lending institutions, selected by
562 the Financial Services Commission from a list of at least three
563 persons recommended by the Florida Bankers Association.

564 (b) A representative of residential property insurers,
565 selected by the Financial Services Commission from a list of at
566 least three persons recommended by the Florida Insurance
567 Council.

568 (c) A representative of home builders, selected by the
569 Financial Services Commission from a list of at least three
570 persons recommended by the Florida Home Builders Association.

571 (d) A faculty member of a state university selected by the
572 Financial Services Commission who is an expert in hurricane-
573 resistant construction methodologies and materials.

574 (e) Two members of the House of Representatives selected
575 by the Speaker of the House of Representatives.

576 (f) Two members of the Senate selected by the President of
577 the Senate.

578 (g) The senior officer of the Florida Hurricane
579 Catastrophe Fund.

580 (h) The executive director of Citizens Property Insurance
581 Corporation.

582 (i) The director of the Division of Emergency Management
583 of the Department of Community Affairs.

584
585 Members appointed under paragraphs (a) - (d) shall serve at the
586 pleasure of the Financial Services Commission. Members appointed
587 under paragraphs (e) and (f) shall serve at the pleasure of the

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588 appointing officer. All other members shall serve ex officio.
589 Members of the advisory council shall serve without compensation
590 but may receive reimbursement as provided in s. 112.061 for per
591 diem and travel expenses incurred in the performance of their
592 official duties.

593 Section 3. Section 215.5586, Florida Statutes, is created
594 to read:

595 215.5586 Wind certification and hurricane mitigation
596 inspections.--

597 (1) The purpose of this section is to provide wind
598 certification and hurricane mitigation inspections to eligible
599 homeowners in this state for assistance in retrofitting the
600 properties of those homeowners to become less vulnerable to
601 hurricane damage.

602 (2) The Department of Community Affairs shall establish a
603 request for proposals to solicit proposals from wind
604 certification entities to provide, at no cost to homeowners,
605 wind certification and hurricane mitigation inspections. The
606 inspections provided to homeowners, at a minimum, must include
607 the following:

608 (a) A home inspection and report that summarizes the
609 results and identifies corrective actions a homeowner may take
610 to mitigate hurricane damage.

611 (b) A range of cost estimates regarding the mitigation
612 features.

613 (c) Insurer-specific information regarding premium
614 discounts correlated to recommended mitigation features
615 identified by the inspection.

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616 (d) A hurricane resistance rating scale specifying the
617 home's current, as well as projected, wind resistance
618 capabilities.

619 (3) To qualify for selection by the department as a
620 provider of wind certification and hurricane mitigation
621 inspections, the entity, at a minimum, must:

622 (a) Use wind certification and hurricane mitigation
623 inspectors who have:

624 1. Prior experience in residential construction or
625 inspection and have received specialized training in hurricane
626 mitigation procedures.

627 2. Undergone drug testing and background checks.

628 3. Been certified, in a manner satisfactory to the
629 department, to conduct the inspections.

630 (b) Provide a quality assurance program including a re-
631 inspection component.

632 (4) The Department of Community Affairs shall adopt rules
633 pursuant to ss. 120.536(1) and 120.54 governing the wind
634 certification and wind mitigation inspection program.

635 Section 4. Section 252.63, Florida Statutes, is created to
636 read:

637 252.63 Commissioner of Insurance Regulation; powers in a
638 state of emergency.--

639 (1) It is the purpose and intent of this section to
640 provide the Commissioner of Insurance Regulation the authority
641 to temporarily modify or suspend provisions of the Florida
642 Insurance Code in order to expedite the recovery of communities
643 affected by a disaster or other emergency and encourage

644 insurance companies, entities, and persons subject to the
645 Florida Insurance Code and the jurisdiction of the office to
646 meet the insurance needs of such communities.

647 (2) (a) When the Governor declares a state of emergency
648 pursuant to s. 252.36, the commissioner may issue:

649 1. One or more general orders applicable to all insurance
650 companies, entities, and persons, as defined in s. 624.04, that
651 are subject to the Florida Insurance Code and that serve any
652 portion of the area of the state under the state of emergency;
653 or

654 2. One or more specific orders to particular insurance
655 companies, entities, and persons that are subject to the Florida
656 Insurance Code, as defined in s. 624.01, which orders may modify
657 or suspend, as to those companies, entities, and persons, all or
658 any part of the Florida Insurance Code, or any applicable rule,
659 consistent with the stated purposes of the Florida Insurance
660 Code.

661 (b) An order issued by the commissioner under this section
662 becomes effective upon issuance and continues for 120 days
663 unless terminated sooner by the commissioner. The commissioner
664 may extend an order for one additional period of 120 days if he
665 or she determines that the emergency conditions that gave rise
666 to the initial order still exist. By concurrent resolution, the
667 Legislature may terminate any order issued under this section.

668 (3) The commissioner shall publish in the next available
669 publication of the Florida Administrative Weekly a copy of the
670 text of any order issued under this section, together with a
671 statement describing the modification or suspension and

672 explaining how the modification or suspension will facilitate
 673 recovery from the emergency.

674 Section 5. Subsections (1) and (2) of section 626.918,
 675 Florida Statutes, are amended to read:

676 626.918 Eligible surplus lines insurers.--

677 (1) A ~~No~~ surplus lines agent may not ~~shall~~ place any
 678 coverage with any unauthorized insurer which is not then an
 679 eligible surplus lines insurer, except as permitted under
 680 subsections (5) and (6).

681 (2) An ~~No~~ unauthorized insurer may not ~~shall~~ be or become
 682 an eligible surplus lines insurer unless made eligible by the
 683 office in accordance with the following conditions:

684 (a) Eligibility of the insurer must be requested in
 685 writing by the Florida Surplus Lines Service Office.†

686 (b) The insurer must be currently an authorized insurer in
 687 the state or country of its domicile as to the kind or kinds of
 688 insurance proposed to be so placed and must have been such an
 689 insurer for not less than the 3 years next preceding or must be
 690 the wholly owned subsidiary of such authorized insurer or must
 691 be the wholly owned subsidiary of an already eligible surplus
 692 lines insurer as to the kind or kinds of insurance proposed for
 693 a period of not less than the 3 years next preceding. However,
 694 the office may waive the 3-year requirement if the insurer
 695 provides a product or service not readily available to the
 696 consumers of this state or has operated successfully for a
 697 period of at least 1 year next preceding and has capital and
 698 surplus of not less than \$25 million.†

699 (c) Before granting eligibility, the requesting surplus
 700 lines agent or the insurer shall furnish the office with a duly
 701 authenticated copy of its current annual financial statement in
 702 the English language and with all monetary values therein
 703 expressed in United States dollars, at an exchange rate (in the
 704 case of statements originally made in the currencies of other
 705 countries) then-current and shown in the statement, and with
 706 such additional information relative to the insurer as the
 707 office may request.†

708 (d)1.a. The insurer must have and maintain surplus as to
 709 policyholders of not less than \$15 million; in addition, an
 710 alien insurer must also have and maintain in the United States a
 711 trust fund for the protection of all its policyholders in the
 712 United States under terms deemed by the office to be reasonably
 713 adequate, in an amount not less than \$5.4 million. Any such
 714 surplus as to policyholders or trust fund shall be represented
 715 by investments consisting of eligible investments for like funds
 716 of like domestic insurers under part II of chapter 625 provided,
 717 however, that in the case of an alien insurance company, any
 718 such surplus as to policyholders may be represented by
 719 investments permitted by the domestic regulator of such alien
 720 insurance company if such investments are substantially similar
 721 in terms of quality, liquidity, and security to eligible
 722 investments for like funds of like domestic insurers under part
 723 II of chapter 625. Clean, irrevocable, unconditional, and
 724 evergreen letters of credit issued or confirmed by a qualified
 725 United States financial institution, as defined in subparagraph
 726 2., may be used to fund the trust.†

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727 b.2. For those surplus lines insurers that were eligible
 728 on January 1, 1994, and that maintained their eligibility
 729 thereafter, the required surplus as to policyholders shall be:
 730 (I)~~a.~~ On December 31, 1994, and until December 30, 1995,
 731 \$2.5 million.
 732 (II)~~b.~~ On December 31, 1995, and until December 30, 1996,
 733 \$3.5 million.
 734 (III)~~c.~~ On December 31, 1996, and until December 30, 1997,
 735 \$4.5 million.
 736 (IV)~~d.~~ On December 31, 1997, and until December 30, 1998,
 737 \$5.5 million.
 738 (V)~~e.~~ On December 31, 1998, and until December 30, 1999,
 739 \$6.5 million.
 740 (VI)~~f.~~ On December 31, 1999, and until December 30, 2000,
 741 \$8 million.
 742 (VII)~~g.~~ On December 31, 2000, and until December 30, 2001,
 743 \$9.5 million.
 744 (VIII)~~h.~~ On December 31, 2001, and until December 30,
 745 2002, \$11 million.
 746 (IX)~~i.~~ On December 31, 2002, and until December 30, 2003,
 747 \$13 million.
 748 (X)~~j.~~ On December 31, 2003, and thereafter, \$15 million.
 749 c.3. The capital and surplus requirements as set forth in
 750 sub-subparagraph b. ~~subparagraph 2.~~ do not apply in the case of
 751 an insurance exchange created by the laws of individual states,
 752 where the exchange maintains capital and surplus pursuant to the
 753 requirements of that state, or maintains capital and surplus in
 754 an amount not less than \$50 million in the aggregate. For an

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755 insurance exchange which maintains funds in the amount of at
756 least \$12 million for the protection of all insurance exchange
757 policyholders, each individual syndicate shall maintain minimum
758 capital and surplus in an amount not less than \$3 million. If
759 the insurance exchange does not maintain funds in the amount of
760 at least \$12 million for the protection of all insurance
761 exchange policyholders, each individual syndicate shall meet the
762 minimum capital and surplus requirements set forth in sub-
763 subparagraph b. ~~subparagraph 2.~~

764 d.4. A surplus lines insurer which is a member of an
765 insurance holding company that includes a member which is a
766 Florida domestic insurer as set forth in its holding company
767 registration statement, as set forth in s. 628.801 and rules
768 adopted thereunder, may elect to maintain surplus as to
769 policyholders in an amount equal to the requirements of s.
770 624.408, subject to the requirement that the surplus lines
771 insurer shall at all times be in compliance with the
772 requirements of chapter 625.

773
774 The election shall be submitted to the office and shall be
775 effective upon the office's being satisfied that the
776 requirements of sub-subparagraph d. ~~subparagraph 4.~~ have been
777 met. The initial date of election shall be the date of office
778 approval. The election approval application shall be on a form
779 adopted by commission rule. The office may approve an election
780 form submitted pursuant to sub-subparagraph d. ~~subparagraph 4.~~
781 only if it was on file with the former Department of Insurance
782 before February 28, 1998.

783 2. For purposes of letters of credit under subparagraph
 784 1., the term "qualified United States financial institution"
 785 means an institution that:

786 a. Is organized or, in the case of a United States office
 787 of a foreign banking organization, is licensed under the laws of
 788 the United States or any state.

789 b. Is regulated, supervised, and examined by authorities
 790 of the United States or any state having regulatory authority
 791 over banks and trust companies.

792 c. Has been determined by the office or the Securities
 793 Valuation Office of the National Association of Insurance
 794 Commissioners to meet such standards of financial condition and
 795 standing as are considered necessary and appropriate to regulate
 796 the quality of financial institutions whose letters of credit
 797 are acceptable to the office.

798 (e) The insurer must be of good reputation as to the
 799 providing of service to its policyholders and the payment of
 800 losses and claims.~~†~~

801 (f) The insurer must be eligible, as for authority to
 802 transact insurance in this state, under s. 624.404(3).~~†~~~~and~~

803 (g) This subsection does not apply as to unauthorized
 804 insurers made eligible under s. 626.917 as to wet marine and
 805 aviation risks.

806 Section 6. Paragraph (j) is added to subsection (2) of
 807 section 627.062, Florida Statutes, and subsections (9) and (10)
 808 are added to that section, to read:

809 627.062 Rate standards.--

810 (2) As to all such classes of insurance:

811 (j) Effective January 1, 2007, notwithstanding any other
812 provision of this section:

813 1. With respect to any residential property insurance
814 subject to regulation under this section, a rate filing,
815 including, but not limited to, any rate changes, rating factors,
816 territories, classification, discounts, and credits, with
817 respect to any policy form, including endorsements issued with
818 the form, that results in an overall average statewide premium
819 increase or decrease of no more than 5 percent above or below
820 the premium that would result from the insurer's rates then in
821 effect shall not be subject to a determination by the office
822 that the rate is excessive or unfairly discriminatory except as
823 provided in subparagraph 3., or any other provision of law,
824 provided all changes specified in the filing do not result in an
825 overall premium increase of more than 10 percent for any one
826 territory, for reasons related solely to the rate change. As
827 used in this subparagraph, the term "insurer's rates then in
828 effect" includes only rates that have been lawfully in effect
829 under this section or rates that have been determined to be
830 lawful through administrative proceedings or judicial
831 proceedings.

832 2. An insurer may not make filings under this paragraph
833 with respect to any policy form, including endorsements issued
834 with the form, if the overall premium changes resulting from
835 such filings exceed the amounts specified in this paragraph in
836 any 12-month period. An insurer may proceed under other
837 provisions of this section or other provisions of law if the

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838 insurer seeks to exceed the premium or rate limitations of this
839 paragraph.

840 3. This paragraph does not affect the authority of the
841 office to disapprove a rate as inadequate or to disapprove a
842 filing for the unlawful use of unfairly discriminatory rating
843 factors that are prohibited by the laws of this state. An
844 insurer electing to implement a rate change under this paragraph
845 shall submit a filing to the office at least 30 days prior to
846 the effective date of the rate change. The office shall have 30
847 days after the filing's submission to review the filing and
848 determine if the rate is inadequate or uses unfairly
849 discriminatory rating factors. Absent a finding by the office
850 within such 30-day period that the rate is inadequate or that
851 the insurer has used unfairly discriminatory rating factors, the
852 filing is deemed approved. If the office finds during the 30-day
853 period that the filing will result in inadequate premiums or
854 otherwise endanger the insurer's solvency, the office shall
855 suspend the rate decrease. If the insurer is implementing an
856 overall rate increase, the results of which continue to produce
857 an inadequate rate, such increase shall proceed pending
858 additional action by the office to ensure the adequacy of the
859 rate.

860 4. This paragraph does not apply to rate filings for any
861 insurance other than residential property insurance.

862
863 The provisions of this subsection shall not apply to workers'
864 compensation and employer's liability insurance and to motor
865 vehicle insurance.

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866 (9) Notwithstanding any other provision of this section,
867 any rate filing or applicable portion of the rate filing that
868 includes the peril of wind in the high-risk account of the
869 Citizens Property Insurance Corporation shall be deemed approved
870 upon submission to the office if the filing or the applicable
871 portion of the filing requests approval of a rate that is less
872 than the approved rate for similar risks insured in the high-
873 risk account of the corporation unless the office determines
874 that such rate is inadequate or unfairly discriminatory as
875 provided in subsection (2).

876 (10) (a) Beginning January 1, 2007, the office shall
877 annually provide a report to the President of the Senate, the
878 Speaker of the House of Representatives, the minority party
879 leader of each house of the Legislature, and the chairs of the
880 standing committees of each house of the Legislature having
881 jurisdiction over insurance issues, specifying the impact of
882 flexible rate regulation under paragraph (2) (j) on the degree of
883 competition in insurance markets in this state.

884 (b) The report shall include a year-by-year comparison of
885 the number of companies participating in the market for each
886 class of insurance and the relative rate levels. The report
887 shall also specify:

888 1. The number of rate filings made under paragraph (2) (j),
889 the rate levels under those filings, and the market share
890 affected by those filings.

891 2. The number of filings made on a file and use basis, the
892 rate levels under those filings, and the market share affected
893 by those filings.

894 3. The number of filings made on a use and file basis, the
 895 rate levels under those filings, and the market share affected
 896 by those filings.

897 4. Recommendations to promote competition in the insurance
 898 market and further protect insurance consumers.

899 Section 7. Paragraph (c) of subsection (3) of section
 900 627.0628, Florida Statutes, is amended to read:

901 627.0628 Florida Commission on Hurricane Loss Projection
 902 Methodology; public records exemption; public meetings
 903 exemption.--

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

905 (c) With respect to a rate filing under s. 627.062, an
 906 insurer may employ actuarial methods, principles, standards,
 907 models, or output ranges found by the commission to be accurate
 908 or reliable to determine hurricane loss factors for use in a
 909 rate filing under s. 627.062. Such findings and factors are
 910 admissible and relevant in consideration of a rate filing by the
 911 office or in any arbitration or administrative or judicial
 912 review only if the office and the consumer advocate appointed
 913 pursuant to s. 627.0613 have a reasonable opportunity to review
 914 ~~access to~~ all of the basic assumptions and factors that were
 915 used in developing the actuarial methods, principles, standards,
 916 models, or output ranges. After review of the specific models by
 917 the commission, the office and the consumer advocate may not
 918 pose any questions generated from their respective reviews that
 919 duplicate or compromise the conclusions of the commission
 920 relative to the accuracy or reliability of the models in
 921 producing hurricane loss factors for use in a rate filing under

922 ~~s. 627.062, and are not precluded from disclosing such~~
 923 ~~information in a rate proceeding.~~

924 Section 8. Section 627.06281, Florida Statutes, is amended
 925 to read:

926 627.06281 Public hurricane loss projection model;
 927 reporting of data by insurers.--

928 (1) Within 30 days after a written request for loss data
 929 and associated exposure data by the office or a type I center
 930 within the State University System established to study
 931 mitigation, residential property insurers and licensed rating
 932 and advisory organizations that compile residential property
 933 insurance loss data shall provide loss data and associated
 934 exposure data for residential property insurance policies to the
 935 office or to a type I center within the State University System
 936 established to study mitigation, as directed by the office, for
 937 the purposes of developing, maintaining, and updating a public
 938 model for hurricane loss projections. The loss data and
 939 associated exposure data provided shall be in writing.

940 (2) The office may not use the public model for hurricane
 941 loss projection referred to in subsection (1) for any purpose
 942 under s. 627.062 or s. 627.351 until the model has been
 943 submitted to the Florida Commission on Hurricane Loss Projection
 944 Methodology for review under s. 627.0628 and the commission has
 945 found the model to be accurate and reliable pursuant to the same
 946 process and standards as the commission uses for the review of
 947 other hurricane loss projection models.

948 Section 9. Subsection (6) of section 627.351, Florida
 949 Statutes, is amended to read:

950 627.351 Insurance risk apportionment plans.--
 951 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--
 952 (a)1.a. The Legislature finds that actual and threatened
 953 catastrophic losses to property in this state from hurricanes
 954 have caused insurers to be unwilling or unable to provide
 955 property insurance coverage to the extent sought and needed. It
 956 is in the public interest and a public purpose to assist in
 957 ensuring ~~assuring~~ that homestead property in the state is
 958 insured so as to facilitate the remediation, reconstruction, and
 959 replacement of damaged or destroyed property in order to reduce
 960 or avoid the negative effects otherwise resulting to the public
 961 health, safety, and welfare; to the economy of the state; and to
 962 the revenues of the state and local governments needed to
 963 provide for the public welfare. It is necessary, therefore, to
 964 provide property insurance to applicants who are in good faith
 965 entitled to procure insurance through the voluntary market but
 966 are unable to do so. The Legislature intends by this subsection
 967 that property insurance be provided and that it continues, as
 968 long as necessary, through an entity organized to achieve
 969 efficiencies and economies, while providing service to
 970 policyholders, applicants, and agents that is no less than the
 971 quality generally provided in the voluntary market, all toward
 972 the achievement of the foregoing public purposes. Because it is
 973 essential for the corporation to have the maximum financial
 974 resources to pay claims following a catastrophic hurricane, it
 975 is the intent of the Legislature that the income of the
 976 corporation be exempt from federal income taxation and that

977 interest on the debt obligations issued by the corporation be
 978 exempt from federal income taxation.

979 b. The Legislature finds and declares that:

980 (I) The commitment of the state, as expressed in sub-
 981 subparagraph a., to providing a means of ensuring the
 982 availability of property insurance through a residual market
 983 mechanism is hereby reaffirmed.

984 (II) Despite legislative efforts to ensure that the
 985 residual market for property insurance is self-supporting to the
 986 greatest reasonable extent, residual market policyholders are to
 987 some degree subsidized by the general public through assessments
 988 on owners of property insured in the voluntary market and their
 989 insurers and through the potential use of general revenues of
 990 the state to eliminate or reduce residual market deficits.

991 (III) The degree of such subsidy is a matter of public
 992 policy. It is the intent of the Legislature to better control
 993 the subsidy through at least the following means:

994 (A) Restructuring the residual market mechanism to provide
 995 separate treatment of homestead and nonhomestead properties,
 996 with the intent of continuing to provide an insurance program
 997 with limited subsidies for homestead properties while providing
 998 a nonsubsidized insurance program for nonhomestead properties.

999 (B) Redefining the concept of rate adequacy in the
 1000 subsidized residual market with the intent of ensuring a rate
 1001 structure that will enable the subsidized residual market to be
 1002 self-supporting except in the event of hurricane losses of a
 1003 legislatively specified magnitude. It is the intent of the
 1004 Legislature that the funding of the subsidized residual market

1005 be structured to be self-supporting up to the point of its 100-
 1006 year probable maximum loss and that the funding be structured to
 1007 make reliance on assessments or other sources of public funding
 1008 necessary only in the event of a 100-year probable maximum loss
 1009 or larger loss.

1010 2. The Residential Property and Casualty Joint
 1011 Underwriting Association originally created by this statute
 1012 shall be known, as of July 1, 2002, as the Citizens Property
 1013 Insurance Corporation. The corporation shall provide insurance
 1014 for homesteaded residential property and may provide insurance
 1015 for residential and commercial property, for applicants who are
 1016 in good faith entitled, but are unable, to procure insurance
 1017 through the voluntary market. The corporation shall operate
 1018 pursuant to a plan of operation approved by order of the office.
 1019 The plan is subject to continuous review by the office. The
 1020 office may, by order, withdraw approval of all or part of a plan
 1021 if the office determines that conditions have changed since
 1022 approval was granted and that the purposes of the plan require
 1023 changes in the plan. For the purposes of this subsection,
 1024 residential coverage includes both personal lines residential
 1025 coverage, which consists of the type of coverage provided by
 1026 homeowner's, mobile home owner's, dwelling, tenant's,
 1027 condominium unit owner's, and similar policies, and commercial
 1028 lines residential coverage, which consists of the type of
 1029 coverage provided by condominium association, apartment
 1030 building, and similar policies.

1031 3. It is the intent of the Legislature that policyholders,
 1032 applicants, and agents of the corporation receive service and

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1033 treatment of the highest possible level but never less than that
 1034 generally provided in the voluntary market. It also is intended
 1035 that the corporation be held to service standards no less than
 1036 those applied to insurers in the voluntary market by the office
 1037 with respect to responsiveness, timeliness, customer courtesy,
 1038 and overall dealings with policyholders, applicants, or agents
 1039 of the corporation.

1040 (b)1. All insurers authorized to write one or more subject
 1041 lines of business in this state are subject to assessment by the
 1042 corporation and, for the purposes of this subsection, are
 1043 referred to collectively as "assessable insurers." Insurers
 1044 writing one or more subject lines of business in this state
 1045 pursuant to part VIII of chapter 626 are not assessable
 1046 insurers, but insureds who procure one or more subject lines of
 1047 business in this state pursuant to part VIII of chapter 626 are
 1048 subject to assessment by the corporation and are referred to
 1049 collectively as "assessable insureds." An authorized insurer's
 1050 assessment liability shall begin on the first day of the
 1051 calendar year following the year in which the insurer was issued
 1052 a certificate of authority to transact insurance for subject
 1053 lines of business in this state and shall terminate 1 year after
 1054 the end of the first calendar year during which the insurer no
 1055 longer holds a certificate of authority to transact insurance
 1056 for subject lines of business in this state.

1057 2.a. All revenues, assets, liabilities, losses, and
 1058 expenses of the corporation shall be divided into four ~~three~~
 1059 separate accounts as follows:

1060 (I) Three separate homestead accounts that may provide

1061 coverage only for homestead properties. The term "homestead
 1062 property" means a residential property that has been granted a
 1063 homestead exemption under chapter 196. The term also includes a
 1064 property that is qualified for such exemption but has not
 1065 applied for the exemption as of the date of issuance of the
 1066 policy, provided the policyholder obtains the exemption within 1
 1067 year after initial issuance of the policy. The term also
 1068 includes an owner-occupied mobile or manufactured home as
 1069 defined in s. 320.01 permanently affixed to real property
 1070 regardless of whether the owner of the mobile or manufactured
 1071 home is also the owner of the land on which the mobile or
 1072 manufactured home is permanently affixed. However, the term does
 1073 not include a mobile home that is being held for display by a
 1074 licensed mobile home dealer or a licensed mobile home
 1075 manufacturer and is not owner-occupied. For the purposes of this
 1076 sub-sub-subparagraph, the term "homestead property" also
 1077 includes property covered by tenant's insurance and commercial
 1078 lines residential policies. The accounts providing coverage only
 1079 for homestead properties are:

1080 (A) ~~(I)~~ A personal lines account for personal residential
 1081 policies issued by the corporation or issued by the Residential
 1082 Property and Casualty Joint Underwriting Association and renewed
 1083 by the corporation that provide comprehensive, multiperil
 1084 coverage on risks that are not located in areas eligible for
 1085 coverage in the Florida Windstorm Underwriting Association as
 1086 those areas were defined on January 1, 2002, and for such
 1087 policies that do not provide coverage for the peril of wind on
 1088 risks that are located in such areas;

1089 (B) ~~(II)~~ A commercial lines account for commercial
 1090 residential policies issued by the corporation or issued by the
 1091 Residential Property and Casualty Joint Underwriting Association
 1092 and renewed by the corporation that provide coverage for basic
 1093 property perils on risks that are not located in areas eligible
 1094 for coverage in the Florida Windstorm Underwriting Association
 1095 as those areas were defined on January 1, 2002, and for such
 1096 policies that do not provide coverage for the peril of wind on
 1097 risks that are located in such areas; and

1098 (C) ~~(III)~~ A high-risk account for personal residential
 1099 policies and commercial residential ~~and commercial~~
 1100 ~~nonresidential~~ property policies issued by the corporation or
 1101 transferred to the corporation that provide coverage for the
 1102 peril of wind on risks that are located in areas eligible for
 1103 coverage in the Florida Windstorm Underwriting Association as
 1104 those areas were defined on January 1, 2002. The high-risk
 1105 account must also include quota share primary insurance under
 1106 subparagraph (c)2. The area eligible for coverage under the
 1107 high-risk account also includes the area within Port Canaveral,
 1108 which is bordered on the south by the City of Cape Canaveral,
 1109 bordered on the west by the Banana River, and bordered on the
 1110 north by Federal Government property. The office may remove
 1111 territory from the area eligible for wind-only and quota share
 1112 coverage if, after a public hearing, the office finds that
 1113 authorized insurers in the voluntary market are willing and able
 1114 to write sufficient amounts of personal and commercial
 1115 residential coverage for all perils in the territory, including
 1116 coverage for the peril of wind, such that risks covered by wind-

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1117 only policies in the removed territory could be issued a policy
1118 by the corporation in either the personal lines or commercial
1119 lines account without a significant increase in the
1120 corporation's probable maximum loss in such account. Removal of
1121 territory from the area eligible for wind-only or quota share
1122 coverage does not alter the assignment of wind coverage written
1123 in such areas to the high-risk account.

1124 (II) (A) A separate nonhomestead account for all properties
1125 that otherwise meet all of the criteria for eligibility for
1126 coverage within one of the three homestead accounts described in
1127 sub-sub-subparagraph (I) but that do not meet the definition of
1128 homestead property specified in sub-sub-subparagraph (I). The
1129 nonhomestead account shall provide the same types of coverage as
1130 are provided by the three homestead accounts, including wind-
1131 only coverage in the high-risk account area. In order to be
1132 eligible for coverage in the nonhomestead account, at the
1133 initial issuance of the policy and at renewal the property owner
1134 shall provide the corporation with a sworn affidavit stating
1135 that the property has been rejected for coverage by at least
1136 three authorized insurers and at least three surplus lines
1137 insurers.

1138 (B) An authorized insurer may provide coverage to a
1139 nonhomestead property owner on an individual risk rate basis.
1140 Rates and forms of an authorized insurer for nonhomestead
1141 properties are not subject to ss. 627.062 and 627.0629, except
1142 s. 627.0629(2)(b). Such rates and forms are subject to all other
1143 applicable provisions of this code and rules adopted under this
1144 code. During the course of an insurer's market conduct

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1145 examination, the office may review the rate for any nonhomestead
1146 property to determine if such rate is inadequate or unfairly
1147 discriminatory. Rates on nonhomestead property may be found
1148 inadequate by the office if they are clearly insufficient,
1149 together with the investment income attributable to the insurer,
1150 to sustain projected losses and expenses in the class of
1151 business to which such rates apply. Rates on nonhomestead
1152 property may also be found inadequate as to the premium charged
1153 to a risk or group of risks if discounts or credits are allowed
1154 that exceed a reasonable reflection of expense savings and
1155 reasonably expected loss experience from the risk or group of
1156 risks. Rates on nonhomestead property may be found to be
1157 unfairly discriminatory as to a risk or group of risks by the
1158 office if the application of premium discounts, credits, or
1159 surcharges among such risks does not bear a reasonable
1160 relationship to the expected loss and expense experience among
1161 the various risks. A rating plan, including discounts, credits,
1162 or surcharges on nonhomestead property, may also be found to be
1163 unfairly discriminatory if the plan fails to clearly and
1164 equitably reflect consideration of the policyholder's
1165 participation in a risk management program adjusted pursuant to
1166 s. 627.0625. The office may order an insurer to discontinue
1167 using a rate for new policies or upon renewal of a policy if the
1168 office finds the rate to be inadequate or unfairly
1169 discriminatory. Insurers shall maintain records and
1170 documentation relating to rates and forms subject to this sub-
1171 sub-sub-paragraph for a period of at least 5 years after the
1172 effective date of the policy.

1173 b. The three separate homestead accounts must be
 1174 maintained as long as financing obligations entered into by the
 1175 Florida Windstorm Underwriting Association or Residential
 1176 Property and Casualty Joint Underwriting Association are
 1177 outstanding, in accordance with the terms of the corresponding
 1178 financing documents. When the financing obligations are no
 1179 longer outstanding, in accordance with the terms of the
 1180 corresponding financing documents, the corporation may use a
 1181 single homestead account for all revenues, assets, liabilities,
 1182 losses, and expenses of the corporation. All revenues, assets,
 1183 liabilities, losses, and expenses attributable to the
 1184 nonhomestead account shall be maintained separately.

1185 c. Creditors of the Residential Property and Casualty
 1186 Joint Underwriting Association shall have a claim against, and
 1187 recourse to, the accounts referred to in sub-sub-sub-
 1188 subparagraphs ~~sub-sub-subparagraphs~~ a.(I) (A) and (B) ~~(II)~~ and
 1189 shall have no claim against, or recourse to, the account
 1190 referred to in sub-sub-sub-subparagraph ~~sub-sub-subparagraph~~
 1191 a.(I) (C) ~~(III)~~. Creditors of the Florida Windstorm Underwriting
 1192 Association shall have a claim against, and recourse to, the
 1193 account referred to in sub-sub-sub-subparagraph ~~sub-sub-~~
 1194 ~~subparagraph~~ a.(I) (C) ~~(III)~~ and shall have no claim against, or
 1195 recourse to, the accounts referred to in sub-sub-sub-
 1196 subparagraphs ~~sub-sub-subparagraphs~~ a.(I) (A) and (B) ~~(II)~~.

1197 d. Revenues, assets, liabilities, losses, and expenses not
 1198 attributable to particular accounts shall be prorated among the
 1199 accounts.

1200 e. The Legislature finds that the revenues of the
 1201 corporation are revenues that are necessary to meet the
 1202 requirements set forth in documents authorizing the issuance of
 1203 bonds under this subsection.

1204 f. No part of the income of the corporation may inure to
 1205 the benefit of any private person.

1206 3. With respect to a deficit in any of the homestead
 1207 accounts ~~an account~~:

1208 a. When the deficit incurred in a particular calendar year
 1209 is not greater than 10 percent of the aggregate statewide direct
 1210 written premium for the subject lines of business for the prior
 1211 calendar year, the entire deficit shall be recovered through
 1212 regular assessments of assessable insurers under paragraph (g)
 1213 and assessable insureds.

1214 b. When the deficit incurred in a particular calendar year
 1215 exceeds 10 percent of the aggregate statewide direct written
 1216 premium for the subject lines of business for the prior calendar
 1217 year, the corporation shall levy regular assessments on
 1218 assessable insurers under paragraph (g) and on assessable
 1219 insureds in an amount equal to the greater of 10 percent of the
 1220 deficit or 10 percent of the aggregate statewide direct written
 1221 premium for the subject lines of business for the prior calendar
 1222 year. Any remaining deficit shall be recovered through emergency
 1223 assessments under sub-subparagraph d.

1224 c. Each assessable insurer's share of the amount being
 1225 assessed under sub-subparagraph a. or sub-subparagraph b. shall
 1226 be in the proportion that the assessable insurer's direct
 1227 written premium for the subject lines of business for the year

1228 preceding the year in which the deficit is incurred ~~assessment~~
 1229 bears to the aggregate statewide direct written premium for the
 1230 subject lines of business for that year. The assessment
 1231 percentage applicable to each assessable insured is the ratio of
 1232 the amount being assessed under sub-subparagraph a. or sub-
 1233 subparagraph b. to the aggregate statewide direct written
 1234 premium for the subject lines of business for the prior year.
 1235 Assessments levied by the corporation on assessable insurers
 1236 under sub-subparagraphs a. and b. shall be paid as required by
 1237 the corporation's plan of operation and paragraph (g).
 1238 Notwithstanding any other provision in this subsection, the
 1239 aggregate amount of a regular assessment levied in connection
 1240 with a deficit incurred in a particular calendar year shall be
 1241 reduced by the aggregate amount of the Citizens Property
 1242 Insurance Corporation policyholder surcharge imposed under
 1243 subparagraph (c)10. Assessments levied by the corporation on
 1244 assessable insureds under sub-subparagraphs a. and b. shall be
 1245 collected by the surplus lines agent at the time the surplus
 1246 lines agent collects the surplus lines tax required by s.
 1247 626.932 and shall be paid to the Florida Surplus Lines Service
 1248 Office at the time the surplus lines agent pays the surplus
 1249 lines tax to the Florida Surplus Lines Service Office. Upon
 1250 receipt of regular assessments from surplus lines agents, the
 1251 Florida Surplus Lines Service Office shall transfer the
 1252 assessments directly to the corporation as determined by the
 1253 corporation.
 1254 d. Upon a determination by the board of governors that a
 1255 deficit in an account exceeds the amount that will be recovered

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1256 through regular assessments under sub-subparagraph a. or sub-
1257 subparagraph b., the board shall levy, after verification by the
1258 office, emergency assessments, for as many years as necessary to
1259 cover the deficits, to be collected by assessable insurers and
1260 the corporation and collected from assessable insureds upon
1261 issuance or renewal of policies for subject lines of business,
1262 excluding National Flood Insurance policies. The amount of the
1263 emergency assessment collected in a particular year shall be a
1264 uniform percentage of that year's direct written premium for
1265 subject lines of business and all accounts of the corporation,
1266 excluding National Flood Insurance Program policy premiums, as
1267 annually determined by the board and verified by the office. The
1268 office shall verify the arithmetic calculations involved in the
1269 board's determination within 30 days after receipt of the
1270 information on which the determination was based.

1271 Notwithstanding any other provision of law, the corporation and
1272 each assessable insurer that writes subject lines of business
1273 shall collect emergency assessments from its policyholders
1274 without such obligation being affected by any credit,
1275 limitation, exemption, or deferment. Emergency assessments
1276 levied by the corporation on assessable insureds shall be
1277 collected by the surplus lines agent at the time the surplus
1278 lines agent collects the surplus lines tax required by s.
1279 626.932 and shall be paid to the Florida Surplus Lines Service
1280 Office at the time the surplus lines agent pays the surplus
1281 lines tax to the Florida Surplus Lines Service Office. The
1282 emergency assessments so collected shall be transferred directly
1283 to the corporation on a periodic basis as determined by the

1284 corporation and shall be held by the corporation solely in the
 1285 applicable account. The aggregate amount of emergency
 1286 assessments levied for an account under this sub-subparagraph in
 1287 any calendar year may not exceed the greater of 10 percent of
 1288 the amount needed to cover the original deficit, plus interest,
 1289 fees, commissions, required reserves, and other costs associated
 1290 with financing of the original deficit, or 10 percent of the
 1291 aggregate statewide direct written premium for subject lines of
 1292 business and for all accounts of the corporation for the prior
 1293 year, plus interest, fees, commissions, required reserves, and
 1294 other costs associated with financing the original deficit.

1295 e. The corporation may pledge the proceeds of assessments,
 1296 projected recoveries from the Florida Hurricane Catastrophe
 1297 Fund, other insurance and reinsurance recoverables, Citizens
 1298 policyholder ~~market equalization~~ surcharges and other
 1299 surcharges, and other funds available to the corporation as the
 1300 source of revenue for and to secure bonds issued under paragraph
 1301 (g), bonds or other indebtedness issued under subparagraph
 1302 (c)3., or lines of credit or other financing mechanisms issued
 1303 or created under this subsection, or to retire any other debt
 1304 incurred as a result of deficits or events giving rise to
 1305 deficits, or in any other way that the board determines will
 1306 efficiently recover such deficits. The purpose of the lines of
 1307 credit or other financing mechanisms is to provide additional
 1308 resources to assist the corporation in covering claims and
 1309 expenses attributable to a catastrophe. As used in this
 1310 subsection, the term "assessments" includes regular assessments
 1311 under sub-subparagraph a., sub-subparagraph b., or subparagraph

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1312 (g)1. and emergency assessments under sub-subparagraph d.
1313 Emergency assessments collected under sub-subparagraph d. are
1314 not part of an insurer's rates, are not premium, and are not
1315 subject to premium tax, fees, or commissions; however, failure
1316 to pay the emergency assessment shall be treated as failure to
1317 pay premium. The emergency assessments under sub-subparagraph d.
1318 shall continue as long as any bonds issued or other indebtedness
1319 incurred with respect to a deficit for which the assessment was
1320 imposed remain outstanding, unless adequate provision has been
1321 made for the payment of such bonds or other indebtedness
1322 pursuant to the documents governing such bonds or other
1323 indebtedness.

1324 f. As used in this subsection, the term "subject lines of
1325 business" means insurance written by assessable insurers or
1326 procured by assessable insureds on real or personal property, as
1327 defined in s. 624.604, including insurance for fire, industrial
1328 fire, allied lines, farmowners multiperil, homeowners
1329 multiperil, commercial multiperil, and mobile homes, and
1330 including liability coverage on all such insurance, but
1331 excluding inland marine as defined in s. 624.607(3) and
1332 excluding vehicle insurance as defined in s. 624.605(1) other
1333 than insurance on mobile homes used as permanent dwellings.

1334 g. The Florida Surplus Lines Service Office shall
1335 determine annually the aggregate statewide written premium in
1336 subject lines of business procured by assessable insureds and
1337 shall report that information to the corporation in a form and
1338 at a time the corporation specifies to ensure that the

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1339 corporation can meet the requirements of this subsection and the
1340 corporation's financing obligations.

1341 h. The Florida Surplus Lines Service Office shall verify
1342 the proper application by surplus lines agents of assessment
1343 percentages for regular assessments and emergency assessments
1344 levied under this subparagraph on assessable insureds and shall
1345 assist the corporation in ensuring the accurate, timely
1346 collection and payment of assessments by surplus lines agents as
1347 required by the corporation.

1348 4. With respect to a deficit in the nonhomestead account
1349 or to any cash flow shortfall that the board determines will
1350 create an inability for the nonhomestead account to pay claims
1351 when due:

1352 a. The board shall levy an immediate assessment against
1353 the premium of each nonhomestead account policyholder, expressed
1354 as a uniform percentage of the premium for the policy then in
1355 effect. The maximum amount of such assessment is 100 percent of
1356 such premium.

1357 b. If the assessment under sub-subparagraph a. is
1358 insufficient to enable the account to pay claims and eliminate
1359 the deficit in the account, the board may levy an additional
1360 assessment to be collected at the time of any issuance or
1361 renewal of a nonhomestead account policy during the 1-year
1362 period following the levy of the assessment under sub-
1363 subparagraph a., expressed as a uniform percentage of the
1364 premium for the policy for the forthcoming policy period. The
1365 maximum amount of such assessment is 100 percent of such
1366 premium.

1367 c. If the assessments under sub-subparagraphs a. and b.
 1368 are insufficient to enable the account to pay claims and
 1369 eliminate the deficit in the account, the board may make a loan
 1370 from any of the homestead accounts to the nonhomestead account,
 1371 subject to approval by the office and provided that such loan
 1372 does not impair the financial status of any of the homestead
 1373 accounts.

1374 5. A policyholder in a nonhomestead account who has not
 1375 paid a deficit assessment levied by the corporation shall be
 1376 ineligible for coverage by a surplus lines insurer or authorized
 1377 insurer.

1378 (c) The plan of operation of the corporation:

1379 1. Must provide for adoption of residential property and
 1380 casualty insurance policy forms, rates, and underwriting rules
 1381 and commercial residential and nonresidential property insurance
 1382 forms, rates, and underwriting rules which ~~forms~~ must be
 1383 approved by the office prior to use. The corporation shall adopt
 1384 the following policy forms:

1385 a. Standard personal lines policy forms that are
 1386 comprehensive multiperil policies providing full coverage of a
 1387 residential property equivalent to the coverage provided in the
 1388 private insurance market under an HO-3, HO-4, or HO-6 policy.

1389 b. Basic personal lines policy forms that are policies
 1390 similar to an HO-8 policy or a dwelling fire policy that provide
 1391 coverage meeting the requirements of the secondary mortgage
 1392 market, but which coverage is more limited than the coverage
 1393 under a standard policy.

1394 c. Commercial lines residential policy forms that are
 1395 generally similar to the basic perils of full coverage
 1396 obtainable for commercial residential structures in the admitted
 1397 voluntary market.

1398 d. Personal lines and commercial lines residential
 1399 property insurance forms that cover the peril of wind only. The
 1400 forms are applicable only to residential properties located in
 1401 areas eligible for coverage under the high-risk account referred
 1402 to in sub-subparagraph (b)2.a.

1403 e. Commercial lines nonresidential property insurance
 1404 forms that cover the peril of wind only. The forms are
 1405 applicable only to nonresidential properties located in areas
 1406 eligible for coverage under the high-risk account referred to in
 1407 sub-subparagraph (b)2.a.

1408 f. The corporation may adopt variations of the policy
 1409 forms listed in sub-subparagraphs a.-e. that contain more
 1410 restrictive coverage.

1411 2.a. Must provide that the corporation adopt a program in
 1412 which the corporation and authorized insurers enter into quota
 1413 share primary insurance agreements for hurricane coverage, as
 1414 defined in s. 627.4025(2)(a), for eligible risks, and adopt
 1415 property insurance forms for eligible risks which cover the
 1416 peril of wind only. As used in this subsection, the term:

1417 (I) "Quota share primary insurance" means an arrangement
 1418 in which the primary hurricane coverage of an eligible risk is
 1419 provided in specified percentages by the corporation and an
 1420 authorized insurer. The corporation and authorized insurer are
 1421 each solely responsible for a specified percentage of hurricane

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1422 coverage of an eligible risk as set forth in a quota share
1423 primary insurance agreement between the corporation and an
1424 authorized insurer and the insurance contract. The
1425 responsibility of the corporation or authorized insurer to pay
1426 its specified percentage of hurricane losses of an eligible
1427 risk, as set forth in the quota share primary insurance
1428 agreement, may not be altered by the inability of the other
1429 party to the agreement to pay its specified percentage of
1430 hurricane losses. Eligible risks that are provided hurricane
1431 coverage through a quota share primary insurance arrangement
1432 must be provided policy forms that set forth the obligations of
1433 the corporation and authorized insurer under the arrangement,
1434 clearly specify the percentages of quota share primary insurance
1435 provided by the corporation and authorized insurer, and
1436 conspicuously and clearly state that neither the authorized
1437 insurer nor the corporation may be held responsible beyond its
1438 specified percentage of coverage of hurricane losses.

1439 (II) "Eligible risks" means personal lines residential and
1440 commercial lines residential risks that meet the underwriting
1441 criteria of the corporation and are located in areas that were
1442 eligible for coverage by the Florida Windstorm Underwriting
1443 Association on January 1, 2002.

1444 b. The corporation may enter into quota share primary
1445 insurance agreements with authorized insurers at corporation
1446 coverage levels of 90 percent and 50 percent.

1447 c. If the corporation determines that additional coverage
1448 levels are necessary to maximize participation in quota share
1449 primary insurance agreements by authorized insurers, the

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1450 corporation may establish additional coverage levels. However,
1451 the corporation's quota share primary insurance coverage level
1452 may not exceed 90 percent.

1453 d. Any quota share primary insurance agreement entered
1454 into between an authorized insurer and the corporation must
1455 provide for a uniform specified percentage of coverage of
1456 hurricane losses, by county or territory as set forth by the
1457 corporation board, for all eligible risks of the authorized
1458 insurer covered under the quota share primary insurance
1459 agreement.

1460 e. Any quota share primary insurance agreement entered
1461 into between an authorized insurer and the corporation is
1462 subject to review and approval by the office. However, such
1463 agreement shall be authorized only as to insurance contracts
1464 entered into between an authorized insurer and an insured who is
1465 already insured by the corporation for wind coverage.

1466 f. For all eligible risks covered under quota share
1467 primary insurance agreements, the exposure and coverage levels
1468 for both the corporation and authorized insurers shall be
1469 reported by the corporation to the Florida Hurricane Catastrophe
1470 Fund. For all policies of eligible risks covered under quota
1471 share primary insurance agreements, the corporation and the
1472 authorized insurer shall maintain complete and accurate records
1473 for the purpose of exposure and loss reimbursement audits as
1474 required by Florida Hurricane Catastrophe Fund rules. The
1475 corporation and the authorized insurer shall each maintain
1476 duplicate copies of policy declaration pages and supporting
1477 claims documents.

1478 g. The corporation board shall establish in its plan of
 1479 operation standards for quota share agreements which ensure that
 1480 there is no discriminatory application among insurers as to the
 1481 terms of quota share agreements, pricing of quota share
 1482 agreements, incentive provisions if any, and consideration paid
 1483 for servicing policies or adjusting claims.

1484 h. The quota share primary insurance agreement between the
 1485 corporation and an authorized insurer must set forth the
 1486 specific terms under which coverage is provided, including, but
 1487 not limited to, the sale and servicing of policies issued under
 1488 the agreement by the insurance agent of the authorized insurer
 1489 producing the business, the reporting of information concerning
 1490 eligible risks, the payment of premium to the corporation, and
 1491 arrangements for the adjustment and payment of hurricane claims
 1492 incurred on eligible risks by the claims adjuster and personnel
 1493 of the authorized insurer. Entering into a quota sharing
 1494 insurance agreement between the corporation and an authorized
 1495 insurer shall be voluntary and at the discretion of the
 1496 authorized insurer.

1497 3. May provide that the corporation may employ or
 1498 otherwise contract with individuals or other entities to provide
 1499 administrative or professional services that may be appropriate
 1500 to effectuate the plan. The corporation shall have the power to
 1501 borrow funds, by issuing bonds or by incurring other
 1502 indebtedness, and shall have other powers reasonably necessary
 1503 to effectuate the requirements of this subsection, including,
 1504 without limitation, the power to issue bonds and incur other
 1505 indebtedness in order to refinance outstanding bonds or other

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1506 indebtedness. The corporation may, but is not required to, seek
1507 judicial validation of its bonds or other indebtedness under
1508 chapter 75. The corporation may issue bonds or incur other
1509 indebtedness, or have bonds issued on its behalf by a unit of
1510 local government pursuant to subparagraph (g)2., in the absence
1511 of a hurricane or other weather-related event, upon a
1512 determination by the corporation, subject to approval by the
1513 office, that such action would enable it to efficiently meet the
1514 financial obligations of the corporation and that such
1515 financings are reasonably necessary to effectuate the
1516 requirements of this subsection. The corporation is authorized
1517 to take all actions needed to facilitate tax-free status for any
1518 such bonds or indebtedness, including formation of trusts or
1519 other affiliated entities. The corporation shall have the
1520 authority to pledge assessments, projected recoveries from the
1521 Florida Hurricane Catastrophe Fund, other reinsurance
1522 recoverables, market equalization and other surcharges, and
1523 other funds available to the corporation as security for bonds
1524 or other indebtedness. In recognition of s. 10, Art. I of the
1525 State Constitution, prohibiting the impairment of obligations of
1526 contracts, it is the intent of the Legislature that no action be
1527 taken whose purpose is to impair any bond indenture or financing
1528 agreement or any revenue source committed by contract to such
1529 bond or other indebtedness.

1530 4.a. Must require that the corporation operate subject to
1531 the supervision and approval of a board of governors consisting
1532 of 8 individuals who are residents of this state, from different
1533 geographical areas of this state. The Governor, the Chief

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1534 Financial Officer, the President of the Senate, and the Speaker
1535 of the House of Representatives shall each appoint two members
1536 of the board, effective August 1, 2005. At least one of the two
1537 members appointed by each appointing officer must have
1538 demonstrated expertise in insurance. The Chief Financial Officer
1539 shall designate one of the appointees as chair. All board
1540 members serve at the pleasure of the appointing officer. All
1541 board members, including the chair, must be appointed to serve
1542 for 3-year terms beginning annually on a date designated by the
1543 plan. Any board vacancy shall be filled for the unexpired term
1544 by the appointing officer. The Chief Financial Officer shall
1545 appoint a technical advisory group to provide information and
1546 advice to the board of governors in connection with the board's
1547 duties under this subsection. The executive director and senior
1548 managers of the corporation shall be engaged by the board, as
1549 recommended by the Chief Financial Officer, and serve at the
1550 pleasure of the board. The executive director is responsible for
1551 employing other staff as the corporation may require, subject to
1552 review and concurrence by the board and the Chief Financial
1553 Officer.

1554 b. The board shall create a Market Accountability Advisory
1555 Committee to assist the corporation in developing awareness of
1556 its rates and its customer and agent service levels in
1557 relationship to the voluntary market insurers writing similar
1558 coverage. The members of the advisory committee shall consist of
1559 the following 11 persons, one of whom must be elected chair by
1560 the members of the committee: four representatives, one
1561 appointed by the Florida Association of Insurance Agents, one by

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1562 the Florida Association of Insurance and Financial Advisors, one
1563 by the Professional Insurance Agents of Florida, and one by the
1564 Latin American Association of Insurance Agencies; three
1565 representatives appointed by the insurers with the three highest
1566 voluntary market share of residential property insurance
1567 business in the state; one representative from the Office of
1568 Insurance Regulation; one consumer appointed by the board who is
1569 insured by the corporation at the time of appointment to the
1570 committee; one representative appointed by the Florida
1571 Association of Realtors; and one representative appointed by the
1572 Florida Bankers Association. All members must serve for 3-year
1573 terms and may serve for consecutive terms. The committee shall
1574 report to the corporation at each board meeting on insurance
1575 market issues which may include rates and rate competition with
1576 the voluntary market; service, including policy issuance, claims
1577 processing, and general responsiveness to policyholders,
1578 applicants, and agents; and matters relating to depopulation.

1579 5. Must provide a procedure for determining the
1580 eligibility of a risk for coverage, as follows:

1581 a. Subject to the provisions of s. 627.3517, with respect
1582 to personal lines residential risks, if the risk is offered
1583 coverage from an authorized insurer at the insurer's approved
1584 rate under either a standard policy including wind coverage or,
1585 if consistent with the insurer's underwriting rules as filed
1586 with the office, a basic policy including wind coverage, the
1587 risk is not eligible for any policy issued by the corporation.
1588 If the risk is not able to obtain any such offer, the risk is
1589 eligible for either a standard policy including wind coverage or

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1590 a basic policy including wind coverage issued by the
1591 corporation; however, if the risk could not be insured under a
1592 standard policy including wind coverage regardless of market
1593 conditions, the risk shall be eligible for a basic policy
1594 including wind coverage unless rejected under subparagraph 8.
1595 The corporation shall determine the type of policy to be
1596 provided on the basis of objective standards specified in the
1597 underwriting manual and based on generally accepted underwriting
1598 practices.

1599 (I) If the risk accepts an offer of coverage through the
1600 market assistance plan or an offer of coverage through a
1601 mechanism established by the corporation before a policy is
1602 issued to the risk by the corporation or during the first 30
1603 days of coverage by the corporation, and the producing agent who
1604 submitted the application to the plan or to the corporation is
1605 not currently appointed by the insurer, the insurer shall:

1606 (A) Pay to the producing agent of record of the policy,
1607 for the first year, an amount that is the greater of the
1608 insurer's usual and customary commission for the type of policy
1609 written or a fee equal to the usual and customary commission of
1610 the corporation; or

1611 (B) Offer to allow the producing agent of record of the
1612 policy to continue servicing the policy for a period of not less
1613 than 1 year and offer to pay the agent the greater of the
1614 insurer's or the corporation's usual and customary commission
1615 for the type of policy written.

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1617 If the producing agent is unwilling or unable to accept
 1618 appointment, the new insurer shall pay the agent in accordance
 1619 with sub-sub-sub-subparagraph (A).

1620 (II) When the corporation enters into a contractual
 1621 agreement for a take-out plan, the producing agent of record of
 1622 the corporation policy is entitled to retain any unearned
 1623 commission on the policy, and the insurer shall:

1624 (A) Pay to the producing agent of record of the
 1625 corporation policy, for the first year, an amount that is the
 1626 greater of the insurer's usual and customary commission for the
 1627 type of policy written or a fee equal to the usual and customary
 1628 commission of the corporation; or

1629 (B) Offer to allow the producing agent of record of the
 1630 corporation policy to continue servicing the policy for a period
 1631 of not less than 1 year and offer to pay the agent the greater
 1632 of the insurer's or the corporation's usual and customary
 1633 commission for the type of policy written.

1634
 1635 If the producing agent is unwilling or unable to accept
 1636 appointment, the new insurer shall pay the agent in accordance
 1637 with sub-sub-sub-subparagraph (A).

1638 b. With respect to commercial lines residential risks, if
 1639 the risk is offered coverage under a policy including wind
 1640 coverage from an authorized insurer at its approved rate, the
 1641 risk is not eligible for any policy issued by the corporation.
 1642 If the risk is not able to obtain any such offer, the risk is
 1643 eligible for a policy including wind coverage issued by the
 1644 corporation.

1645 (I) If the risk accepts an offer of coverage through the
 1646 market assistance plan or an offer of coverage through a
 1647 mechanism established by the corporation before a policy is
 1648 issued to the risk by the corporation or during the first 30
 1649 days of coverage by the corporation, and the producing agent who
 1650 submitted the application to the plan or the corporation is not
 1651 currently appointed by the insurer, the insurer shall:

1652 (A) Pay to the producing agent of record of the policy,
 1653 for the first year, an amount that is the greater of the
 1654 insurer's usual and customary commission for the type of policy
 1655 written or a fee equal to the usual and customary commission of
 1656 the corporation; or

1657 (B) Offer to allow the producing agent of record of the
 1658 policy to continue servicing the policy for a period of not less
 1659 than 1 year and offer to pay the agent the greater of the
 1660 insurer's or the corporation's usual and customary commission
 1661 for the type of policy written.

1662
 1663 If the producing agent is unwilling or unable to accept
 1664 appointment, the new insurer shall pay the agent in accordance
 1665 with sub-sub-sub-subparagraph (A).

1666 (II) When the corporation enters into a contractual
 1667 agreement for a take-out plan, the producing agent of record of
 1668 the corporation policy is entitled to retain any unearned
 1669 commission on the policy, and the insurer shall:

1670 (A) Pay to the producing agent of record of the
 1671 corporation policy, for the first year, an amount that is the
 1672 greater of the insurer's usual and customary commission for the

1673 type of policy written or a fee equal to the usual and customary
 1674 commission of the corporation; or

1675 (B) Offer to allow the producing agent of record of the
 1676 corporation policy to continue servicing the policy for a period
 1677 of not less than 1 year and offer to pay the agent the greater
 1678 of the insurer's or the corporation's usual and customary
 1679 commission for the type of policy written.

1680
 1681 If the producing agent is unwilling or unable to accept
 1682 appointment, the new insurer shall pay the agent in accordance
 1683 with sub-sub-sub-subparagraph (A).

1684 c. To preserve existing incentives for carriers to write
 1685 dwelling in the voluntary market and not in the corporation,
 1686 the corporation shall continue to offer authorized insurers,
 1687 including insurers writing dwellings valued at \$1 million or
 1688 more, the same voluntary writing credits that were available on
 1689 January 1, 2006, to carriers writing wind coverage for dwellings
 1690 in the areas eligible for coverage in the high-risk account.

1691 d. With respect to personal lines residential risks, if
 1692 the risk is a dwelling with an insured value of \$1 million or
 1693 more, or if the risk is one that is excluded from the coverage
 1694 to be provided by the condominium association under s.
 1695 718.111(11)(b) and that is insured by the condominium unit owner
 1696 for a combined dwelling and contents replacement cost of \$1
 1697 million or more, the risk is not eligible for any policy issued
 1698 by the corporation. Rates and forms for personal lines
 1699 residential risks not eligible for coverage by the corporation
 1700 specified by this sub-subparagraph are not subject to ss.

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1701 627.062 and 627.0629. Such rates and forms are subject to all
1702 other applicable provisions of this code and rules adopted under
1703 this code. During the course of an insurer's market conduct
1704 examination, the office may review the rate for any risk to
1705 which the provisions of this sub-subparagraph are applicable to
1706 determine if such rate is inadequate or unfairly discriminatory.
1707 Rates on personal lines residential risks not eligible for
1708 coverage by the corporation may be found inadequate by the
1709 office if they are clearly insufficient, together with the
1710 investment income attributable to such risks, to sustain
1711 projected losses and expenses in the class of business to which
1712 such rates apply. Rates on personal lines residential risks not
1713 eligible for coverage by the corporation may also be found
1714 inadequate as to the premium charged to a risk or group of risks
1715 if discounts or credits are allowed that exceed a reasonable
1716 reflection of expense savings and reasonably expected loss
1717 experience from the risk or group of risks. Rates on personal
1718 lines residential risks not eligible for coverage by the
1719 corporation may be found to be unfairly discriminatory as to a
1720 risk or group of risks by the office if the application of
1721 premium discounts, credits, or surcharges among such risks does
1722 not bear a reasonable relationship to the expected loss and
1723 expense experience among the various risks. A rating plan,
1724 including discounts, credits, or surcharges on personal lines
1725 residential risks not eligible for coverage by the corporation
1726 may also be found to be unfairly discriminatory if the plan
1727 fails to clearly and equitably reflect consideration of the
1728 policyholder's participation in a risk management program

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1729 adjusted pursuant to s. 627.0625. The office may order an
1730 insurer to discontinue using a rate for new policies or upon
1731 renewal of a policy if the office finds the rate to be
1732 inadequate or unfairly discriminatory. Insurers must maintain
1733 records and documentation relating to rates and forms subject to
1734 this sub-subparagraph for a period of at least 5 years after the
1735 effective date of the policy.

1736 e. For policies subject to nonrenewal as a result of the
1737 risk being no longer eligible for coverage pursuant to sub-
1738 paragraph d., the corporation shall, directly or through the
1739 market assistance plan, make information from confidential
1740 underwriting and claims files of policyholders available only to
1741 licensed general lines agents who register with the corporation
1742 to receive such information according to the following
1743 procedures:

1744 (I) By August 1, 2006, the corporation shall provide
1745 policyholders who are not eligible for renewal pursuant to sub-
1746 paragraph d. the opportunity to request in writing, within 30
1747 days after the notification is sent, that information from their
1748 confidential underwriting and claims files not be released to
1749 licensed general lines agents registered pursuant to sub-sub-
1750 paragraph e.(II);

1751 (II) By August 1, 2006, the corporation shall make
1752 available to licensed general lines agents the registration
1753 procedures to be used to obtain confidential information from
1754 underwriting and claims files for policies not eligible for
1755 renewal pursuant to sub-subparagraph d. As a condition of
1756 registration, the corporation shall require the licensed general

1757 lines agent to attest that the agent has the experience and
 1758 relationships with authorized or surplus lines carriers to
 1759 attempt to offer replacement coverage for policies not eligible
 1760 for renewal pursuant to sub-subparagraph d.

1761 (III) By September 1, 2006, the corporation shall make
 1762 available through a secured website to licensed general lines
 1763 agents registered pursuant to sub-sub-subparagraph e.(II)
 1764 application, rating, loss history, mitigation, and policy type
 1765 information relating to all policies not eligible for renewal
 1766 pursuant to sub-subparagraph d. and for which the policyholder
 1767 has not requested the corporation withhold such information
 1768 pursuant to sub-sub-subparagraph e.(I). The licensed general
 1769 lines agent registered pursuant to sub-sub-subparagraph e.(II)
 1770 may use such information to contact and assist the policyholder
 1771 in securing replacement policies and the agent may disclose to
 1772 the policyholder such information was obtained from the
 1773 corporation.

1774 f. With respect to nonhomestead property, eligibility must
 1775 be determined in accordance with sub-sub-sub-subparagraph
 1776 (b)2.a.(II)(A).

1777 6. Must include rules for classifications of risks and
 1778 rates therefor.

1779 7. Must provide that if premium and investment income for
 1780 an account attributable to a particular calendar year are in
 1781 excess of projected losses and expenses for the account
 1782 attributable to that year, such excess shall be held in surplus
 1783 in the account. Such surplus shall be available to defray
 1784 deficits in that account as to future years and shall be used

1785 for that purpose prior to assessing assessable insurers and
 1786 assessable insureds as to any calendar year.

1787 8. Must provide objective criteria and procedures to be
 1788 uniformly applied for all applicants in determining whether an
 1789 individual risk is so hazardous as to be uninsurable. In making
 1790 this determination and in establishing the criteria and
 1791 procedures, the following shall be considered:

1792 a. Whether the likelihood of a loss for the individual
 1793 risk is substantially higher than for other risks of the same
 1794 class; and

1795 b. Whether the uncertainty associated with the individual
 1796 risk is such that an appropriate premium cannot be determined.

1797
 1798 The acceptance or rejection of a risk by the corporation shall
 1799 be construed as the private placement of insurance, and the
 1800 provisions of chapter 120 shall not apply.

1801 9. Must provide that the corporation shall make its best
 1802 efforts to procure catastrophe reinsurance at reasonable rates,
 1803 to cover its projected 100-year probable maximum loss in the
 1804 homestead accounts as determined by the board of governors.

1805 10. Must provide that in the event of regular deficit
 1806 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
 1807 (b)3.b., in the personal lines homestead account, the commercial
 1808 lines residential homestead account, or the high-risk homestead
 1809 account, the corporation shall levy upon corporation homestead
 1810 account policyholders in its next rate filing, or by a separate
 1811 rate filing solely for this purpose, a Citizens policyholder
 1812 ~~market equalization~~ surcharge arising from a regular assessment

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1813 in such account in a percentage equal to the total amount of
1814 such regular assessments divided by the aggregate statewide
1815 direct written premium for subject lines of business for the
1816 ~~prior calendar~~ year preceding the year in which the deficit to
1817 which the regular assessment related is incurred. Citizens
1818 policyholder ~~Market equalization~~ surcharges under this
1819 subparagraph are not considered premium and are not subject to
1820 commissions, fees, or premium taxes; however, failure to pay the
1821 Citizens policyholder ~~a market equalization~~ surcharge shall be
1822 treated as failure to pay premium. Notwithstanding any other
1823 provision of this section, for purposes of the Citizens
1824 policyholder surcharges to be levied pursuant to this
1825 subparagraph, the total amount of the regular assessment to
1826 which such Citizens policyholder surcharge relates shall be
1827 determined as set forth in sub-subparagraphs (b)3.a., b., and c.

1828 11. The policies issued by the corporation must provide
1829 that, if the corporation or the market assistance plan obtains
1830 an offer from an authorized insurer to cover the risk at its
1831 approved rates, the risk is no longer eligible for renewal
1832 through the corporation.

1833 12. Corporation policies and applications must include a
1834 notice that the corporation policy could, under this section, be
1835 replaced with a policy issued by an authorized insurer that does
1836 not provide coverage identical to the coverage provided by the
1837 corporation or an insurer writing coverage pursuant to part VIII
1838 of chapter 626. The notice shall also specify that acceptance of
1839 corporation coverage creates a conclusive presumption that the
1840 applicant or policyholder is aware of this potential.

1841 13. May establish, subject to approval by the office,
1842 different eligibility requirements and operational procedures
1843 for any line or type of coverage for any specified county or
1844 area if the board determines that such changes to the
1845 eligibility requirements and operational procedures are
1846 justified due to the voluntary market being sufficiently stable
1847 and competitive in such area or for such line or type of
1848 coverage and that consumers who, in good faith, are unable to
1849 obtain insurance through the voluntary market through ordinary
1850 methods would continue to have access to coverage from the
1851 corporation. When coverage is sought in connection with a real
1852 property transfer, such requirements and procedures shall not
1853 provide for an effective date of coverage later than the date of
1854 the closing of the transfer as established by the transferor,
1855 the transferee, and, if applicable, the lender.

1856 14. Must provide that, with respect to the high-risk
1857 homestead account, any assessable insurer with a surplus as to
1858 policyholders of \$25 million or less writing 25 percent or more
1859 of its total countrywide property insurance premiums in this
1860 state may petition the office, within the first 90 days of each
1861 calendar year, to qualify as a limited apportionment company. In
1862 no event shall a limited apportionment company be required to
1863 participate in the portion of any assessment, within the high-
1864 risk account, pursuant to sub-subparagraph (b)3.a. or sub-
1865 subparagraph (b)3.b. in the aggregate which exceeds \$50 million
1866 after payment of available high-risk account funds in any
1867 calendar year. However, a limited apportionment company shall
1868 collect from its policyholders any emergency assessment imposed

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1869 | under sub-subparagraph (b)3.d. The plan shall provide that, if
 1870 | the office determines that any regular assessment will result in
 1871 | an impairment of the surplus of a limited apportionment company,
 1872 | the office may direct that all or part of such assessment be
 1873 | deferred as provided in subparagraph (g)4. However, there shall
 1874 | be no limitation or deferment of an emergency assessment to be
 1875 | collected from policyholders under sub-subparagraph (b)3.d.

1876 | 15. Must provide that the corporation appoint as its
 1877 | licensed agents only those agents who also hold an appointment
 1878 | as defined in s. 626.015(3) with an insurer who at the time of
 1879 | the agent's initial appointment by the corporation is authorized
 1880 | to write and is actually writing personal lines residential
 1881 | property coverage, commercial residential property coverage, or
 1882 | commercial nonresidential property coverage within the state.

1883 | 16. Must provide that the hurricane deductible for any
 1884 | property in the nonhomestead account with an insured value of
 1885 | \$250,000 or more must be at least 5 percent of the insured
 1886 | value.

1887 | 17. Must provide that the application for coverage under
 1888 | the nonhomestead account and the declaration page of each
 1889 | nonhomestead account policy include a statement in boldface 12-
 1890 | point type specifying that public subsidies do not support the
 1891 | corporation's coverage of nonhomestead property; that if the
 1892 | nonhomestead account of the corporation sustains a deficit or is
 1893 | unable to pay claims, the nonhomestead policyholder shall be
 1894 | subject to an immediate assessment in an amount up to 100
 1895 | percent of the premium and a further assessment upon renewal of
 1896 | the policy; and that the applicant or policyholder may wish to

1897 seek alternative coverage from an authorized insurer or surplus
 1898 lines insurer that will not be subject to such potential
 1899 assessments.

1900 18. Must provide that the application for coverage under
 1901 any of the homestead accounts and the declaration page of each
 1902 homestead account policy include a statement in boldface 12-
 1903 point type specifying that a false declaration of homestead
 1904 status for purposes of obtaining coverage in any of the
 1905 homestead accounts may constitute the offense of insurance
 1906 fraud, as prohibited and punishable as a felony under s.
 1907 817.234.

1908 19. Must limit coverage on mobile or manufactured homes
 1909 built prior to 1994 to actual cash value of the dwelling rather
 1910 than replacement costs of the dwelling.

1911 20. Must provide for purchase by the corporation of
 1912 catastrophe reinsurance on the nonhomestead account in amounts
 1913 sufficient, together with coverage under the Florida Hurricane
 1914 Catastrophe Fund, to cover the account's 250-year probable
 1915 maximum loss.

1916 (d)1.a. It is the intent of the Legislature that the rates
 1917 for coverage provided by the corporation be actuarially sound
 1918 and not competitive with approved rates charged in the admitted
 1919 voluntary market, so that the corporation functions as a
 1920 residual market mechanism to provide insurance only when the
 1921 insurance cannot be procured in the voluntary market. Rates
 1922 shall include a residual market risk load that reflects the
 1923 concentrated exposure of the corporation and the impact of
 1924 adverse selection as well as an appropriate catastrophe loading

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1925 factor that reflects the actual catastrophic exposure of the
1926 corporation.

1927 b. It is the intent of the Legislature to reaffirm the
1928 requirement of rate adequacy in the residual market. Recognizing
1929 that rates may comply with the intent expressed in sub-
1930 subparagraph a. and yet be inadequate and recognizing the public
1931 need to limit subsidies within the residual market, it is the
1932 further intent of the Legislature to establish statutory
1933 standards for rate adequacy. Such standards are intended to
1934 supplement the standard specified in s. 627.062(2)(e)3.,
1935 providing that rates are inadequate if they are clearly
1936 insufficient to sustain projected losses and expenses in the
1937 class of business to which they apply.

1938 2. For each county, the average rates of the corporation
1939 for each line of business for personal lines residential
1940 policies excluding rates for wind-only policies shall be no
1941 lower than the average rates charged by the insurer that had the
1942 highest average rate in that county among the 20 insurers with
1943 the greatest total direct written premium in the state for that
1944 line of business in the preceding year, except that with respect
1945 to mobile home coverages, the average rates of the corporation
1946 shall be no lower than the average rates charged by the insurer
1947 that had the highest average rate in that county among the 5
1948 insurers with the greatest total written premium for mobile home
1949 owner's policies in the state in the preceding year.

1950 3. Rates for personal lines residential wind-only policies
1951 must be actuarially sound and not competitive with approved
1952 rates charged by authorized insurers. Corporation rate manuals

1953 shall include a rate surcharge for seasonal occupancy. To ensure
 1954 that personal lines residential wind-only rates are not
 1955 competitive with approved rates charged by authorized insurers,
 1956 the corporation, in conjunction with the office, shall develop a
 1957 wind-only ratemaking methodology, which methodology shall be
 1958 contained in each rate filing made by the corporation with the
 1959 office. If the office determines that the wind-only rates or
 1960 rating factors filed by the corporation fail to comply with the
 1961 wind-only ratemaking methodology provided for in this
 1962 subsection, it shall so notify the corporation and require the
 1963 corporation to amend its rates or rating factors to come into
 1964 compliance within 90 days of notice from the office.

1965 4. For the purposes of establishing a pilot program to
 1966 evaluate issues relating to the availability and affordability
 1967 of insurance in an area where historically there has been little
 1968 market competition, the provisions of subparagraph 2. do not
 1969 apply to coverage provided by the corporation in Monroe County
 1970 if the office determines that a reasonable degree of competition
 1971 does not exist for personal lines residential policies. The
 1972 provisions of subparagraph 3. do not apply to coverage provided
 1973 by the corporation in Monroe County if the office determines
 1974 that a reasonable degree of competition does not exist for
 1975 personal lines residential policies in the area of that county
 1976 which is eligible for wind-only coverage. In this county, the
 1977 rates for personal lines residential coverage shall be
 1978 actuarially sound and not excessive, inadequate, or unfairly
 1979 discriminatory and are subject to the other provisions of the
 1980 paragraph and s. 627.062. The commission shall adopt rules

1981 establishing the criteria for determining whether a reasonable
 1982 degree of competition exists for personal lines residential
 1983 policies in Monroe County. By March 1, 2006, the office shall
 1984 submit a report to the Legislature providing an evaluation of
 1985 the implementation of the pilot program affecting Monroe County.

1986 5. Rates for commercial lines coverage shall not be
 1987 subject to the requirements of subparagraph 2., but shall be
 1988 subject to all other requirements of this paragraph and s.
 1989 627.062.

1990 6.a. Nothing in this paragraph shall require or allow the
 1991 corporation to adopt a rate that is inadequate under s. 627.062
 1992 or under sub-subparagraph b. or sub-subparagraph c.

1993 b. With respect to rates for coverage in any homestead
 1994 account, a rate is deemed inadequate if the rate is not
 1995 sufficient to generate, by means of cash flow, procurement of
 1996 coverage under the Florida Hurricane Catastrophe Fund;
 1997 procurement of reinsurance; and investment income, moneys
 1998 sufficient to pay all claims and expenses reasonably expected to
 1999 result from a 100-year probable maximum loss event without
 2000 resort to any regular or emergency assessments, long-term debt,
 2001 state revenues, or other funding sources that reflect any
 2002 subsidy from persons or entities other than corporation
 2003 homestead accounts policyholders.

2004 c. With respect to rates for coverage in the nonhomestead
 2005 account, a rate is deemed inadequate if the rate is not
 2006 sufficient to generate, by means of cash flow, procurement of
 2007 coverage under the Florida Hurricane Catastrophe Fund;
 2008 procurement of reinsurance; and investment income, moneys

2009 sufficient to pay all claims and expenses reasonably expected to
 2010 result from a 250-year probable maximum loss event without
 2011 resort to any assessments, debt, state revenues, or other
 2012 funding sources that reflect any subsidy from persons or
 2013 entities other than corporation nonhomestead account
 2014 policyholders.

2015 7. The corporation shall certify to the office at least
 2016 twice annually that its personal lines rates comply with the
 2017 requirements of subparagraphs 1., and 2., and 6. If any
 2018 adjustment in the rates or rating factors of the corporation is
 2019 necessary to ensure such compliance, the corporation shall make
 2020 and implement such adjustments and file its revised rates and
 2021 rating factors with the office. If the office thereafter
 2022 determines that the revised rates and rating factors fail to
 2023 comply with the provisions of subparagraphs 1. and 2., it shall
 2024 notify the corporation and require the corporation to amend its
 2025 rates or rating factors in conjunction with its next rate
 2026 filing. The office must notify the corporation by electronic
 2027 means of any rate filing it approves for any insurer among the
 2028 insurers referred to in subparagraph 2.

2029 8. In addition to the rates otherwise determined pursuant
 2030 to this paragraph, the corporation shall impose and collect an
 2031 amount equal to the premium tax provided for in s. 624.509 to
 2032 augment the financial resources of the corporation.

2033 ~~9.a. To assist the corporation in developing additional~~
 2034 ~~ratemaking methods to assure compliance with subparagraphs 1.~~
 2035 ~~and 4., the corporation shall appoint a rate methodology panel~~
 2036 ~~consisting of one person recommended by the Florida Association~~

2037 ~~of Insurance Agents, one person recommended by the Professional~~
 2038 ~~Insurance Agents of Florida, one person recommended by the~~
 2039 ~~Florida Association of Insurance and Financial Advisors, one~~
 2040 ~~person recommended by the insurer with the highest voluntary~~
 2041 ~~market share of residential property insurance business in the~~
 2042 ~~state, one person recommended by the insurer with the second-~~
 2043 ~~highest voluntary market share of residential property insurance~~
 2044 ~~business in the state, one person recommended by an insurer~~
 2045 ~~writing commercial residential property insurance in this state,~~
 2046 ~~one person recommended by the Office of Insurance Regulation,~~
 2047 ~~and one board member designated by the board chairman, who shall~~
 2048 ~~serve as chairman of the panel.~~

2049 ~~b. By January 1, 2004, the rate methodology panel shall~~
 2050 ~~provide a report to the corporation of its findings and~~
 2051 ~~recommendations for the use of additional ratemaking methods and~~
 2052 ~~procedures, including the use of a rate equalization surcharge~~
 2053 ~~in an amount sufficient to assure that the total cost of~~
 2054 ~~coverage for policyholders or applicants to the corporation is~~
 2055 ~~sufficient to comply with subparagraph 1.~~

2056 ~~e. Within 30 days after such report, the corporation shall~~
 2057 ~~present to the President of the Senate, the Speaker of the House~~
 2058 ~~of Representatives, the minority party leaders of each house of~~
 2059 ~~the Legislature, and the chairs of the standing committees of~~
 2060 ~~each house of the Legislature having jurisdiction of insurance~~
 2061 ~~issues, a plan for implementing the additional ratemaking~~
 2062 ~~methods and an outline of any legislation needed to facilitate~~
 2063 ~~use of the new methods.~~

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2064 ~~d. The plan must include a provision that producer~~
2065 ~~commissions paid by the corporation shall not be calculated in~~
2066 ~~such a manner as to include any rate equalization surcharge.~~
2067 ~~However, without regard to the plan to be developed or its~~
2068 ~~implementation, producer commissions paid by the corporation for~~
2069 ~~each account, other than the quota share primary program, shall~~
2070 ~~remain fixed as to percentage, effective rate, calculation, and~~
2071 ~~payment method until January 1, 2004.~~

2072 9.10. ~~By January 1, 2004,~~ The corporation shall provide
2073 ~~develop~~ a notice to policyholders or applicants that the rates
2074 of Citizens Property Insurance Corporation are intended to be
2075 higher than the rates of any admitted carrier and providing
2076 other information the corporation deems necessary to assist
2077 consumers in finding other voluntary admitted insurers willing
2078 to insure their property.

2079 (e) If coverage in an account is deactivated pursuant to
2080 paragraph (f), coverage through the corporation shall be
2081 reactivated by order of the office only under one of the
2082 following circumstances:

2083 1. If the market assistance plan receives a minimum of 100
2084 applications for coverage within a 3-month period, or 200
2085 applications for coverage within a 1-year period or less for
2086 residential coverage, unless the market assistance plan provides
2087 a quotation from admitted carriers at their filed rates for at
2088 least 90 percent of such applicants. Any market assistance plan
2089 application that is rejected because an individual risk is so
2090 hazardous as to be uninsurable using the criteria specified in
2091 subparagraph (c)8. shall not be included in the minimum

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2092 percentage calculation provided herein. In the event that there
2093 is a legal or administrative challenge to a determination by the
2094 office that the conditions of this subparagraph have been met
2095 for eligibility for coverage in the corporation, any eligible
2096 risk may obtain coverage during the pendency of such challenge.

2097 2. In response to a state of emergency declared by the
2098 Governor under s. 252.36, the office may activate coverage by
2099 order for the period of the emergency upon a finding by the
2100 office that the emergency significantly affects the availability
2101 of residential property insurance.

2102 (f)1. The corporation shall file with the office quarterly
2103 statements of financial condition, an annual statement of
2104 financial condition, and audited financial statements in the
2105 manner prescribed by law. In addition, the corporation shall
2106 report to the office monthly on the types, premium, exposure,
2107 and distribution by county of its policies in force, and shall
2108 submit other reports as the office requires to carry out its
2109 oversight of the corporation.

2110 2. The activities of the corporation shall be reviewed at
2111 least annually by the office to determine whether coverage shall
2112 be deactivated in an account on the basis that the conditions
2113 giving rise to its activation no longer exist.

2114 (g)1. The corporation shall certify to the office its
2115 needs for annual assessments as to a particular calendar year,
2116 and for any interim assessments that it deems to be necessary to
2117 sustain operations as to a particular year pending the receipt
2118 of annual assessments. Upon verification, the office shall
2119 approve such certification, and the corporation shall levy such

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2120 annual or interim assessments. Such assessments shall be
2121 prorated as provided in paragraph (b). The corporation shall
2122 take all reasonable and prudent steps necessary to collect the
2123 amount of assessment due from each assessable insurer,
2124 including, if prudent, filing suit to collect such assessment.
2125 If the corporation is unable to collect an assessment from any
2126 assessable insurer, the uncollected assessments shall be levied
2127 as an additional assessment against the assessable insurers and
2128 any assessable insurer required to pay an additional assessment
2129 as a result of such failure to pay shall have a cause of action
2130 against such nonpaying assessable insurer. Assessments shall be
2131 included as an appropriate factor in the making of rates. The
2132 failure of a surplus lines agent to collect and remit any
2133 regular or emergency assessment levied by the corporation is
2134 considered to be a violation of s. 626.936 and subjects the
2135 surplus lines agent to the penalties provided in that section.

2136 2. The governing body of any unit of local government, any
2137 residents of which are insured by the corporation, may issue
2138 bonds as defined in s. 125.013 or s. 166.101 from time to time
2139 to fund an assistance program, in conjunction with the
2140 corporation, for the purpose of defraying deficits of the
2141 corporation. In order to avoid needless and indiscriminate
2142 proliferation, duplication, and fragmentation of such assistance
2143 programs, any unit of local government, any residents of which
2144 are insured by the corporation, may provide for the payment of
2145 losses, regardless of whether or not the losses occurred within
2146 or outside of the territorial jurisdiction of the local
2147 government. Revenue bonds under this subparagraph may not be

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2148 | issued until validated pursuant to chapter 75, unless a state of
2149 | emergency is declared by executive order or proclamation of the
2150 | Governor pursuant to s. 252.36 making such findings as are
2151 | necessary to determine that it is in the best interests of, and
2152 | necessary for, the protection of the public health, safety, and
2153 | general welfare of residents of this state and declaring it an
2154 | essential public purpose to permit certain municipalities or
2155 | counties to issue such bonds as will permit relief to claimants
2156 | and policyholders of the corporation. Any such unit of local
2157 | government may enter into such contracts with the corporation
2158 | and with any other entity created pursuant to this subsection as
2159 | are necessary to carry out this paragraph. Any bonds issued
2160 | under this subparagraph shall be payable from and secured by
2161 | moneys received by the corporation from emergency assessments
2162 | under sub-subparagraph (b)3.d., and assigned and pledged to or
2163 | on behalf of the unit of local government for the benefit of the
2164 | holders of such bonds. The funds, credit, property, and taxing
2165 | power of the state or of the unit of local government shall not
2166 | be pledged for the payment of such bonds. If any of the bonds
2167 | remain unsold 60 days after issuance, the office shall require
2168 | all insurers subject to assessment to purchase the bonds, which
2169 | shall be treated as admitted assets; each insurer shall be
2170 | required to purchase that percentage of the unsold portion of
2171 | the bond issue that equals the insurer's relative share of
2172 | assessment liability under this subsection. An insurer shall not
2173 | be required to purchase the bonds to the extent that the office
2174 | determines that the purchase would endanger or impair the
2175 | solvency of the insurer.

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2176 3.a. The corporation shall adopt one or more programs
2177 subject to approval by the office for the reduction of both new
2178 and renewal writings in the corporation. Any program the
2179 corporation adopts for the payment of bonuses to an insurer for
2180 each risk the insurer removes from the corporation shall comply
2181 with s. 627.3511(2) and may not exceed the amount referenced in
2182 s. 627.3511(2) for each risk removed. The corporation may
2183 consider any prudent and not unfairly discriminatory approach to
2184 reducing corporation writings, and may adopt a credit against
2185 assessment liability or other liability that provides an
2186 incentive for insurers to take risks out of the corporation and
2187 to keep risks out of the corporation by maintaining or
2188 increasing voluntary writings in counties or areas in which
2189 corporation risks are highly concentrated and a program to
2190 provide a formula under which an insurer voluntarily taking
2191 risks out of the corporation by maintaining or increasing
2192 voluntary writings will be relieved wholly or partially from
2193 assessments under sub-subparagraphs (b)3.a. and b. When the
2194 corporation enters into a contractual agreement for a take-out
2195 plan, the producing agent of record of the corporation policy is
2196 entitled to retain any unearned commission on such policy, and
2197 the insurer shall either:

2198 (I) Pay to the producing agent of record of the policy,
2199 for the first year, an amount which is the greater of the
2200 insurer's usual and customary commission for the type of policy
2201 written or a policy fee equal to the usual and customary
2202 commission of the corporation; or

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2203 (II) Offer to allow the producing agent of record of the
2204 policy to continue servicing the policy for a period of not less
2205 than 1 year and offer to pay the agent the insurer's usual and
2206 customary commission for the type of policy written. If the
2207 producing agent is unwilling or unable to accept appointment by
2208 the new insurer, the new insurer shall pay the agent in
2209 accordance with sub-sub-subparagraph (I).

2210 b. Any credit or exemption from regular assessments
2211 adopted under this subparagraph shall last no longer than the 3
2212 years following the cancellation or expiration of the policy by
2213 the corporation. With the approval of the office, the board may
2214 extend such credits for an additional year if the insurer
2215 guarantees an additional year of renewability for all policies
2216 removed from the corporation, or for 2 additional years if the
2217 insurer guarantees 2 additional years of renewability for all
2218 policies so removed.

2219 c. There shall be no credit, limitation, exemption, or
2220 deferment from emergency assessments to be collected from
2221 policyholders pursuant to sub-subparagraph (b)3.d.

2222 4. The plan shall provide for the deferment, in whole or
2223 in part, of the assessment of an assessable insurer, other than
2224 an emergency assessment collected from policyholders pursuant to
2225 sub-subparagraph (b)3.d., if the office finds that payment of
2226 the assessment would endanger or impair the solvency of the
2227 insurer. In the event an assessment against an assessable
2228 insurer is deferred in whole or in part, the amount by which
2229 such assessment is deferred may be assessed against the other

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2230 assessable insurers in a manner consistent with the basis for
 2231 assessments set forth in paragraph (b).

2232 (h) Nothing in this subsection shall be construed to
 2233 preclude the issuance of residential property insurance coverage
 2234 pursuant to part VIII of chapter 626.

2235 (i) There shall be no liability on the part of, and no
 2236 cause of action of any nature shall arise against, any
 2237 assessable insurer or its agents or employees, the corporation
 2238 or its agents or employees, members of the board of governors or
 2239 their respective designees at a board meeting, corporation
 2240 committee members, or the office or its representatives, for any
 2241 action taken by them in the performance of their duties or
 2242 responsibilities under this subsection. Such immunity does not
 2243 apply to:

- 2244 1. Any of the foregoing persons or entities for any
 2245 willful tort;
- 2246 2. The corporation or its producing agents for breach of
 2247 any contract or agreement pertaining to insurance coverage;
- 2248 3. The corporation with respect to issuance or payment of
 2249 debt; or
- 2250 4. Any assessable insurer with respect to any action to
 2251 enforce an assessable insurer's obligations to the corporation
 2252 under this subsection.

2253 (j) For the purposes of s. 199.183(1), the corporation
 2254 shall be considered a political subdivision of the state and
 2255 shall be exempt from the corporate income tax. The premiums,
 2256 assessments, investment income, and other revenue of the
 2257 corporation are funds received for providing property insurance

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2258 coverage as required by this subsection, paying claims for
2259 Florida citizens insured by the corporation, securing and
2260 repaying debt obligations issued by the corporation, and
2261 conducting all other activities of the corporation, and shall
2262 not be considered taxes, fees, licenses, or charges for services
2263 imposed by the Legislature on individuals, businesses, or
2264 agencies outside state government. Bonds and other debt
2265 obligations issued by or on behalf of the corporation are not to
2266 be considered "state bonds" within the meaning of s. 215.58(8).
2267 The corporation is not subject to the procurement provisions of
2268 chapter 287, and policies and decisions of the corporation
2269 relating to incurring debt, levying of assessments and the sale,
2270 issuance, continuation, terms and claims under corporation
2271 policies, and all services relating thereto, are not subject to
2272 the provisions of chapter 120. The corporation is not required
2273 to obtain or to hold a certificate of authority issued by the
2274 office, nor is it required to participate as a member insurer of
2275 the Florida Insurance Guaranty Association. However, the
2276 corporation is required to pay, in the same manner as an
2277 authorized insurer, assessments pledged by the Florida Insurance
2278 Guaranty Association to secure bonds issued or other
2279 indebtedness incurred to pay covered claims arising from insurer
2280 insolvencies caused by, or proximately related to, hurricane
2281 losses. It is the intent of the Legislature that the tax
2282 exemptions provided in this paragraph will augment the financial
2283 resources of the corporation to better enable the corporation to
2284 fulfill its public purposes. Any bonds issued by the
2285 corporation, their transfer, and the income therefrom, including

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2286 any profit made on the sale thereof, shall at all times be free
2287 from taxation of every kind by the state and any political
2288 subdivision or local unit or other instrumentality thereof;
2289 however, this exemption does not apply to any tax imposed by
2290 chapter 220 on interest, income, or profits on debt obligations
2291 owned by corporations other than the corporation.

2292 (k) Upon a determination by the office that the conditions
2293 giving rise to the establishment and activation of the
2294 corporation no longer exist, the corporation is dissolved. Upon
2295 dissolution, the assets of the corporation shall be applied
2296 first to pay all debts, liabilities, and obligations of the
2297 corporation, including the establishment of reasonable reserves
2298 for any contingent liabilities or obligations, and all remaining
2299 assets of the corporation shall become property of the state and
2300 shall be deposited in the Florida Hurricane Catastrophe Fund.
2301 However, no dissolution shall take effect as long as the
2302 corporation has bonds or other financial obligations outstanding
2303 unless adequate provision has been made for the payment of the
2304 bonds or other financial obligations pursuant to the documents
2305 authorizing the issuance of the bonds or other financial
2306 obligations.

2307 (l)1. Effective July 1, 2002, policies of the Residential
2308 Property and Casualty Joint Underwriting Association shall
2309 become policies of the corporation. All obligations, rights,
2310 assets and liabilities of the Residential Property and Casualty
2311 Joint Underwriting Association, including bonds, note and debt
2312 obligations, and the financing documents pertaining to them
2313 become those of the corporation as of July 1, 2002. The

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2314 corporation is not required to issue endorsements or
2315 certificates of assumption to insureds during the remaining term
2316 of in-force transferred policies.

2317 2. Effective July 1, 2002, policies of the Florida
2318 Windstorm Underwriting Association are transferred to the
2319 corporation and shall become policies of the corporation. All
2320 obligations, rights, assets, and liabilities of the Florida
2321 Windstorm Underwriting Association, including bonds, note and
2322 debt obligations, and the financing documents pertaining to them
2323 are transferred to and assumed by the corporation on July 1,
2324 2002. The corporation is not required to issue endorsement or
2325 certificates of assumption to insureds during the remaining term
2326 of in-force transferred policies.

2327 3. The Florida Windstorm Underwriting Association and the
2328 Residential Property and Casualty Joint Underwriting Association
2329 shall take all actions as may be proper to further evidence the
2330 transfers and shall provide the documents and instruments of
2331 further assurance as may reasonably be requested by the
2332 corporation for that purpose. The corporation shall execute
2333 assumptions and instruments as the trustees or other parties to
2334 the financing documents of the Florida Windstorm Underwriting
2335 Association or the Residential Property and Casualty Joint
2336 Underwriting Association may reasonably request to further
2337 evidence the transfers and assumptions, which transfers and
2338 assumptions, however, are effective on the date provided under
2339 this paragraph whether or not, and regardless of the date on
2340 which, the assumptions or instruments are executed by the
2341 corporation. Subject to the relevant financing documents

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2342 | pertaining to their outstanding bonds, notes, indebtedness, or
2343 | other financing obligations, the moneys, investments,
2344 | receivables, choses in action, and other intangibles of the
2345 | Florida Windstorm Underwriting Association shall be credited to
2346 | the high-risk account of the corporation, and those of the
2347 | personal lines residential coverage account and the commercial
2348 | lines residential coverage account of the Residential Property
2349 | and Casualty Joint Underwriting Association shall be credited to
2350 | the personal lines account and the commercial lines account,
2351 | respectively, of the corporation.

2352 | ~~4. Effective July 1, 2002, a new applicant for property~~
2353 | ~~insurance coverage who would otherwise have been eligible for~~
2354 | ~~coverage in the Florida Windstorm Underwriting Association is~~
2355 | ~~eligible for coverage from the corporation as provided in this~~
2356 | ~~subsection.~~

2357 | 4.5. The transfer of all policies, obligations, rights,
2358 | assets, and liabilities from the Florida Windstorm Underwriting
2359 | Association to the corporation and the renaming of the
2360 | Residential Property and Casualty Joint Underwriting Association
2361 | as the corporation shall in no way affect the coverage with
2362 | respect to covered policies as defined in s. 215.555(2)(c)
2363 | provided to these entities by the Florida Hurricane Catastrophe
2364 | Fund. The coverage provided by the Florida Hurricane Catastrophe
2365 | Fund to the Florida Windstorm Underwriting Association based on
2366 | its exposures as of June 30, 2002, and each June 30 thereafter
2367 | shall be redesignated as coverage for the high-risk account of
2368 | the corporation. Notwithstanding any other provision of law, the
2369 | coverage provided by the Florida Hurricane Catastrophe Fund to

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2370 the Residential Property and Casualty Joint Underwriting
2371 Association based on its exposures as of June 30, 2002, and each
2372 June 30 thereafter shall be transferred to the personal lines
2373 account and the commercial lines account of the corporation.
2374 Notwithstanding any other provision of law, the high-risk
2375 account shall be treated, for all Florida Hurricane Catastrophe
2376 Fund purposes, as if it were a separate participating insurer
2377 with its own exposures, reimbursement premium, and loss
2378 reimbursement. Likewise, the personal lines and commercial lines
2379 accounts shall be viewed together, for all Florida Hurricane
2380 Catastrophe Fund purposes, as if the two accounts were one and
2381 represent a single, separate participating insurer with its own
2382 exposures, reimbursement premium, and loss reimbursement. The
2383 coverage provided by the Florida Hurricane Catastrophe Fund to
2384 the corporation shall constitute and operate as a full transfer
2385 of coverage from the Florida Windstorm Underwriting Association
2386 and Residential Property and Casualty Joint Underwriting to the
2387 corporation.

2388 (m) Notwithstanding any other provision of law:

2389 1. The pledge or sale of, the lien upon, and the security
2390 interest in any rights, revenues, or other assets of the
2391 corporation created or purported to be created pursuant to any
2392 financing documents to secure any bonds or other indebtedness of
2393 the corporation shall be and remain valid and enforceable,
2394 notwithstanding the commencement of and during the continuation
2395 of, and after, any rehabilitation, insolvency, liquidation,
2396 bankruptcy, receivership, conservatorship, reorganization, or

2397 similar proceeding against the corporation under the laws of
 2398 this state.

2399 2. No such proceeding shall relieve the corporation of its
 2400 obligation, or otherwise affect its ability to perform its
 2401 obligation, to continue to collect, or levy and collect,
 2402 assessments, market equalization or other surcharges under
 2403 subparagraph (c)10., or any other rights, revenues, or other
 2404 assets of the corporation pledged pursuant to any financing
 2405 documents.

2406 3. Each such pledge or sale of, lien upon, and security
 2407 interest in, including the priority of such pledge, lien, or
 2408 security interest, any such assessments, market equalization or
 2409 other surcharges, or other rights, revenues, or other assets
 2410 which are collected, or levied and collected, after the
 2411 commencement of and during the pendency of, or after, any such
 2412 proceeding shall continue unaffected by such proceeding. As used
 2413 in this subsection, the term "financing documents" means any
 2414 agreement or agreements, instrument or instruments, or other
 2415 document or documents now existing or hereafter created
 2416 evidencing any bonds or other indebtedness of the corporation or
 2417 pursuant to which any such bonds or other indebtedness has been
 2418 or may be issued and pursuant to which any rights, revenues, or
 2419 other assets of the corporation are pledged or sold to secure
 2420 the repayment of such bonds or indebtedness, together with the
 2421 payment of interest on such bonds or such indebtedness, or the
 2422 payment of any other obligation or financial product, as defined
 2423 in the plan of operation of the corporation related to such
 2424 bonds or indebtedness.

2425 4. Any such pledge or sale of assessments, revenues,
 2426 contract rights, or other rights or assets of the corporation
 2427 shall constitute a lien and security interest, or sale, as the
 2428 case may be, that is immediately effective and attaches to such
 2429 assessments, revenues, or contract rights or other rights or
 2430 assets, whether or not imposed or collected at the time the
 2431 pledge or sale is made. Any such pledge or sale is effective,
 2432 valid, binding, and enforceable against the corporation or other
 2433 entity making such pledge or sale, and valid and binding against
 2434 and superior to any competing claims or obligations owed to any
 2435 other person or entity, including policyholders in this state,
 2436 asserting rights in any such assessments, revenues, or contract
 2437 rights or other rights or assets to the extent set forth in and
 2438 in accordance with the terms of the pledge or sale contained in
 2439 the applicable financing documents, whether or not any such
 2440 person or entity has notice of such pledge or sale and without
 2441 the need for any physical delivery, recordation, filing, or
 2442 other action.

2443 (n)1. The following records of the corporation are
 2444 confidential and exempt from the provisions of s. 119.07(1) and
 2445 s. 24(a), Art. I of the State Constitution:

2446 a. Underwriting files, except that a policyholder or an
 2447 applicant shall have access to his or her own underwriting
 2448 files.

2449 b. Claims files, until termination of all litigation and
 2450 settlement of all claims arising out of the same incident,
 2451 although portions of the claims files may remain exempt, as
 2452 otherwise provided by law. Confidential and exempt claims file

2453 records may be released to other governmental agencies upon
2454 written request and demonstration of need; such records held by
2455 the receiving agency remain confidential and exempt as provided
2456 for herein.

2457 c. Records obtained or generated by an internal auditor
2458 pursuant to a routine audit, until the audit is completed, or if
2459 the audit is conducted as part of an investigation, until the
2460 investigation is closed or ceases to be active. An investigation
2461 is considered "active" while the investigation is being
2462 conducted with a reasonable, good faith belief that it could
2463 lead to the filing of administrative, civil, or criminal
2464 proceedings.

2465 d. Matters reasonably encompassed in privileged attorney-
2466 client communications.

2467 e. Proprietary information licensed to the corporation
2468 under contract and the contract provides for the confidentiality
2469 of such proprietary information.

2470 f. All information relating to the medical condition or
2471 medical status of a corporation employee which is not relevant
2472 to the employee's capacity to perform his or her duties, except
2473 as otherwise provided in this paragraph. Information which is
2474 exempt shall include, but is not limited to, information
2475 relating to workers' compensation, insurance benefits, and
2476 retirement or disability benefits.

2477 g. Upon an employee's entrance into the employee
2478 assistance program, a program to assist any employee who has a
2479 behavioral or medical disorder, substance abuse problem, or
2480 emotional difficulty which affects the employee's job

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2481 performance, all records relative to that participation shall be
 2482 confidential and exempt from the provisions of s. 119.07(1) and
 2483 s. 24(a), Art. I of the State Constitution, except as otherwise
 2484 provided in s. 112.0455(11).

2485 h. Information relating to negotiations for financing,
 2486 reinsurance, depopulation, or contractual services, until the
 2487 conclusion of the negotiations.

2488 i. Minutes of closed meetings regarding underwriting
 2489 files, and minutes of closed meetings regarding an open claims
 2490 file until termination of all litigation and settlement of all
 2491 claims with regard to that claim, except that information
 2492 otherwise confidential or exempt by law will be redacted.

2493
 2494 When an authorized insurer is considering underwriting a risk
 2495 insured by the corporation, relevant underwriting files and
 2496 confidential claims files may be released to the insurer
 2497 provided the insurer agrees in writing, notarized and under
 2498 oath, to maintain the confidentiality of such files. When a file
 2499 is transferred to an insurer that file is no longer a public
 2500 record because it is not held by an agency subject to the
 2501 provisions of the public records law. Underwriting files and
 2502 confidential claims files may also be released to staff of and
 2503 the board of governors of the market assistance plan established
 2504 pursuant to s. 627.3515, who must retain the confidentiality of
 2505 such files, except such files may be released to authorized
 2506 insurers that are considering assuming the risks to which the
 2507 files apply, provided the insurer agrees in writing, notarized
 2508 and under oath, to maintain the confidentiality of such files.

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2509 Finally, the corporation or the board or staff of the market
2510 assistance plan may make the following information obtained from
2511 underwriting files and confidential claims files available to
2512 licensed general lines insurance agents: name, address, and
2513 telephone number of the residential property owner or insured;
2514 location of the risk; rating information; loss history; and
2515 policy type. The receiving licensed general lines insurance
2516 agent must retain the confidentiality of the information
2517 received.

2518 2. Portions of meetings of the corporation are exempt from
2519 the provisions of s. 286.011 and s. 24(b), Art. I of the State
2520 Constitution wherein confidential underwriting files or
2521 confidential open claims files are discussed. All portions of
2522 corporation meetings which are closed to the public shall be
2523 recorded by a court reporter. The court reporter shall record
2524 the times of commencement and termination of the meeting, all
2525 discussion and proceedings, the names of all persons present at
2526 any time, and the names of all persons speaking. No portion of
2527 any closed meeting shall be off the record. Subject to the
2528 provisions hereof and s. 119.07(1)(b)-(d), the court reporter's
2529 notes of any closed meeting shall be retained by the corporation
2530 for a minimum of 5 years. A copy of the transcript, less any
2531 exempt matters, of any closed meeting wherein claims are
2532 discussed shall become public as to individual claims after
2533 settlement of the claim.

2534 (o) It is the intent of the Legislature that the
2535 amendments to this subsection enacted in 2002 should, over time,
2536 reduce the probable maximum windstorm losses in the residual

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2537 markets and should reduce the potential assessments to be levied
2538 on property insurers and policyholders statewide. In furtherance
2539 of this intent:

2540 1. The board shall, on or before February 1 of each year,
2541 provide a report to the President of the Senate and the Speaker
2542 of the House of Representatives showing the reduction or
2543 increase in the 100-year probable maximum loss attributable to
2544 wind-only coverages and the quota share program under this
2545 subsection combined, as compared to the benchmark 100-year
2546 probable maximum loss of the Florida Windstorm Underwriting
2547 Association. For purposes of this paragraph, the benchmark 100-
2548 year probable maximum loss of the Florida Windstorm Underwriting
2549 Association shall be the calculation dated February 2001 and
2550 based on November 30, 2000, exposures. In order to ensure
2551 comparability of data, the board shall use the same methods for
2552 calculating its probable maximum loss as were used to calculate
2553 the benchmark probable maximum loss. The reduction or increase
2554 in probable maximum loss shall be calculated without taking into
2555 account the probable maximum loss attributable to the
2556 nonhomestead account.

2557 2. Beginning February 1, 2013 ~~2007~~, if the report under
2558 subparagraph 1. for any year indicates that the 100-year
2559 probable maximum loss attributable to wind-only coverages and
2560 the quota share program combined does not reflect a reduction of
2561 at least 25 percent from the benchmark, the board shall reduce
2562 the boundaries of the high-risk area eligible for wind-only
2563 coverages under this subsection in a manner calculated to reduce

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2564 such probable maximum loss to an amount at least 25 percent
2565 below the benchmark.

2566 3. Beginning February 1, 2018 ~~2012~~, if the report under
2567 subparagraph 1. for any year indicates that the 100-year
2568 probable maximum loss attributable to wind-only coverages and
2569 the quota share program combined does not reflect a reduction of
2570 at least 50 percent from the benchmark, the boundaries of the
2571 high-risk area eligible for wind-only coverages under this
2572 subsection shall be reduced by the elimination of any area that
2573 is not seaward of a line 1,000 feet inland from the Intracoastal
2574 Waterway.

2575 (p) In enacting the provisions of this section, the
2576 Legislature recognizes that both the Florida Windstorm
2577 Underwriting Association and the Residential Property and
2578 Casualty Joint Underwriting Association have entered into
2579 financing arrangements that obligate each entity to service its
2580 debts and maintain the capacity to repay funds secured under
2581 these financing arrangements. It is the intent of the
2582 Legislature that nothing in this section be construed to
2583 compromise, diminish, or interfere with the rights of creditors
2584 under such financing arrangements. It is further the intent of
2585 the Legislature to preserve the obligations of the Florida
2586 Windstorm Underwriting Association and Residential Property and
2587 Casualty Joint Underwriting Association with regard to
2588 outstanding financing arrangements, with such obligations
2589 passing entirely and unchanged to the corporation and,
2590 specifically, to the applicable account of the corporation. So
2591 long as any bonds, notes, indebtedness, or other financing

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2592 obligations of the Florida Windstorm Underwriting Association or
2593 the Residential Property and Casualty Joint Underwriting
2594 Association are outstanding, under the terms of the financing
2595 documents pertaining to them, the governing board of the
2596 corporation shall have and shall exercise the authority to levy,
2597 charge, collect, and receive all premiums, assessments,
2598 surcharges, charges, revenues, and receipts that the
2599 associations had authority to levy, charge, collect, or receive
2600 under the provisions of subsection (2) and this subsection,
2601 respectively, as they existed on January 1, 2002, to provide
2602 moneys, without exercise of the authority provided by this
2603 subsection, in at least the amounts, and by the times, as would
2604 be provided under those former provisions of subsection (2) or
2605 this subsection, respectively, so that the value, amount, and
2606 collectability of any assets, revenues, or revenue source
2607 pledged or committed to, or any lien thereon securing such
2608 outstanding bonds, notes, indebtedness, or other financing
2609 obligations will not be diminished, impaired, or adversely
2610 affected by the amendments made by this act and to permit
2611 compliance with all provisions of financing documents pertaining
2612 to such bonds, notes, indebtedness, or other financing
2613 obligations, or the security or credit enhancement for them, and
2614 any reference in this subsection to bonds, notes, indebtedness,
2615 financing obligations, or similar obligations, of the
2616 corporation shall include like instruments or contracts of the
2617 Florida Windstorm Underwriting Association and the Residential
2618 Property and Casualty Joint Underwriting Association to the

2619 extent not inconsistent with the provisions of the financing
 2620 documents pertaining to them.

2621 (q) The corporation shall not require the securing of
 2622 flood insurance as a condition of coverage if the insured or
 2623 applicant executes a form approved by the office affirming that
 2624 flood insurance is not provided by the corporation and that if
 2625 flood insurance is not secured by the applicant or insured in
 2626 addition to coverage by the corporation, the risk will not be
 2627 covered for flood damage. A corporation policyholder electing
 2628 not to secure flood insurance and executing a form as provided
 2629 herein making a claim for water damage against the corporation
 2630 shall have the burden of proving the damage was not caused by
 2631 flooding. Notwithstanding other provisions of this subsection,
 2632 the corporation may deny coverage to an applicant or insured who
 2633 refuses to execute the form described herein.

2634 (r) A salaried employee of the corporation who performs
 2635 policy administration services subsequent to the effectuation of
 2636 a corporation policy is not required to be licensed as an agent
 2637 under the provisions of s. 626.112.

2638 (s) The transition to homestead and nonhomestead accounts
 2639 shall begin on October 1, 2006. A policy issued on or after that
 2640 date shall be issued in the applicable homestead account or the
 2641 nonhomestead account, based upon whether the property
 2642 constitutes homestead property as provided in subparagraph (b)2.
 2643 A policy in effect on October 1, 2006, shall be placed in the
 2644 applicable homestead account or the nonhomestead account, based
 2645 upon whether the property constitutes homestead property as
 2646 provided in subparagraph (b)2., upon the first renewal of such

2647 policy after October 1, 2006.

2648 (t) Any employee of the corporation whose position is
 2649 managerial, policymaking, or professional in nature and all
 2650 members of the corporation's board of governors shall comply
 2651 with the Code of Ethics for public officers and employers found
 2652 in ss. 112.311-112.326.

2653 (u) An employee of the corporation shall notify the
 2654 Division of Insurance Fraud within 48 hours after having
 2655 information that would lead a reasonable person to suspect that
 2656 fraud may have been committed by any employee of the
 2657 corporation.

2658 (v) By February 1, 2007, the corporation shall submit a
 2659 report to the President of the Senate, the Speaker of the House
 2660 of Representatives, the minority party leaders of the Senate and
 2661 the House of Representatives, and the chairs of the standing
 2662 committees of the Senate and the House of Representatives having
 2663 jurisdiction over matters relating to property and casualty
 2664 insurance. In preparing the report, the corporation shall
 2665 consult with the Office of Insurance Regulation, the Department
 2666 of Financial Services, and any other party the corporation
 2667 determines is appropriate. The report shall include findings and
 2668 recommendations on the feasibility of requiring authorized
 2669 insurers that issue and service personal and commercial
 2670 residential policies and commercial nonresidential policies that
 2671 provide coverage for basic property perils except for the peril
 2672 of wind to issue and service for a fee personal and commercial
 2673 residential policies and commercial nonresidential policies
 2674 providing coverage for the peril of wind issued by the

2675 corporation. The report shall include:

2676 1. The expense savings to the corporation of issuing and
 2677 servicing such policies as determined through a cost benefit
 2678 analysis.

2679 2. The expenses and liability to authorized insurers
 2680 associated with issuing and servicing such policies.

2681 3. The impact on service to policyholders of the
 2682 corporation relating to issuing and servicing such policies.

2683 4. The impact on the producing agent of the corporation of
 2684 issuing and servicing such policies.

2685 5. Recommendations as to the amount of the fee that should
 2686 be paid to authorized insurers for issuing and servicing such
 2687 policies.

2688 6. The impact issuing and servicing such policies will
 2689 have on the corporation's number of policies, total insured
 2690 value, and probable maximum loss.

2691 (w) There shall be no liability on the part of, and no
 2692 cause of action of any nature shall arise against, producing
 2693 agents of record or their employees for any action taken by them
 2694 in the performance of their duties or responsibilities relating
 2695 to the removal of policies from the corporation. Such immunity
 2696 only applies to actions that may arise due to differences in
 2697 coverage or procedures between any take-out insurer and the
 2698 corporation or for insolvency of any take-out insurer.

2699 (x) The Legislature finds that the total area eligible for
 2700 the high-risk account of the corporation has a material impact
 2701 on the availability of wind coverage from the voluntary admitted
 2702 market, deficits of the corporation, assessments to be levied on

2703 property insurers and policyholders statewide, the ability and
 2704 willingness of authorized insurers to write wind coverage in the
 2705 high-risk areas, the probable maximum windstorm losses of the
 2706 corporation, general commerce in coastal areas, and the overall
 2707 financial condition of the state. Therefore, in furtherance of
 2708 these findings and intent:

- 2709 1. The High Risk Eligibility Panel is created.
- 2710 2. The members of the panel shall be appointed as follows:
 - 2711 a. The board shall appoint two board members.
 - 2712 b. The Governor shall appoint one member.
 - 2713 c. The Chief Financial Officer shall appoint one member.
 - 2714 d. The Commissioner of Insurance Regulation shall appoint
 2715 a representative of the office to serve as a member.
 - 2716 e. The President of the Senate shall appoint one member.
 - 2717 f. The Speaker of the House of Representatives shall
 2718 appoint one member.

2719

2720 Members of the panel must be residents of this state with
 2721 insurance expertise. Members shall elect a chair and shall serve
 2722 3-year terms each. The panel shall operate independently of any
 2723 state agency and shall be administered by the corporation. The
 2724 panel shall make an annual report to the President of the Senate
 2725 and the Speaker of the House of Representatives on or before
 2726 February 1 of each year recommending the areas that should be
 2727 eligible for the high-risk account of the corporation. Members
 2728 shall not receive compensation and are not entitled to receive
 2729 reimbursement for per diem and travel expenses as provided in s.
 2730 112.061, except for any panel member who is a state employee.

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2731 3. The Legislature's intent provided in subparagraphs
2732 (a)1. and 2. shall provide guidance for the panel to use in the
2733 panel's recommendations to the Legislature required in
2734 subparagraph 1. The panel shall consider the following factors
2735 in fulfilling its responsibilities under this paragraph:

2736 a. The number of commercial risks in a given area that are
2737 unable to find wind coverage from the voluntary admitted market.

2738 b. Reports from members of the mortgage industry
2739 indicating difficulty in finding forced placed policies for
2740 commercial wind coverage.

2741 c. The number of approved excess and surplus lines
2742 carriers certifying an unwillingness to provide commercial wind
2743 coverage similar to that approved for use by the office for the
2744 voluntary admitted market.

2745 d. Other relevant factors.

2746
2747 The office and the corporation shall provide the panel with any
2748 information the panel considers necessary to determine areas
2749 eligible for the high-risk account of the corporation. For the
2750 purpose of making accurate determinations for areas eligible for
2751 the high-risk account of the corporation, the panel may
2752 interview and request and receive information from residents of
2753 this state in areas impacted by this paragraph, including, but
2754 not limited to, insurance agents, insurance companies,
2755 actuaries, and other insurance professionals. Upon request of
2756 the panel, the office may conduct public hearings in areas that
2757 may be impacted by the panel's recommendations.

2758 4. Notwithstanding other provisions of this paragraph, the

2759 panel shall conduct an analysis to determine the areas to be
 2760 eligible for the high-risk account of the corporation for any
 2761 county that contains an eligible area extending more than 2
 2762 miles from the coast, any coastal county that does not have
 2763 areas designated as eligible for the high-risk account, and
 2764 counties with barrier islands whether or not such islands or
 2765 portions of such islands are currently eligible for the high
 2766 risk account. The panel shall submit a report, including its
 2767 analysis, to the office and to the corporation by November 30,
 2768 2006. The report shall specify changes to the areas eligible for
 2769 the high-risk account for such affected counties based on its
 2770 analysis.

2771 Section 10. Paragraph (b) of subsection (3) of section
 2772 627.4035, Florida Statutes, is amended, and subsection (4) is
 2773 added to that section, to read:

2774 627.4035 Cash payment of premiums; claims.--

2775 (3) All payments of claims made in this state under any
 2776 contract of insurance shall be paid:

2777 (b) If authorized in writing by the recipient or the
 2778 recipient's representative, by debit card or any other form of
 2779 electronic transfer. Any fees or costs to be charged against the
 2780 recipient must be disclosed in writing to the recipient or the
 2781 recipient's representative at the time of written authorization.
 2782 However, the written authorization requirement may be waived by
 2783 the recipient or the recipient's representative if the insurer
 2784 verifies the identity of the insured or the insured's recipient
 2785 and does not charge a fee for the transaction. If the funds are

2786 misdirected, the insurer would remain liable for the payment of
 2787 the claim.

2788 (4) Nothing in this section shall be construed as
 2789 prohibiting an insurer from limiting its liability under a
 2790 policy or endorsement providing that loss will be adjusted on
 2791 the basis of replacement costs to the lesser of:

2792 (a) The limit of liability shown on the policy
 2793 declarations page;

2794 (b) The reasonable and necessary cost to repair the
 2795 damaged, destroyed, or stolen covered property; or

2796 (c) The reasonable and necessary cost to replace the
 2797 damaged, destroyed, or stolen covered property.

2798 Section 11. Subsections (2) and (3) of section 627.7011,
 2799 Florida Statutes, are amended, and subsection (6) is added to
 2800 that section, to read:

2801 627.7011 Homeowners' policies; offer of replacement cost
 2802 coverage and law and ordinance coverage.--

2803 (2) Unless the insurer obtains the policyholder's written
 2804 refusal of the policies or endorsements specified in subsection
 2805 (1), any policy covering the dwelling is deemed to include the
 2806 law and ordinance coverage limited to 25 percent of the dwelling
 2807 limit ~~specified in paragraph (1)(b)~~. The rejection or selection
 2808 of alternative coverage shall be made on a form approved by the
 2809 office. The form shall fully advise the applicant of the nature
 2810 of the coverage being rejected. If this form is signed by a
 2811 named insured, it will be conclusively presumed that there was
 2812 an informed, knowing rejection of the coverage or election of
 2813 the alternative coverage on behalf of all insureds. Unless the

2814 policyholder requests in writing the coverage specified in this
 2815 section, it need not be provided in or supplemental to any other
 2816 policy that renews, insures, extends, changes, supersedes, or
 2817 replaces an existing policy when the policyholder has rejected
 2818 the coverage specified in this section or has selected
 2819 alternative coverage. The insurer must provide such policyholder
 2820 with notice of the availability of such coverage in a form
 2821 approved by the office at least once every 3 years. The failure
 2822 to provide such notice constitutes a violation of this code, but
 2823 does not affect the coverage provided under the policy.

2824 (3) In the event of a loss for which a dwelling ~~or~~
 2825 ~~personal property~~ is insured on the basis of replacement costs,
 2826 the insurer shall pay the replacement cost without reservation
 2827 or holdback of any depreciation in value, whether or not the
 2828 insured replaces or repairs the dwelling ~~or property~~.

2829 (6) Insurers shall issue separate checks for living
 2830 expenses, contents, and casualty proceeds. Checks for living
 2831 expenses and contents should be issued directly to the
 2832 policyholder.

2833 Section 12. Effective upon this act becoming a law,
 2834 section 627.7019, Florida Statutes, is created to read:

2835 627.7019 Standardization of requirements applicable to
 2836 insurers after natural disasters.--

2837 (1) The commission shall adopt by rule, pursuant to s.
 2838 120.54(1)-(3), standardized requirements that may be applied to
 2839 insurers as a consequence of a hurricane or other natural
 2840 disaster. The rules shall address the following areas:

2841 (a) Claims reporting requirements.

2842 (b) Grace periods for payment of premiums and performance
 2843 of other duties by insureds.

2844 (c) Temporary postponement of cancellations and
 2845 nonrenewals.

2846 (2) The rules adopted pursuant to this section shall
 2847 require the office to issue an order within 72 hours after the
 2848 occurrence of a hurricane or other natural disaster specifying,
 2849 by line of insurance, which of the standardized requirements
 2850 apply, the geographic areas in which they apply, the time at
 2851 which applicability commences, and the time at which
 2852 applicability terminates.

2853 (3) The commission and the office may not adopt an
 2854 emergency rule under s. 120.54(4) in conflict with any provision
 2855 of the rules adopted under this section.

2856 (4) The commission shall initiate rulemaking under this
 2857 section no later than June 1, 2006.

2858 Section 13. Subsection (5) of section 627.727, Florida
 2859 Statutes, is amended to read:

2860 627.727 Motor vehicle insurance; uninsured and
 2861 underinsured vehicle coverage; insolvent insurer protection.--

2862 (5) Any person having a claim against an insolvent insurer
 2863 as defined in s. 631.54(6)~~(5)~~ under the provisions of this
 2864 section shall present such claim for payment to the Florida
 2865 Insurance Guaranty Association only. In the event of a payment
 2866 to any person in settlement of a claim arising under the
 2867 provisions of this section, the association is not subrogated or
 2868 entitled to any recovery against the claimant's insurer. The
 2869 association, however, has the rights of recovery as set forth in

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2870 chapter 631 in the proceeds recoverable from the assets of the
 2871 insolvent insurer.

2872 Section 14. Paragraph (f) is added to subsection (2) of
 2873 section 631.181, Florida Statutes, to read:

2874 631.181 Filing and proof of claim.--

2875 (2)

2876 (f) The signed statement required by this section shall
 2877 not be required on claims for which adequate claims file
 2878 documentation exists within the records of the insolvent
 2879 insurer. Claims for payment of unearned premium shall not be
 2880 required to use the signed statement required by this section if
 2881 the receiver certifies to the guaranty fund that the records of
 2882 the insolvent insurer are sufficient to determine the amount of
 2883 unearned premium owed to each policyholder of the insurer and
 2884 such information is remitted to the guaranty fund by the
 2885 receiver in electronic or other mutually agreed-upon format.

2886 Section 15. Subsections (5), (6), (7), and (8) of section
 2887 631.54, Florida Statutes, are renumbered as subsections (6),
 2888 (7), (8), and (9), respectively, and a new subsection (5) is
 2889 added to that section, to read:

2890 631.54 Definitions.--As used in this part:

2891 (5) "Homeowner's insurance" means personal lines
 2892 residential property insurance coverage that consists of the
 2893 type of coverage provided under homeowner's, dwelling, and
 2894 similar policies for repair or replacement of the insured
 2895 structure and contents, which policies are written directly to
 2896 the individual homeowner. Residential coverage for personal
 2897 lines as set forth in this section includes policies that

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2898 provide coverage for particular perils such as windstorm and
2899 hurricane coverage but excludes all coverage for mobile homes,
2900 renter's insurance, or tenant's coverage. The term "homeowner's
2901 insurance" excludes commercial residential policies covering
2902 condominium associations or homeowners' associations, which
2903 associations have a responsibility to provide insurance coverage
2904 on residential units within the association, and also excludes
2905 coverage for the common elements of a homeowners' association.

2906 Section 16. Subsection (1) of section 631.55, Florida
2907 Statutes, is amended to read:

2908 631.55 Creation of the association.--

2909 (1) There is created a nonprofit corporation to be known
2910 as the "Florida Insurance Guaranty Association, Incorporated."
2911 All insurers defined as member insurers in s. 631.54 (7) ~~(6)~~ shall
2912 be members of the association as a condition of their authority
2913 to transact insurance in this state, and, further, as a
2914 condition of such authority, an insurer shall agree to reimburse
2915 the association for all claim payments the association makes on
2916 said insurer's behalf if such insurer is subsequently
2917 rehabilitated. The association shall perform its functions under
2918 a plan of operation established and approved under s. 631.58 and
2919 shall exercise its powers through a board of directors
2920 established under s. 631.56. The corporation shall have all
2921 those powers granted or permitted nonprofit corporations, as
2922 provided in chapter 617.

2923 Section 17. Paragraph (a) of subsection (1), paragraph (d)
2924 of subsection (2), and paragraph (a) of subsection (3) of
2925 section 631.57, Florida Statutes, are amended, and paragraph (e)

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2926 is added to subsection (3) of that section, to read:
 2927 631.57 Powers and duties of the association.--
 2928 (1) The association shall:
 2929 (a)1. Be obligated to the extent of the covered claims
 2930 existing:
 2931 a. Prior to adjudication of insolvency and arising within
 2932 30 days after the determination of insolvency;
 2933 b. Before the policy expiration date if less than 30 days
 2934 after the determination; or
 2935 c. Before the insured replaces the policy or causes its
 2936 cancellation, if she or he does so within 30 days of the
 2937 determination.
 2938 2. The obligation under subparagraph 1. shall include only
 2939 the amount of each covered claim that is in excess of \$100 and
 2940 is less than \$300,000, except policies providing coverage for
 2941 homeowner's insurance shall provide for an additional \$200,000
 2942 for the portion of a covered claim that relates only to the
 2943 damage to the structure and contents.
 2944 3.a.2- Notwithstanding subparagraph 2., the obligation
 2945 under subparagraph 1. for shall include only that amount of each
 2946 covered claim which is in excess of \$100 and is less than
 2947 \$300,000, except with respect to policies covering condominium
 2948 associations or homeowners' associations, which associations
 2949 have a responsibility to provide insurance coverage on
 2950 residential units within the association, the obligation shall
 2951 include that amount of each covered property insurance claim
 2952 which is less than \$100,000 multiplied by the number of
 2953 condominium units or other residential units; however, as to

2954 homeowners' associations, this ~~sub-subparagraph~~ subparagraph
 2955 applies only to claims for damage or loss to residential units
 2956 and structures attached to residential units.

2957 b. Notwithstanding sub-subparagraph a., the association
 2958 has no obligation to pay covered claims that are to be paid from
 2959 the proceeds of bonds issued under s. 631.695. However, the
 2960 association shall assign and pledge the first available moneys
 2961 from all or part of the assessments to be made under paragraph
 2962 (3)(a) to or on behalf of the issuer of such bonds for the
 2963 benefit of the holders of such bonds. The association shall
 2964 administer any such covered claims and present valid covered
 2965 claims for payment in accordance with the provisions of the
 2966 assistance program in connection with which such bonds have been
 2967 issued.

2968 3. In no event shall the association be obligated to a
 2969 policyholder or claimant in an amount in excess of the
 2970 obligation of the insolvent insurer under the policy from which
 2971 the claim arises.

2972 (2) The association may:

2973 (d) Negotiate and become a party to such contracts as are
 2974 necessary to carry out the purpose of this part. Additionally,
 2975 the association may enter into such contracts with a
 2976 municipality, a county, or a legal entity created pursuant to s.
 2977 163.01(7)(g) as are necessary in order for the municipality,
 2978 county, or legal entity to issue bonds under s. 631.695. In
 2979 connection with the issuance of any such bonds and the entering
 2980 into of any such necessary contracts, the association may agree

2981 to such terms and conditions as the association deems necessary
 2982 and proper.

2983 (3) (a) To the extent necessary to secure the funds for the
 2984 respective accounts for the payment of covered claims, ~~and also~~
 2985 to pay the reasonable costs to administer the same, and to the
 2986 extent necessary to secure the funds for the account specified
 2987 in s. 631.55(2)(c) or to retire indebtedness, including, without
 2988 limitation, the principal, redemption premium, if any, and
 2989 interest on, and related costs of issuance of, bonds issued
 2990 under s. 631.695 and the funding of any reserves and other
 2991 payments required under the bond resolution or trust indenture
 2992 pursuant to which such bonds have been issued, the office, upon
 2993 certification of the board of directors, shall levy assessments
 2994 in the proportion that each insurer's net direct written
 2995 premiums in this state in the classes protected by the account
 2996 bears to the total of said net direct written premiums received
 2997 in this state by all such insurers for the preceding calendar
 2998 year for the kinds of insurance included within such account.
 2999 Assessments shall be remitted to and administered by the board
 3000 of directors in the manner specified by the approved plan. Each
 3001 insurer so assessed shall have at least 30 days' written notice
 3002 as to the date the assessment is due and payable. Every
 3003 assessment shall be made as a uniform percentage applicable to
 3004 the net direct written premiums of each insurer in the kinds of
 3005 insurance included within the account in which the assessment is
 3006 made. The assessments levied against any insurer shall not
 3007 exceed in any one year more than 2 percent of that insurer's net
 3008 direct written premiums in this state for the kinds of insurance

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3009 included within such account during the calendar year next
3010 preceding the date of such assessments.

3011 (e)1.a. In addition to assessments otherwise authorized in
3012 paragraph (a) and to the extent necessary to secure the funds
3013 for the account specified in s. 631.55(2)(c) or to retire
3014 indebtedness, including, without limitation, the principal,
3015 redemption premium, if any, and interest on, and related costs
3016 of issuance of, bonds issued under s. 631.695 and the funding of
3017 any reserves and other payments required under the bond
3018 resolution or trust indenture pursuant to which such bonds have
3019 been issued, the office, upon certification of the board of
3020 directors, shall levy emergency assessments upon insurers
3021 holding a certificate of authority. The emergency assessments
3022 payable under this paragraph by any insurer shall not exceed in
3023 any single year more than 2 percent of that insurer's direct
3024 written premiums, net of refunds, in this state during the
3025 preceding calendar year for the kinds of insurance within the
3026 account specified in s. 631.55(2)(c).

3027 b. Any emergency assessments authorized under this
3028 paragraph shall be levied by the office upon insurers referred
3029 to in sub-subparagraph a., upon certification as to the need for
3030 such assessments by the board of directors, in each year that
3031 bonds issued under s. 631.695 and secured by such emergency
3032 assessments are outstanding, in such amounts up to such 2-
3033 percent limit as required in order to provide for the full and
3034 timely payment of the principal of, redemption premium, if any,
3035 and interest on, and related costs of issuance of, such bonds.
3036 The emergency assessments provided for in this paragraph are

3037 assigned and pledged to the municipality, county, or legal
 3038 entity issuing bonds under s. 631.695 for the benefit of the
 3039 holders of such bonds, in order to enable such municipality,
 3040 county, or legal entity to provide for the payment of the
 3041 principal of, redemption premium, if any, and interest on such
 3042 bonds, the cost of issuance of such bonds, and the funding of
 3043 any reserves and other payments required under the bond
 3044 resolution or trust indenture pursuant to which such bonds have
 3045 been issued, without the necessity of any further action by the
 3046 association, the office, or any other party. To the extent bonds
 3047 are issued under s. 631.695 and the association determines to
 3048 secure such bonds by a pledge of revenues received from the
 3049 emergency assessments, such bonds, upon such pledge of revenues,
 3050 shall be secured by and payable from the proceeds of such
 3051 emergency assessments, and the proceeds of emergency assessments
 3052 levied under this paragraph shall be remitted directly to and
 3053 administered by the trustee or custodian appointed for such
 3054 bonds.

3055 c. Emergency assessments under this paragraph may be
 3056 payable in a single payment or, at the option of the
 3057 association, may be payable in 12 monthly installments with the
 3058 first installment being due and payable at the end of the month
 3059 after an emergency assessment is levied and subsequent
 3060 installments being due not later than the end of each succeeding
 3061 month.

3062 d. If emergency assessments are imposed, the report
 3063 required by s. 631.695(7) shall include an analysis of the
 3064 revenues generated from the emergency assessments imposed under

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3065 this paragraph.

3066 e. If emergency assessments are imposed, the references in
3067 sub-subparagraph (1)(a)3.b. and s. 631.695(2) and (7) to
3068 assessments levied under paragraph (a) shall include emergency
3069 assessments imposed under this paragraph.

3070 2. In order to ensure that insurers paying emergency
3071 assessments levied under this paragraph continue to charge rates
3072 that are neither inadequate nor excessive, within 90 days after
3073 being notified of such assessments, each insurer that is to be
3074 assessed pursuant to this paragraph shall submit a rate filing
3075 for coverage included within the account specified in s.
3076 631.55(2)(c) and for which rates are required to be filed under
3077 s. 627.062. If the filing reflects a rate change that, as a
3078 percentage, is equal to the difference between the rate of such
3079 assessment and the rate of the previous year's assessment under
3080 this paragraph, the filing shall consist of a certification so
3081 stating and shall be deemed approved when made. Any rate change
3082 of a different percentage shall be subject to the standards and
3083 procedures of s. 627.062.

3084 3. An annual assessment under this paragraph shall
3085 continue while the bonds issued with respect to which the
3086 assessment was imposed are outstanding, including any bonds the
3087 proceeds of which were used to refund bonds issued pursuant to
3088 s. 631.695, unless adequate provision has been made for the
3089 payment of the bonds in the documents authorizing the issuance
3090 of such bonds.

3091 4. Emergency assessments under this paragraph are not
3092 premium and are not subject to the premium tax, to any fees, or

3093 to any commissions. An insurer is liable for all emergency
 3094 assessments that the insurer collects and shall treat the
 3095 failure of an insured to pay an emergency assessment as a
 3096 failure to pay the premium. An insurer is not liable for
 3097 uncollectible emergency assessments.

3098 Section 18. Section 631.695, Florida Statutes, is created
 3099 to read:

3100 631.695 Revenue bond issuance through counties or
 3101 municipalities.--

3102 (1) The Legislature finds:

3103 (a) The potential for widespread and massive damage to
 3104 persons and property caused by hurricanes making landfall in
 3105 this state can generate insurance claims of such a number as to
 3106 render numerous insurers operating within this state insolvent
 3107 and therefore unable to satisfy covered claims.

3108 (b) The inability of insureds within this state to receive
 3109 payment of covered claims or to timely receive such payment
 3110 creates financial and other hardships for such insureds and
 3111 places undue burdens on the state, the affected units of local
 3112 government, and the community at large.

3113 (c) In addition, the failure of insurers to pay covered
 3114 claims or to timely pay such claims due to the insolvency of
 3115 such insurers can undermine the public's confidence in insurers
 3116 operating within this state, thereby adversely affecting the
 3117 stability of the insurance industry in this state.

3118 (d) The state has previously taken action to address these
 3119 problems by adopting the Florida Insurance Guaranty Association
 3120 Act, which, among other things, provides a mechanism for the

3121 payment of covered claims under certain insurance policies to
 3122 avoid excessive delay in payment and to avoid financial loss to
 3123 claimants or policyholders because of the insolvency of an
 3124 insurer.

3125 (e) In the wake of the unprecedented destruction caused by
 3126 various hurricanes that have made landfall in this state, the
 3127 resultant covered claims, and the number of insurers rendered
 3128 insolvent thereby, make it evident that alternative programs
 3129 must be developed to allow the Florida Insurance Guaranty
 3130 Association to more expeditiously and effectively provide for
 3131 the payment of covered claims.

3132 (f) It is therefore determined to be in the best interests
 3133 of, and necessary for, the protection of the public health,
 3134 safety, and general welfare of the residents of this state and
 3135 for the protection and preservation of the economic stability of
 3136 insurers operating in this state and it is declared to be an
 3137 essential public purpose to permit certain municipalities and
 3138 counties to take such actions as will provide relief to
 3139 claimants and policyholders having covered claims against
 3140 insolvent insurers operating in this state by expediting the
 3141 handling and payment of covered claims.

3142 (g) To achieve the foregoing purposes, it is proper to
 3143 authorize municipalities and counties of this state
 3144 substantially affected by the landfall of a hurricane to issue
 3145 bonds to assist the Florida Insurance Guaranty Association in
 3146 expediting the handling and payment of covered claims of
 3147 insolvent insurers.

3148 (h) In order to avoid the needless and indiscriminate

3149 proliferation, duplication, and fragmentation of such assistance
 3150 programs, it is in the best interests of the residents of this
 3151 state to authorize municipalities and counties severely affected
 3152 by a hurricane to provide for the payment of covered claims
 3153 beyond their territorial limits in the implementation of such
 3154 programs.

3155 (i) It is a paramount public purpose for municipalities
 3156 and counties substantially affected by the landfall of a
 3157 hurricane to be able to issue bonds for the purposes described
 3158 in this section. Such issuance shall provide assistance to
 3159 residents of those municipalities and counties as well as to
 3160 other residents of this state.

3161 (2) The governing body of any municipality or county, the
 3162 residents of which have been substantially affected by a
 3163 hurricane, may issue bonds to fund an assistance program in
 3164 conjunction with, and with the consent of, the Florida Insurance
 3165 Guaranty Association for the purpose of paying claimants' or
 3166 policyholders' covered claims, as defined in s. 631.54, arising
 3167 through the insolvency of an insurer, which insolvency is
 3168 determined by the Florida Insurance Guaranty Association to have
 3169 been a result of a hurricane, regardless of whether the
 3170 claimants or policyholders are residents of such municipality or
 3171 county or the property to which the claim relates is located
 3172 within or outside the territorial jurisdiction of the
 3173 municipality or county. The power of a municipality or county to
 3174 issue bonds, as described in this section, is in addition to any
 3175 powers granted by law and may not be abrogated or restricted by
 3176 any provisions in such municipality's or county's charter. A

3177 municipality or county issuing bonds for this purpose shall
 3178 enter into such contracts with the Florida Insurance Guaranty
 3179 Association or any entity acting on behalf of the Florida
 3180 Insurance Guaranty Association as are necessary to implement the
 3181 assistance program. Any bonds issued by a municipality or county
 3182 or a combination thereof under this subsection shall be payable
 3183 from and secured by moneys received by or on behalf of the
 3184 municipality or county from assessments levied under s.
 3185 631.57(3) (a) and assigned and pledged to or on behalf of the
 3186 municipality or county for the benefit of the holders of the
 3187 bonds in connection with the assistance program. The funds,
 3188 credit, property, and taxing power of the state or any
 3189 municipality or county shall not be pledged for the payment of
 3190 such bonds.

3191 (3) Bonds may be validated by the municipality or county
 3192 pursuant to chapter 75. The proceeds of the bonds may be used to
 3193 pay covered claims of insolvent insurers; to refinance or
 3194 replace previously existing borrowings or financial
 3195 arrangements; to pay interest on bonds; to fund reserves for the
 3196 bonds; to pay expenses incident to the issuance or sale of any
 3197 bond issued under this section, including costs of validating,
 3198 printing, and delivering the bonds, costs of printing the
 3199 official statement, costs of publishing notices of sale of the
 3200 bonds, costs of obtaining credit enhancement or liquidity
 3201 support, and related administrative expenses; or for such other
 3202 purposes related to the financial obligations of the fund as the
 3203 association may determine. The term of the bonds may not exceed
 3204 30 years.

3205 (4) The state covenants with holders of bonds of the
3206 assistance program that the state will not take any action that
3207 will have a material adverse effect on the holders and will not
3208 repeal or abrogate the power of the board of directors of the
3209 association to direct the Office of Insurance Regulation to levy
3210 the assessments and to collect the proceeds of the revenues
3211 pledged to the payment of the bonds as long as any of the bonds
3212 remain outstanding, unless adequate provision has been made for
3213 the payment of the bonds in the documents authorizing the
3214 issuance of the bonds.

3215 (5) The accomplishment of the authorized purposes of such
3216 municipality or county under this section is in all respects for
3217 the benefit of the people of the state, for the increase of
3218 their commerce and prosperity, and for the improvement of their
3219 health and living conditions. The municipality or county, in
3220 performing essential governmental functions in accomplishing its
3221 purposes, is not required to pay any taxes or assessments of any
3222 kind whatsoever upon any property acquired or used by the county
3223 or municipality for such purposes or upon any revenues at any
3224 time received by the county or municipality. The bonds, notes,
3225 and other obligations of the municipality or county and the
3226 transfer of and income from such bonds, notes, and other
3227 obligations, including any profits made on the sale of such
3228 bonds, notes, and other obligations, are exempt from taxation of
3229 any kind by the state or by any political subdivision or other
3230 agency or instrumentality of the state. The exemption granted in
3231 this subsection is not applicable to any tax imposed by chapter
3232 220 on interest, income, or profits on debt obligations owned by

3233 corporations.

3234 (6) Two or more municipalities or counties, the residents
 3235 of which have been substantially affected by a hurricane, may
 3236 create a legal entity pursuant to s. 163.01(7)(g) to exercise
 3237 the powers described in this section as well as those powers
 3238 granted in s. 163.01(7)(g). References in this section to a
 3239 municipality or county includes such legal entity.

3240 (7) The association shall issue an annual report on the
 3241 status of the use of bond proceeds as related to insolvencies
 3242 caused by hurricanes. The report must contain the number and
 3243 amount of claims paid. The association shall also include an
 3244 analysis of the revenue generated from the assessment levied
 3245 under s. 631.57(3)(a) to pay such bonds. The association shall
 3246 submit a copy of the report to the President of the Senate, the
 3247 Speaker of the House of Representatives, and the Chief Financial
 3248 Officer within 90 days after the end of each calendar year in
 3249 which bonds were outstanding.

3250 Section 19. No provision of s. 631.57 or s. 631.695,
 3251 Florida Statutes, shall be repealed until such time as the
 3252 principal, redemption premium, if any, and interest on all bonds
 3253 issued under s. 631.695, Florida Statutes, payable and secured
 3254 from assessments levied under s. 631.57(3)(a), Florida Statutes,
 3255 have been paid in full or adequate provision for such payment
 3256 has been made in accordance with the bond resolution or trust
 3257 indenture pursuant to which the bonds were issued.

3258 Section 20. Paragraph (a) of subsection (1) of section
 3259 817.234, Florida Statutes, is amended to read:

3260 817.234 False and fraudulent insurance claims.--

3261 (1) (a) A person commits insurance fraud punishable as
 3262 provided in subsection (11) if that person, with the intent to
 3263 injure, defraud, or deceive any insurer:

3264 1. Presents or causes to be presented any written or oral
 3265 statement as part of, or in support of, a claim for payment or
 3266 other benefit pursuant to an insurance policy or a health
 3267 maintenance organization subscriber or provider contract,
 3268 knowing that such statement contains any false, incomplete, or
 3269 misleading information concerning any fact or thing material to
 3270 such claim;

3271 2. Prepares or makes any written or oral statement that is
 3272 intended to be presented to any insurer in connection with, or
 3273 in support of, any claim for payment or other benefit pursuant
 3274 to an insurance policy or a health maintenance organization
 3275 subscriber or provider contract, knowing that such statement
 3276 contains any false, incomplete, or misleading information
 3277 concerning any fact or thing material to such claim; or

3278 3.a. Knowingly presents, causes to be presented, or
 3279 prepares or makes with knowledge or belief that it will be
 3280 presented to any insurer, purported insurer, servicing
 3281 corporation, insurance broker, or insurance agent, or any
 3282 employee or agent thereof, any false, incomplete, or misleading
 3283 information or written or oral statement as part of, or in
 3284 support of, an application for the issuance of, or the rating
 3285 of, any insurance policy, or a health maintenance organization
 3286 subscriber or provider contract, including any false declaration
 3287 of homestead status for the purpose of obtaining coverage in a
 3288 homestead account under s. 627.351(6); or

3289 b. Who knowingly conceals information concerning any fact
3290 material to such application.

3291 Section 21. Task Force on Hurricane Mitigation and
3292 Hurricane Insurance for Mobile and Manufactured Homes.--

3293 (1) TASK FORCE CREATED.--There is created the Task Force
3294 on Hurricane Mitigation and Hurricane Insurance for Mobile and
3295 Manufactured Homes.

3296 (2) ADMINISTRATION.--The task force shall be
3297 administratively housed within the Office of Insurance
3298 Regulation but shall operate independently of any state officer
3299 or agency. The office shall provide such administrative support
3300 as the task force deems necessary to accomplish its mission and
3301 shall provide necessary funding for the task force within the
3302 office's existing resources. The Executive Office of the
3303 Governor, the Department of Financial Services, the Office of
3304 Insurance Regulation, the Department of Highway Safety and Motor
3305 Vehicles, and the Department of Community Affairs shall provide
3306 substantive staff support for the task force.

3307 (3) MEMBERSHIP.--The members of the task force shall be
3308 appointed as follows:

3309 (a) The Governor shall appoint two members who have
3310 expertise in financial matters, one of whom is a representative
3311 of the mobile or manufactured home industry and one of whom is a
3312 representative of insurance consumers.

3313 (b) The Chief Financial Officer shall appoint two members
3314 who have expertise in financial matters, one of whom is a
3315 representative of a property insurer writing mobile or
3316 manufactured homeowners insurance in this state and one of whom

3317 is a representative of insurance agents.
 3318 (c) The President of the Senate shall appoint one member.
 3319 (d) The Speaker of the House of Representatives shall
 3320 appoint one member.
 3321 (e) The Commissioner of Insurance Regulation or his or her
 3322 designee shall serve as an ex officio voting member of the task
 3323 force.
 3324 (f) The Executive Director of Citizens Property Insurance
 3325 or his or her designee shall serve as an ex officio voting
 3326 member of the task force.
 3327 (g) The Chief Executive Officer of the Federal Alliance
 3328 for Safe Homes, Incorporated or his or her designee shall serve
 3329 as an ex officio voting member of the task force.
 3330
 3331 Members of the task force shall serve without compensation but
 3332 may receive reimbursement for per diem and travel expenses as
 3333 provided in s. 112.061, Florida Statutes.
 3334 (4) PURPOSE AND INTENT.--The Legislature recognizes the
 3335 continued availability of hurricane insurance coverage for
 3336 mobile and manufactured home owners in this state is essential
 3337 to the state's economic survival. The Legislature further
 3338 recognizes hurricane mitigation measures and building codes may
 3339 reduce the likelihood or amount of damage to mobile or
 3340 manufactured homes in the event of a hurricane. The Legislature
 3341 further recognizes mobile and manufactured homes provide safe
 3342 and affordable housing to many residents of this state. The
 3343 purpose of the task force is to make recommendations to the
 3344 legislative and executive branches of this state's government

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3345 relating to the creation and maintenance of insurance capacity
3346 in the private sector and public sector that is sufficient to
3347 ensure that all mobile and manufactured home owners in this
3348 state are able to obtain appropriate insurance coverage for
3349 hurricane losses and relating to the effectiveness of hurricane
3350 mitigation measures for mobile or manufactured homes as further
3351 described in this section.

3352 (5) SPECIFIC TASKS.--The task force shall conduct such
3353 research and hearings as the task force deems necessary to
3354 achieve the purposes specified in subsection (4) and shall
3355 develop information on relevant issues, including, but not
3356 limited to, the following issues:

3357 (a) Whether this state currently has sufficient hurricane
3358 insurance capacity for mobile and manufactured homes to ensure
3359 the continuation of a healthy, competitive marketplace, taking
3360 into consideration private-sector and public-sector resources.

3361 (b) Identifying the future demands on the hurricane
3362 insurance capacity of this state, taking into account population
3363 growth, coastal growth, and anticipated future hurricane
3364 activity.

3365 (c) Identifying how many mobile or manufactured homes are
3366 occupied in this state, how many mobile or manufactured homes
3367 are occupied by owners who also own the land to which the unit
3368 is attached, the age or average age of mobile or manufactured
3369 homes, the location of such homes, and the size of such homes.

3370 (d) The extent to which the growth in insurance on mobile
3371 or manufactured homes in Citizens Property Insurance Corporation
3372 is attributable to insufficient insurance capacity.

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3373 (e) The extent to which the growth trends of Citizens
3374 Property Insurance Corporation create long-term problems for
3375 mobile and manufactured home owners in this state and for other
3376 persons and businesses that depend on a viable market.

3377 (f) The extent to which insurance discounts, credits, or
3378 other rate differentials or reductions in the hurricane
3379 insurance deductible for a mobile or manufactured homeowner who
3380 takes mitigative measures would increase hurricane insurance
3381 capacity for mobile or manufactured homeowners.

3382 (g) The extent hurricane mitigation enhancements to mobile
3383 or manufactured homes decreases the likelihood of damage from a
3384 hurricane or decreases the amount of damage from a hurricane.

3385 (h) The extent to which the building codes reduce the
3386 likelihood of damage or amount of damage to mobile or
3387 manufactured homes.

3388 (6) REPORT AND RECOMMENDATIONS.--By January 1, 2007, the
3389 task force shall provide a report containing findings relating
3390 to the tasks identified in subsection (5) and recommendations
3391 consistent with the purposes of this section and also consistent
3392 with such findings. The task force shall submit the report to
3393 the Governor, the Chief Financial Officer, the President of the
3394 Senate, and the Speaker of the House of Representatives. The
3395 task force may also submit such interim reports as the task
3396 force deems appropriate.

3397 (7) EXPIRATION.--The task force shall expire on January 2,
3398 2007.

3399 Section 22. By January 1, 2007, the Office of Insurance
3400 Regulation shall submit a report to the President of the Senate,

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3401 the Speaker of the House of Representatives, the minority party
3402 leaders of the Senate and the House of Representatives, and the
3403 chairs of the standing committees of the Senate and the House of
3404 Representatives having jurisdiction over matters relating to
3405 property and casualty insurance. In preparing the report, the
3406 office shall consult with the Department of Highway Safety and
3407 Motor Vehicles, the Department of Community Affairs, the Florida
3408 Building Commission, the Florida Home Builders Association,
3409 representatives of the mobile and manufactured home industry,
3410 representatives of the property and casualty insurance industry,
3411 and any other party the office determines is appropriate. The
3412 report shall include findings and recommendations on the
3413 insurability of attached or free standing structures to
3414 residential homes, mobile, or manufactured homes, such as
3415 carports or pool enclosures; the increase or decrease in
3416 insurance costs associated with insuring such structures; the
3417 feasibility of insuring such structures; the impact on
3418 homeowners of not having insurance coverage for such structures;
3419 the ability of mitigation measures relating to such structures
3420 to reduce risk and loss; and such other related information as
3421 the office determines is appropriate for the Legislature to
3422 consider.

3423 Section 23. (1) By January 15, 2007, the Office of
3424 Insurance Regulation shall submit a report to the President of
3425 the Senate, the Speaker of the House of Representatives, the
3426 minority party leaders of the Senate and the House of
3427 Representatives, and the chairs of the standing committees of
3428 the Senate and the House of Representatives having jurisdiction

3429 over matters relating to property and casualty insurance. The
 3430 report shall include findings and recommendations on requiring
 3431 residential property insurers to provide an opportunity for
 3432 policyholders to decrease the monetary amount of a hurricane
 3433 deductible predicated upon the policyholder demonstrating
 3434 certifiable and verifiable mitigation measures that reduce
 3435 hurricane damage. As a part of the report, the office shall
 3436 address the feasibility of such a requirement and the specific
 3437 procedures necessary for implementation and include suggested
 3438 legislation. The report may also include other related
 3439 information as the office determines is appropriate for the
 3440 Legislature to consider.

3441 (2) In conducting such research and offering
 3442 recommendations for the report, the office shall consult with
 3443 consumers, insurers, builders, wind certification inspectors,
 3444 organizations dedicated to promoting disaster safety and
 3445 property loss mitigation, counties, municipalities, and state
 3446 agencies as well as any other entity that the office determines
 3447 could provide relevant information.

3448 Section 24. (1) The sum of \$100 million is appropriated
 3449 from the General Revenue Fund to the Florida Hurricane Damage
 3450 Prevention Endowment as a nonrecurring appropriation for the
 3451 purposes specified in s. 215.558, Florida Statutes.

3452 (2) The sum of \$5.5 million is appropriated from the
 3453 General Revenue Fund to the Department of Community Affairs as a
 3454 nonrecurring appropriation for the purposes specified in s.
 3455 215.5586, Florida Statutes.

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3456 | Section 25. Except as otherwise expressly provided in this
3457 | act, this act shall take effect July 1, 2006.