

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

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

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

16 627.351 Insurance risk apportionment plans.--

17 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

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

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

29 ~~subsection combined, as compared to the benchmark 100-year~~
30 ~~probable maximum loss of the Florida Windstorm Underwriting~~
31 ~~Association. For purposes of this paragraph, the benchmark 100-~~
32 ~~year probable maximum loss of the Florida Windstorm Underwriting~~
33 ~~Association shall be the calculation dated February 2001 and~~
34 ~~based on November 30, 2000, exposures. In order to ensure~~
35 ~~comparability of data, the board shall use the same methods for~~
36 ~~calculating its probable maximum loss as were used to calculate~~
37 ~~the benchmark probable maximum loss.~~

38 ~~2. Beginning February 1, 2007, if the report under~~
39 ~~subparagraph 1. for any year indicates that the 100-year~~
40 ~~probable maximum loss attributable to wind-only coverages and~~
41 ~~the quota share program combined does not reflect a reduction of~~
42 ~~at least 25 percent from the benchmark, the board shall reduce~~
43 ~~the boundaries of the high-risk area eligible for wind-only~~
44 ~~coverages under this subsection in a manner calculated to reduce~~
45 ~~such probable maximum loss to an amount at least 25 percent~~
46 ~~below the benchmark.~~

47 ~~3. Beginning February 1, 2012, if the report under~~
48 ~~subparagraph 1. for any year indicates that the 100-year~~
49 ~~probable maximum loss attributable to wind-only coverages and~~
50 ~~the quota share program combined does not reflect a reduction of~~
51 ~~at least 50 percent from the benchmark, the boundaries of the~~
52 ~~high-risk area eligible for wind-only coverages under this~~
53 ~~subsection shall be reduced by the elimination of any area that~~
54 ~~is not seaward of a line 1,000 feet inland from the Intracoastal~~
55 ~~Waterway.~~

56 (o)~~(p)~~ In enacting the provisions of this section, the
57 Legislature recognizes that both the Florida Windstorm
58 Underwriting Association and the Residential Property and
59 Casualty Joint Underwriting Association have entered into
60 financing arrangements that obligate each entity to service its
61 debts and maintain the capacity to repay funds secured under
62 these financing arrangements. It is the intent of the
63 Legislature that nothing in this section be construed to
64 compromise, diminish, or interfere with the rights of creditors
65 under such financing arrangements. It is further the intent of
66 the Legislature to preserve the obligations of the Florida
67 Windstorm Underwriting Association and Residential Property and
68 Casualty Joint Underwriting Association with regard to
69 outstanding financing arrangements, with such obligations
70 passing entirely and unchanged to the corporation and,
71 specifically, to the applicable account of the corporation. So
72 long as any bonds, notes, indebtedness, or other financing
73 obligations of the Florida Windstorm Underwriting Association or
74 the Residential Property and Casualty Joint Underwriting
75 Association are outstanding, under the terms of the financing
76 documents pertaining to them, the governing board of the
77 corporation shall have and shall exercise the authority to levy,
78 charge, collect, and receive all premiums, assessments,
79 surcharges, charges, revenues, and receipts that the
80 associations had authority to levy, charge, collect, or receive
81 under the provisions of subsection (2) and this subsection,
82 respectively, as they existed on January 1, 2002, to provide
83 moneys, without exercise of the authority provided by this

84 subsection, in at least the amounts, and by the times, as would
 85 be provided under those former provisions of subsection (2) or
 86 this subsection, respectively, so that the value, amount, and
 87 collectability of any assets, revenues, or revenue source
 88 pledged or committed to, or any lien thereon securing such
 89 outstanding bonds, notes, indebtedness, or other financing
 90 obligations will not be diminished, impaired, or adversely
 91 affected by the amendments made by this act and to permit
 92 compliance with all provisions of financing documents pertaining
 93 to such bonds, notes, indebtedness, or other financing
 94 obligations, or the security or credit enhancement for them, and
 95 any reference in this subsection to bonds, notes, indebtedness,
 96 financing obligations, or similar obligations, of the
 97 corporation shall include like instruments or contracts of the
 98 Florida Windstorm Underwriting Association and the Residential
 99 Property and Casualty Joint Underwriting Association to the
 100 extent not inconsistent with the provisions of the financing
 101 documents pertaining to them.

102 (p)~~(q)~~ The corporation shall not require the securing of
 103 flood insurance as a condition of coverage if the insured or
 104 applicant executes a form approved by the office affirming that
 105 flood insurance is not provided by the corporation and that if
 106 flood insurance is not secured by the applicant or insured in
 107 addition to coverage by the corporation, the risk will not be
 108 covered for flood damage. A corporation policyholder electing
 109 not to secure flood insurance and executing a form as provided
 110 herein making a claim for water damage against the corporation
 111 shall have the burden of proving the damage was not caused by

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112 flooding. Notwithstanding other provisions of this subsection,
113 the corporation may deny coverage to an applicant or insured who
114 refuses to execute the form described herein.

115 (g)~~(r)~~ A salaried employee of the corporation who performs
116 policy administration services subsequent to the effectuation of
117 a corporation policy is not required to be licensed as an agent
118 under the provisions of s. 626.112.

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