

1 A bill to be entitled
2 An act relating to hurricane preparedness and insurance;
3 creating the Citizens Property Insurance Corporation
4 Mission Review Task Force; providing purposes; requiring a
5 report; providing report requirements; providing for
6 appointment of members; providing responsibilities;
7 specifying service without compensation; providing for
8 reimbursement of per diem and travel expenses; providing
9 meeting requirements; requiring the corporation to assist
10 the task force; providing for the expiration of the task
11 force; exempting certain residential property insurance
12 rate filings from being subject to determinations by the
13 Office of Insurance Regulation of being excessive or
14 unfairly discriminatory; authorizing the office to
15 disapprove certain rates as inadequate or disapprove
16 certain filings under certain circumstances; providing
17 requirements and procedures for filing rates and review of
18 rate filings by the office; providing for application only
19 to residential property insurance; requiring the Chief
20 Financial Officer to provide a report on the economic
21 impact on the state of certain hurricanes; providing
22 report requirements; amending s. 553.73, F.S.; limiting
23 the authority of the Florida Building Commission to modify
24 certain codes and standards under certain circumstances;
25 requiring counties and municipalities to enforce certain
26 windborne debris protections and structural guidelines;
27 requiring the commission to amend the Florida Building
28 Code to require application of certain standards and

29 | eliminate certain exceptions; prohibiting amendment of the
 30 | Florida Building Code to diminish certain requirements;
 31 | authorizing the commission to amend the code to enhance
 32 | certain requirements; amending s. 10, ch. 2007-1, Laws of
 33 | Florida; revising reporting requirements for the
 34 | commission's voluntary "Code Plus" guidelines; repealing
 35 | s. 9, ch. 2007-1, Laws of Florida, relating to certain
 36 | windborne debris protection requirements enforcement;
 37 | providing an appropriation; providing an effective date.

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

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41 | Section 1. (1) The Citizens Property Insurance
 42 | Corporation Mission Review Task Force is created to analyze and
 43 | compile available data and to develop a report setting forth the
 44 | statutory and operational changes needed to return Citizens
 45 | Property Insurance Corporation to its former role as a state-
 46 | created, noncompetitive residual market mechanism that provides
 47 | property insurance coverage to risks that are otherwise entitled
 48 | but unable to obtain such coverage in the private insurance
 49 | market. The task force shall submit a report to the Governor,
 50 | the President of the Senate, and the Speaker of the House of
 51 | Representatives by January 31, 2008. At a minimum, the task
 52 | force shall analyze and evaluate relevant and applicable
 53 | information and data and develop recommendations concerning:

54 | (a) The nature of Citizens Property Insurance
 55 | Corporation's role in providing property insurance coverage when
 56 | and only if such coverage is not available from private

57 insurers.

58 (b) The ability of the admitted market to offer policies
59 to those consumers formerly insured through Citizens Property
60 Insurance Corporation. This consideration shall include, but not
61 be limited to, the availability of private market reinsurance
62 and coverage through the Florida Hurricane Catastrophe Fund, the
63 general adequacy of the admitted market's current rates, and the
64 capacity of the industry to offer policies to former Citizens
65 Property Insurance Corporation policyholders within existing
66 writing ratio limitations.

67 (c) The appropriate relationship of rates charged by
68 Citizens Property Insurance Corporation to rates charged by
69 private insurers, with due consideration for the corporation's
70 role as a noncompetitive residual market mechanism.

71 (d) The relationships between the exposure of Citizens
72 Property Insurance Corporation to catastrophic hurricane losses,
73 the corporation's history of purchasing inadequate or no
74 reinsurance coverage, and the corporation's lack of adequate
75 capital to meet its potential claim obligations without
76 incurring large deficits.

77 (e) The adverse effects on the people and the economy of
78 this state of the large, multiyear deficit assessments by
79 Citizens Property Insurance Corporation that may be levied on
80 businesses and households in this state, and steps that can be
81 taken to reduce those effects.

82 (f) The operational implications of the variation in the
83 number of policies in force over time in Citizens Property
84 Insurance Corporation and the merits of outsourcing some or all

85 of its operational responsibilities.

86 (g) Changes in the mission and operations of Citizens
87 Property Insurance Corporation to reduce or eliminate any
88 adverse effect such mission and operations may be having on the
89 promotion of sound and economic growth and development of the
90 coastal areas of this state.

91 (2) The task force shall be composed of 17 members as
92 follows:

93 (a) Three members appointed by the Speaker of the House of
94 Representatives.

95 (b) Three members appointed by the President of the
96 Senate.

97 (c) Three members appointed by the Governor who are not
98 employed by or professionally affiliated with an insurance
99 company or a subsidiary of an insurance company.

100 (d) Eight members appointed as representatives of private
101 insurance companies as follows:

102 1. Two members representing two separate insurance
103 companies in this state that each provide at least 300,000
104 property insurance policies statewide at the time of the
105 creation of the task force.

106 2. Two members representing two separate insurance
107 companies in this state that each provide at least 100,000 but
108 no more than 299,000 property insurance policies statewide at
109 the time of the creation of the task force.

110 3. Two members representing two separate insurance
111 companies in this state that each provide fewer than 100,000
112 property insurance policies statewide at the time of the

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113 creation of the task force.

114 4. Two members appointed by the Chief Financial Officer
115 representing insurance agents in this state, at least one of
116 whom represents the largest property and casualty insurance
117 agent's association in this state.

118
119 Of each pair of members appointed under subparagraphs 1., 2.,
120 and 3., one shall be appointed by the President of the Senate
121 and one by the Speaker of the House of Representatives.

122 (3) The task force shall conduct research, hold public
123 meetings, receive testimony, employ consultants and
124 administrative staff, and undertake other activities determined
125 by its members to be necessary to complete its responsibilities.
126 Citizens Property Insurance Corporation shall have appropriate
127 senior staff attend task force meetings, shall respond to
128 requests for testimony and data by the task force, and shall
129 otherwise cooperate with the task force.

130 (4) A member of the task force may not delegate his or her
131 attendance or voting power to a designee.

132 (5) Members of the task force shall serve without
133 compensation but are entitled to receive reimbursement for
134 travel and per diem as provided in s. 112.061, Florida Statutes.

135 (6) The appointments to the task force must be completed
136 within 30 calendar days after the effective date of this act,
137 and the task force must hold its initial meeting within 1 month
138 after appointment of all members. The task force shall expire no
139 later than 60 calendar days after submission of the report
140 required in subsection (1).

141 Section 2. (1) Effective January 1, 2008, notwithstanding
142 any other provision of this section, with respect to any
143 residential property insurance, a rate filing, including, but
144 not limited to, any rate changes, rating factors, territories,
145 classification, discounts, and credits, with respect to any
146 policy form, including endorsements issued with the form, that
147 results in an overall average statewide premium increase shall
148 not be subject to a determination by the Office of Insurance
149 Regulation that the rate is excessive or unfairly discriminatory
150 or in violation of any other provision of law.

151 (2) The Office of Insurance Regulation may disapprove a
152 rate as inadequate or disapprove a filing for the use of rating
153 factors prohibited by the laws of this state. An insurer
154 electing to implement a rate change under subsection (1) shall
155 submit a filing to the office at least 40 days prior to the
156 effective date of the rate change. The office shall have 30 days
157 after the submission of the filing to review the filing and
158 determine whether the rate is inadequate or uses rating factors
159 prohibited by the laws of this state. Absent a finding by the
160 office within such 30-day period that the rate is inadequate or
161 that the insurer has used rating factors prohibited by the laws
162 of this state, the filing is deemed approved. If the office
163 finds during the 30-day period that the filing will result in
164 inadequate premiums or otherwise endanger the insurer's
165 solvency, the office shall suspend the rate change. If the
166 insurer is implementing an overall rate increase that would
167 continue to produce an inadequate rate, such increase shall
168 proceed pending additional action by the office to ensure the

169 adequacy of the rate.

170 (3) This section does not apply to rate filings for any
 171 insurance other than residential property insurance.

172 Section 3. The Chief Financial Officer shall provide a
 173 report on the economic impact on the state of a 1-in-250-year
 174 hurricane to the Governor, the President of the Senate, and the
 175 Speaker of the House of Representatives by March 1 of each year.
 176 The report shall include an estimate of the short-term and long-
 177 term fiscal impacts of such a storm on Citizens Property
 178 Insurance Corporation, the Florida Hurricane Catastrophe Fund,
 179 the private insurance and reinsurance markets, the state
 180 economy, and the state debt. The report may also include
 181 recommendations by the Chief Financial Officer for preparing for
 182 such a hurricane and reducing the economic impact of such a
 183 hurricane on the state. In preparing the analysis, the Chief
 184 Financial Officer shall coordinate with and obtain data from the
 185 Office of Insurance Regulation, Citizens Property Insurance
 186 Corporation, the Florida Hurricane Catastrophe Fund, the Florida
 187 Commission on Hurricane Loss Projection Methodology, the State
 188 Board of Administration, the Office of Economic and Demographic
 189 Research, and other state agencies.

190 Section 4. Subsection (3) of section 553.73, Florida
 191 Statutes, as amended by chapter 2007-1, Laws of Florida, is
 192 amended, and subsection (13) is added to that section, to read:

193 553.73 Florida Building Code.--

194 (3) The commission shall select from available national or
 195 international model building codes, or other available building
 196 codes and standards currently recognized by the laws of this

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197 state, to form the foundation for the Florida Building Code. The
198 commission may modify the selected model codes and standards as
199 needed to accommodate the specific needs of this state, but only
200 to the extent that any such modifications strengthen, not
201 weaken, the structural integrity of buildings constructed in
202 compliance with provisions of the Florida Building Code relating
203 to wind protection. Standards or criteria referenced by the
204 selected model codes shall be similarly incorporated by
205 reference. If a referenced standard or criterion requires
206 amplification or modification to be appropriate for use in this
207 state, only the amplification or modification shall be
208 specifically set forth in the Florida Building Code. The Florida
209 Building Commission may approve technical amendments to the
210 code, subject to the requirements of subsections (7) and (8),
211 after the amendments have been subject to the following
212 conditions:

213 (a) The proposed amendment has been published on the
214 commission's website for a minimum of 45 days and all the
215 associated documentation has been made available to any
216 interested party before any consideration by any Technical
217 Advisory Committee;

218 (b) In order for a Technical Advisory Committee to make a
219 favorable recommendation to the commission, the proposal must
220 receive a three-fourths vote of the members present at the
221 Technical Advisory Committee meeting and at least half of the
222 regular members must be present in order to conduct a meeting;

223 (c) After Technical Advisory Committee consideration and a
224 recommendation for approval of any proposed amendment, the

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225 | proposal must be published on the commission's website for not
226 | less than 45 days before any consideration by the commission;
227 | and

228 | (d) Any proposal may be modified by the commission based
229 | on public testimony and evidence from a public hearing held in
230 | accordance with chapter 120.

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232 | The commission shall incorporate within sections of the Florida
233 | Building Code provisions which address regional and local
234 | concerns and variations, but only to the extent that any such
235 | modifications strengthen, not weaken, the structural integrity
236 | of buildings constructed in compliance with provisions of the
237 | Florida Building Code relating to wind protection. The
238 | commission shall make every effort to minimize conflicts between
239 | the Florida Building Code, the Florida Fire Prevention Code, and
240 | the Life Safety Code.

241 | (13) Each county and municipality in this state shall, at
242 | a minimum, enforce the windborne debris protections and
243 | structural guidelines adopted by the American Society of Civil
244 | Engineers in the standard commonly referred to as ASCE 7-02.
245 | Notwithstanding s. 109, chapter 2000-141, Laws of Florida, the
246 | Florida Building Commission shall amend the Florida Building
247 | Code to require application of ASCE 7-02 throughout the state
248 | and to eliminate all exceptions providing less stringent
249 | requirements. Provisions of the Florida Building Code, including
250 | those contained in referenced standards and criteria, relating
251 | to wind resistance shall not be amended pursuant to this
252 | subsection to diminish construction requirements; however, the

253 commission may amend the provisions to enhance those
 254 construction requirements.

255 Section 5. Subsection (2) of section 10 of chapter 2007-1,
 256 Laws of Florida, is amended to read:

257 Section 10.

258 (2) The Florida Building Commission shall develop
 259 voluntary "Code Plus" guidelines for increasing the hurricane
 260 resistance of buildings. The guidelines may be modeled on the
 261 requirements for the High Velocity Hurricane Zone and must
 262 identify products, systems, and methods of construction that the
 263 commission anticipates could result in stronger construction.
 264 The commission shall include these guidelines in its report to
 265 the President of the Senate and the Speaker of the House of
 266 Representatives during the 2008 Regular Session of the
 267 Legislature.

268 Section 6. Section 9 of chapter 2007-1, Laws of Florida,
 269 is repealed.

270 Section 7. For the 2007-2008 fiscal year, the nonrecurring
 271 sum of \$250,000 is appropriated from the General Revenue Fund
 272 for the purpose of implementing the provisions of this act
 273 relating to the Citizens Property Insurance Corporation Mission
 274 Review Task Force.

275 Section 8. This act shall take effect upon becoming a law.