

1 A bill to be entitled
2 An act relating to the Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; revising
4 legislative findings to provide a finding that the lack of
5 affordable property insurance threatens the public health,
6 safety, and welfare and threatens the economic health of
7 the state; authorizing the corporation to offer multiperil
8 coverage, wind-only coverage, or both types of coverage in
9 the high-risk account; providing legislative intent that
10 such coverage not affect the creditworthiness of or
11 security for outstanding financing obligations of the
12 high-risk account, the personal lines account, or the
13 commercial lines account; authorizing a policyholder to
14 choose coverage from the corporation regardless of the
15 availability of other coverage under certain
16 circumstances; deleting certain limitations on eligibility
17 for a policy issued by the corporation; revising
18 requirements for the corporation in determining whether an
19 individual risk is eligible for coverage; deleting
20 provisions providing that a policyholder is no longer
21 eligible for coverage if an authorized insurer offers
22 coverage at an approved rate; prohibiting issuance of new
23 certificates of authority to certain insurers; providing
24 for expiration of existing certificates of authority of
25 certain insurers; prohibiting the Office of Insurance
26 Regulation and the Financial Services Commission from
27 renewing or reissuing existing certificates of authority
28 of certain insurers; requiring rate filings of certain

29 | insurers to include certain parent company profits
 30 | information; providing effective dates.
 31 |

32 | Be It Enacted by the Legislature of the State of Florida:
 33 |

34 | Section 1. Paragraphs (a), (b), and (c) of subsection (6)
 35 | of section 627.351, Florida Statutes, as amended by section 21
 36 | of chapter 2007-1, Laws of Florida, are amended to read:

37 | 627.351 Insurance risk apportionment plans.--

38 | (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

39 | (a)1. The Legislature finds that private insurers are
 40 | unwilling or unable to provide affordable property insurance
 41 | coverage in this state to the extent sought and needed. The
 42 | absence of affordable property insurance threatens the public
 43 | health, safety, and welfare and likewise threatens the economic
 44 | health of the state. The Legislature finds therefore that it is
 45 | a compelling public interest and public purpose to assist in
 46 | ensuring that property in the state is insured and that it is
 47 | insured at affordable rates so as to facilitate the remediation,
 48 | reconstruction, and replacement of damaged or destroyed property
 49 | in order to reduce or avoid the negative effects otherwise
 50 | resulting to the public health, safety, and welfare; to the
 51 | economy of the state; and to the revenues of the state and local
 52 | governments which are needed to provide for the public welfare.
 53 | It is necessary, therefore, to provide affordable property
 54 | insurance to applicants who are in good faith entitled to
 55 | procure insurance through the voluntary market but are unable to
 56 | do so. The Legislature intends by this subsection that

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57 affordable property insurance be provided and that it continue,
58 as long as necessary, through an entity that is not devoted to
59 private profitmaking pursuits and that is organized to achieve
60 efficiencies and economies, while providing service to
61 policyholder, applicants, and agents which equals or exceeds the
62 quality generally provided in the voluntary market, all toward
63 the achievement of the foregoing public purposes. To that end,
64 such entity shall strive to increase the availability of
65 affordable property insurance in this state and shall offer the
66 lowest rates possible consistent with sound business practices.
67 Because it is essential for the corporation to have the maximum
68 financial resources to pay claims following a catastrophic
69 hurricane, it is the intent of the Legislature that the income
70 of the corporation be exempt from federal income taxation and
71 that interest on the debt obligations issued by the corporation
72 be exempt from federal income taxation. The Legislature finds
73 ~~that actual and threatened catastrophic losses to property in~~
74 ~~this state from hurricanes have caused insurers to be unwilling~~
75 ~~or unable to provide property insurance coverage to the extent~~
76 ~~sought and needed. It is in the public interest and a public~~
77 ~~purpose to assist in assuring that property in the state is~~
78 ~~insured so as to facilitate the remediation, reconstruction, and~~
79 ~~replacement of damaged or destroyed property in order to reduce~~
80 ~~or avoid the negative effects otherwise resulting to the public~~
81 ~~health, safety, and welfare; to the economy of the state; and to~~
82 ~~the revenues of the state and local governments needed to~~
83 ~~provide for the public welfare. It is necessary, therefore, to~~
84 ~~provide property insurance to applicants who are in good faith~~

85 ~~entitled to procure insurance through the voluntary market but~~
86 ~~are unable to do so. The Legislature intends by this subsection~~
87 ~~that property insurance be provided and that it continues, as~~
88 ~~long as necessary, through an entity organized to achieve~~
89 ~~efficiencies and economies, while providing service to~~
90 ~~policyholders, applicants, and agents that is no less than the~~
91 ~~quality generally provided in the voluntary market, all toward~~
92 ~~the achievement of the foregoing public purposes. Because it is~~
93 ~~essential for the corporation to have the maximum financial~~
94 ~~resources to pay claims following a catastrophic hurricane, it~~
95 ~~is the intent of the Legislature that the income of the~~
96 ~~corporation be exempt from federal income taxation and that~~
97 ~~interest on the debt obligations issued by the corporation be~~
98 ~~exempt from federal income taxation.~~

99 2. The Residential Property and Casualty Joint
100 Underwriting Association originally created by this statute
101 shall be known, as of July 1, 2002, as the Citizens Property
102 Insurance Corporation. The corporation shall provide insurance
103 for residential and commercial property, for applicants who are
104 in good faith entitled, but are unable, to procure insurance
105 through the voluntary market. The corporation shall operate
106 pursuant to a plan of operation approved by order of the
107 Financial Services Commission. The plan is subject to continuous
108 review by the commission. The commission may, by order, withdraw
109 approval of all or part of a plan if the commission determines
110 that conditions have changed since approval was granted and that
111 the purposes of the plan require changes in the plan. The
112 corporation shall continue to operate pursuant to the plan of

113 operation approved by the Office of Insurance Regulation until
 114 October 1, 2006. For the purposes of this subsection,
 115 residential coverage includes both personal lines residential
 116 coverage, which consists of the type of coverage provided by
 117 homeowner's, mobile home owner's, dwelling, tenant's,
 118 condominium unit owner's, and similar policies, and commercial
 119 lines residential coverage, which consists of the type of
 120 coverage provided by condominium association, apartment
 121 building, and similar policies.

122 3. For the purposes of this subsection, the term
 123 "homestead property" means:

124 a. Property that has been granted a homestead exemption
 125 under chapter 196;

126 b. Property for which the owner has a current, written
 127 lease with a renter for a term of at least 7 months and for
 128 which the dwelling is insured by the corporation for \$200,000 or
 129 less;

130 c. An owner-occupied mobile home or manufactured home, as
 131 defined in s. 320.01, which is permanently affixed to real
 132 property, is owned by a Florida resident, and has been granted a
 133 homestead exemption under chapter 196 or, if the owner does not
 134 own the real property, the owner certifies that the mobile home
 135 or manufactured home is his or her principal place of residence;

136 d. Tenant's coverage;

137 e. Commercial lines residential property; or

138 f. Any county, district, or municipal hospital; a hospital
 139 licensed by any not-for-profit corporation qualified under s.
 140 501(c)(3) of the United States Internal Revenue Code; or a

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141 continuing care retirement community that is certified under
142 chapter 651 and that receives an exemption from ad valorem taxes
143 under chapter 196.

144 4. For the purposes of this subsection, the term
145 "nonhomestead property" means property that is not homestead
146 property.

147 5. Effective July 1, 2008, a personal lines residential
148 structure that has a dwelling replacement cost of \$1 million or
149 more, or a single condominium unit that has a combined dwelling
150 and content replacement cost of \$1 million or more is not
151 eligible for coverage by the corporation. Such dwellings insured
152 by the corporation on June 30, 2008, may continue to be covered
153 by the corporation until the end of the policy term. However,
154 such dwellings that are insured by the corporation and become
155 ineligible for coverage due to the provisions of this
156 subparagraph may reapply and obtain coverage in the high-risk
157 account and be considered "nonhomestead property" if the
158 property owner provides the corporation with a sworn affidavit
159 from one or more insurance agents, on a form provided by the
160 corporation, stating that the agents have made their best
161 efforts to obtain coverage and that the property has been
162 rejected for coverage by at least one authorized insurer and at
163 least three surplus lines insurers. If such conditions are met,
164 the dwelling may be insured by the corporation for up to 3
165 years, after which time the dwelling is ineligible for coverage.
166 The office shall approve the method used by the corporation for
167 valuing the dwelling replacement cost for the purposes of this
168 subparagraph. If a policyholder is insured by the corporation

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169 prior to being determined to be ineligible pursuant to this
170 subparagraph and such policyholder files a lawsuit challenging
171 the determination, the policyholder may remain insured by the
172 corporation until the conclusion of the litigation.

173 6. For properties constructed on or after January 1, 2009,
174 the corporation may not insure any property located within 2,500
175 feet landward of the coastal construction control line created
176 pursuant to s. 161.053 unless the property meets the
177 requirements of the code-plus building standards developed by
178 the Florida Building Commission.

179 7. It is the intent of the Legislature that policyholders,
180 applicants, and agents of the corporation receive service and
181 treatment of the highest possible level but never less than that
182 generally provided in the voluntary market. It also is intended
183 that the corporation be held to service standards no less than
184 those applied to insurers in the voluntary market by the office
185 with respect to responsiveness, timeliness, customer courtesy,
186 and overall dealings with policyholders, applicants, or agents
187 of the corporation.

188 (b)1. All insurers authorized to write one or more subject
189 lines of business in this state are subject to assessment by the
190 corporation and, for the purposes of this subsection, are
191 referred to collectively as "assessable insurers." Insurers
192 writing one or more subject lines of business in this state
193 pursuant to part VIII of chapter 626 are not assessable
194 insurers, but insureds who procure one or more subject lines of
195 business in this state pursuant to part VIII of chapter 626 are
196 subject to assessment by the corporation and are referred to

197 collectively as "assessable insureds." An authorized insurer's
 198 assessment liability shall begin on the first day of the
 199 calendar year following the year in which the insurer was issued
 200 a certificate of authority to transact insurance for subject
 201 lines of business in this state and shall terminate 1 year after
 202 the end of the first calendar year during which the insurer no
 203 longer holds a certificate of authority to transact insurance
 204 for subject lines of business in this state.

205 2.a. All revenues, assets, liabilities, losses, and
 206 expenses of the corporation shall be divided into three separate
 207 accounts as follows:

208 (I) A personal lines account for personal residential
 209 policies issued by the corporation or issued by the Residential
 210 Property and Casualty Joint Underwriting Association and renewed
 211 by the corporation that provide comprehensive, multiperil
 212 coverage on risks that are not located in areas eligible for
 213 coverage in the Florida Windstorm Underwriting Association as
 214 those areas were defined on January 1, 2002, and for such
 215 policies that do not provide coverage for the peril of wind on
 216 risks that are located in such areas;

217 (II) A commercial lines account for commercial residential
 218 and commercial nonresidential policies issued by the corporation
 219 or issued by the Residential Property and Casualty Joint
 220 Underwriting Association and renewed by the corporation that
 221 provide coverage for basic property perils on risks that are not
 222 located in areas eligible for coverage in the Florida Windstorm
 223 Underwriting Association as those areas were defined on January
 224 1, 2002, and for such policies that do not provide coverage for

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225 the peril of wind on risks that are located in such areas; and
226 (III) A high-risk account for personal residential
227 policies and commercial residential and commercial
228 nonresidential property policies issued by the corporation or
229 transferred to the corporation that provide coverage for the
230 peril of wind on risks that are located in areas eligible for
231 coverage in the Florida Windstorm Underwriting Association as
232 those areas were defined on January 1, 2002. Beginning July 1,
233 2007, the corporation may offer multiperil coverage, wind-only
234 coverage, or both types of coverage in the high-risk account. In
235 issuing multiperil coverage, the corporation may use its
236 approved policy forms and rates for personal lines accounts
237 through December 31, 2007. It is the intent of the Legislature
238 that the offer of multiperil coverage in the high-risk account
239 be made and implemented in a manner that does not adversely
240 affect the creditworthiness of or security for currently
241 outstanding financing obligations or credit facilities of the
242 high-risk account, the personal lines account, or the commercial
243 lines account. Subject to the approval of a business plan by the
244 Financial Services Commission and Legislative Budget Commission
245 as provided in this sub-sub-subparagraph, but no earlier than
246 March 31, 2007, the corporation may offer policies that provide
247 multiperil coverage and the corporation shall continue to offer
248 policies that provide coverage only for the peril of wind for
249 risks located in areas eligible for coverage in the high-risk
250 account. In issuing multiperil coverage, the corporation may use
251 its approved policy forms and rates for the personal lines
252 account. An applicant or insured who is eligible to purchase a

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253 multiperil policy from the corporation may purchase a multiperil
254 policy from an authorized insurer without prejudice to the
255 applicant's or insured's eligibility to prospectively purchase a
256 policy that provides coverage only for the peril of wind from
257 the corporation. An applicant or insured who is eligible for a
258 corporation policy that provides coverage only for the peril of
259 wind may elect to purchase or retain such policy and also
260 purchase or retain coverage excluding wind from an authorized
261 insurer without prejudice to the applicant's or insured's
262 eligibility to prospectively purchase a policy that provides
263 multiperil coverage from the corporation. It is the goal of the
264 Legislature that there would be an overall average savings of 10
265 percent or more for a policyholder who currently has a wind-only
266 policy with the corporation, and an ex-wind policy with a
267 voluntary insurer or the corporation, and who then obtains a
268 multiperil policy from the corporation. It is the intent of the
269 Legislature that the offer of multiperil coverage in the high-
270 risk account be made and implemented in a manner that does not
271 adversely affect the tax-exempt status of the corporation or
272 creditworthiness of or security for currently outstanding
273 financing obligations or credit facilities of the high-risk
274 account, the personal lines account, or the commercial lines
275 account. By March 1, 2007, the corporation shall prepare and
276 submit for approval by the Financial Services Commission and
277 Legislative Budget Commission a report detailing the
278 corporation's business plan for issuing multiperil coverage in
279 the high-risk account. The business plan shall be approved or
280 disapproved within 30 days after receipt, as submitted or

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281 modified and resubmitted by the corporation. The business plan
282 must include: the impact of such multiperil coverage on the
283 corporation's financial resources, the impact of such multiperil
284 coverage on the corporation's tax-exempt status, the manner in
285 which the corporation plans to implement the processing of
286 applications and policy forms for new and existing
287 policyholders, the impact of such multiperil coverage on the
288 corporation's ability to deliver customer service at the high
289 level required by this subsection, the ability of the
290 corporation to process claims, the ability of the corporation to
291 quote and issue policies, the impact of such multiperil coverage
292 on the corporation's agents, the impact of such multiperil
293 coverage on the corporation's existing policyholders, and the
294 impact of such multiperil coverage on rates and premium. The
295 high-risk account must also include quota share primary
296 insurance under subparagraph (c)2. The area eligible for
297 coverage under the high-risk account also includes the area
298 within Port Canaveral, which is bordered on the south by the
299 City of Cape Canaveral, bordered on the west by the Banana
300 River, and bordered on the north by Federal Government property.

301 b. The three separate accounts must be maintained as long
302 as financing obligations entered into by the Florida Windstorm
303 Underwriting Association or Residential Property and Casualty
304 Joint Underwriting Association are outstanding, in accordance
305 with the terms of the corresponding financing documents. When
306 the financing obligations are no longer outstanding, in
307 accordance with the terms of the corresponding financing
308 documents, the corporation may use a single account for all

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309 revenues, assets, liabilities, losses, and expenses of the
310 corporation. Consistent with the requirement of this
311 subparagraph and prudent investment policies that minimize the
312 cost of carrying debt, the board shall exercise its best efforts
313 to retire existing debt or to obtain approval of necessary
314 parties to amend the terms of existing debt, so as to structure
315 the most efficient plan to consolidate the three separate
316 accounts into a single account. By February 1, 2007, the board
317 shall submit a report to the Financial Services Commission, the
318 President of the Senate, and the Speaker of the House of
319 Representatives which includes an analysis of consolidating the
320 accounts, the actions the board has taken to minimize the cost
321 of carrying debt, and its recommendations for executing the most
322 efficient plan.

323 c. Creditors of the Residential Property and Casualty
324 Joint Underwriting Association shall have a claim against, and
325 recourse to, the accounts referred to in sub-sub-subparagraphs
326 a.(I) and (II) and shall have no claim against, or recourse to,
327 the account referred to in sub-sub-subparagraph a.(III).
328 Creditors of the Florida Windstorm Underwriting Association
329 shall have a claim against, and recourse to, the account
330 referred to in sub-sub-subparagraph a.(III) and shall have no
331 claim against, or recourse to, the accounts referred to in sub-
332 sub-subparagraphs a.(I) and (II).

333 d. Revenues, assets, liabilities, losses, and expenses not
334 attributable to particular accounts shall be prorated among the
335 accounts.

336 e. The Legislature finds that the revenues of the

337 corporation are revenues that are necessary to meet the
338 requirements set forth in documents authorizing the issuance of
339 bonds under this subsection.

340 f. No part of the income of the corporation may inure to
341 the benefit of any private person.

342 3. With respect to a deficit in an account:

343 a. When the deficit incurred in a particular calendar year
344 is not greater than 10 percent of the aggregate statewide direct
345 written premium for the subject lines of business for the prior
346 calendar year, the entire deficit shall be recovered through
347 regular assessments of assessable insurers under paragraph (p)
348 and assessable insureds.

349 b. When the deficit incurred in a particular calendar year
350 exceeds 10 percent of the aggregate statewide direct written
351 premium for the subject lines of business for the prior calendar
352 year, the corporation shall levy regular assessments on
353 assessable insurers under paragraph (p) and on assessable
354 insureds in an amount equal to the greater of 10 percent of the
355 deficit or 10 percent of the aggregate statewide direct written
356 premium for the subject lines of business for the prior calendar
357 year. Any remaining deficit shall be recovered through emergency
358 assessments under sub-subparagraph d.

359 c. Each assessable insurer's share of the amount being
360 assessed under sub-subparagraph a. or sub-subparagraph b. shall
361 be in the proportion that the assessable insurer's direct
362 written premium for the subject lines of business for the year
363 preceding the assessment bears to the aggregate statewide direct
364 written premium for the subject lines of business for that year.

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365 The assessment percentage applicable to each assessable insured
366 is the ratio of the amount being assessed under sub-subparagraph
367 a. or sub-subparagraph b. to the aggregate statewide direct
368 written premium for the subject lines of business for the prior
369 year. Assessments levied by the corporation on assessable
370 insurers under sub-subparagraphs a. and b. shall be paid as
371 required by the corporation's plan of operation and paragraph
372 (p). Notwithstanding any other provision of this subsection, the
373 aggregate amount of a regular assessment for a deficit incurred
374 in a particular calendar year shall be reduced by the estimated
375 amount to be received by the corporation from the Citizens
376 policyholder surcharge under subparagraph (c)11. and the amount
377 collected or estimated to be collected from the assessment on
378 Citizens policyholders pursuant to sub-subparagraph i.
379 Assessments levied by the corporation on assessable insureds
380 under sub-subparagraphs a. and b. shall be collected by the
381 surplus lines agent at the time the surplus lines agent collects
382 the surplus lines tax required by s. 626.932 and shall be paid
383 to the Florida Surplus Lines Service Office at the time the
384 surplus lines agent pays the surplus lines tax to the Florida
385 Surplus Lines Service Office. Upon receipt of regular
386 assessments from surplus lines agents, the Florida Surplus Lines
387 Service Office shall transfer the assessments directly to the
388 corporation as determined by the corporation.

389 d. Upon a determination by the board of governors that a
390 deficit in an account exceeds the amount that will be recovered
391 through regular assessments under sub-subparagraph a. or sub-
392 subparagraph b., the board shall levy, after verification by the

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393 office, emergency assessments, for as many years as necessary to
394 cover the deficits, to be collected by assessable insurers and
395 the corporation and collected from assessable insureds upon
396 issuance or renewal of policies for subject lines of business,
397 excluding National Flood Insurance policies. The amount of the
398 emergency assessment collected in a particular year shall be a
399 uniform percentage of that year's direct written premium for
400 subject lines of business and all accounts of the corporation,
401 excluding National Flood Insurance Program policy premiums, as
402 annually determined by the board and verified by the office. The
403 office shall verify the arithmetic calculations involved in the
404 board's determination within 30 days after receipt of the
405 information on which the determination was based.

406 Notwithstanding any other provision of law, the corporation and
407 each assessable insurer that writes subject lines of business
408 shall collect emergency assessments from its policyholders
409 without such obligation being affected by any credit,
410 limitation, exemption, or deferment. Emergency assessments
411 levied by the corporation on assessable insureds shall be
412 collected by the surplus lines agent at the time the surplus
413 lines agent collects the surplus lines tax required by s.
414 626.932 and shall be paid to the Florida Surplus Lines Service
415 Office at the time the surplus lines agent pays the surplus
416 lines tax to the Florida Surplus Lines Service Office. The
417 emergency assessments so collected shall be transferred directly
418 to the corporation on a periodic basis as determined by the
419 corporation and shall be held by the corporation solely in the
420 applicable account. The aggregate amount of emergency

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421 assessments levied for an account under this sub-subparagraph in
422 any calendar year may not exceed the greater of 10 percent of
423 the amount needed to cover the original deficit, plus interest,
424 fees, commissions, required reserves, and other costs associated
425 with financing of the original deficit, or 10 percent of the
426 aggregate statewide direct written premium for subject lines of
427 business and for all accounts of the corporation for the prior
428 year, plus interest, fees, commissions, required reserves, and
429 other costs associated with financing the original deficit.

430 e. The corporation may pledge the proceeds of assessments,
431 projected recoveries from the Florida Hurricane Catastrophe
432 Fund, other insurance and reinsurance recoverables, policyholder
433 surcharges and other surcharges, and other funds available to
434 the corporation as the source of revenue for and to secure bonds
435 issued under paragraph (p), bonds or other indebtedness issued
436 under subparagraph (c)3., or lines of credit or other financing
437 mechanisms issued or created under this subsection, or to retire
438 any other debt incurred as a result of deficits or events giving
439 rise to deficits, or in any other way that the board determines
440 will efficiently recover such deficits. The purpose of the lines
441 of credit or other financing mechanisms is to provide additional
442 resources to assist the corporation in covering claims and
443 expenses attributable to a catastrophe. As used in this
444 subsection, the term "assessments" includes regular assessments
445 under sub-subparagraph a., sub-subparagraph b., or subparagraph
446 (p)1. and emergency assessments under sub-subparagraph d.
447 Emergency assessments collected under sub-subparagraph d. are
448 not part of an insurer's rates, are not premium, and are not

449 subject to premium tax, fees, or commissions; however, failure
450 to pay the emergency assessment shall be treated as failure to
451 pay premium. The emergency assessments under sub-subparagraph d.
452 shall continue as long as any bonds issued or other indebtedness
453 incurred with respect to a deficit for which the assessment was
454 imposed remain outstanding, unless adequate provision has been
455 made for the payment of such bonds or other indebtedness
456 pursuant to the documents governing such bonds or other
457 indebtedness.

458 f. As used in this subsection, the term "subject lines of
459 business" means insurance written by assessable insurers or
460 procured by assessable insureds for all property and casualty
461 lines of business in this state, but not including workers'
462 compensation or medical malpractice. As used in the sub-
463 subparagraph, the term "property and casualty lines of business"
464 includes all lines of business identified on Form 2, Exhibit of
465 Premiums and Losses, in the annual statement required of
466 authorized insurers by s. 624.424 and any rule adopted under
467 this section, except for those lines identified as accident and
468 health insurance and except for policies written under the
469 National Flood Insurance Program or the Federal Crop Insurance
470 Program. For purposes of this sub-subparagraph, the term
471 "workers' compensation" includes both workers' compensation
472 insurance and excess workers' compensation insurance.

473 g. The Florida Surplus Lines Service Office shall
474 determine annually the aggregate statewide written premium in
475 subject lines of business procured by assessable insureds and
476 shall report that information to the corporation in a form and

477 at a time the corporation specifies to ensure that the
478 corporation can meet the requirements of this subsection and the
479 corporation's financing obligations.

480 h. The Florida Surplus Lines Service Office shall verify
481 the proper application by surplus lines agents of assessment
482 percentages for regular assessments and emergency assessments
483 levied under this subparagraph on assessable insureds and shall
484 assist the corporation in ensuring the accurate, timely
485 collection and payment of assessments by surplus lines agents as
486 required by the corporation.

487 i. If a deficit is incurred in any account in 2008 or
488 thereafter, the board of governors shall levy an immediate
489 assessment against the premium of each nonhomestead property
490 policyholder in all accounts of the corporation, as a uniform
491 percentage of the premium of the policy of up to 10 percent of
492 such premium, which funds shall be used to offset the deficit.
493 If this assessment is insufficient to eliminate the deficit, the
494 board of governors shall levy an additional assessment against
495 all policyholders of the corporation, which shall be collected
496 at the time of issuance or renewal of a policy, as a uniform
497 percentage of the premium for the policy of up to 10 percent of
498 such premium, which funds shall be used to further offset the
499 deficit.

500 j. The board of governors shall maintain separate
501 accounting records that consolidate data for nonhomestead
502 properties, including, but not limited to, number of policies,
503 insured values, premiums written, and losses. The board of
504 governors shall annually report to the office and the

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505 Legislature a summary of such data.

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

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

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

516 b. Basic personal lines policy forms that are policies
517 similar to an HO-8 policy or a dwelling fire policy that provide
518 coverage meeting the requirements of the secondary mortgage
519 market, but which coverage is more limited than the coverage
520 under a standard policy.

521 c. Commercial lines residential and nonresidential policy
522 forms that are generally similar to the basic perils of full
523 coverage obtainable for commercial residential structures and
524 commercial nonresidential structures in the admitted voluntary
525 market.

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

531 e. Commercial lines nonresidential property insurance
532 forms that cover the peril of wind only. The forms are

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533 applicable only to nonresidential properties located in areas
534 eligible for coverage under the high-risk account referred to in
535 sub-subparagraph (b)2.a.

536 f. The corporation may adopt variations of the policy
537 forms listed in sub-subparagraphs a.-e. that contain more
538 restrictive coverage.

539 2.a. Must provide that the corporation adopt a program in
540 which the corporation and authorized insurers enter into quota
541 share primary insurance agreements for hurricane coverage, as
542 defined in s. 627.4025(2)(a), for eligible risks, and adopt
543 property insurance forms for eligible risks which cover the
544 peril of wind only. As used in this subsection, the term:

545 (I) "Quota share primary insurance" means an arrangement
546 in which the primary hurricane coverage of an eligible risk is
547 provided in specified percentages by the corporation and an
548 authorized insurer. The corporation and authorized insurer are
549 each solely responsible for a specified percentage of hurricane
550 coverage of an eligible risk as set forth in a quota share
551 primary insurance agreement between the corporation and an
552 authorized insurer and the insurance contract. The
553 responsibility of the corporation or authorized insurer to pay
554 its specified percentage of hurricane losses of an eligible
555 risk, as set forth in the quota share primary insurance
556 agreement, may not be altered by the inability of the other
557 party to the agreement to pay its specified percentage of
558 hurricane losses. Eligible risks that are provided hurricane
559 coverage through a quota share primary insurance arrangement
560 must be provided policy forms that set forth the obligations of

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561 the corporation and authorized insurer under the arrangement,
562 clearly specify the percentages of quota share primary insurance
563 provided by the corporation and authorized insurer, and
564 conspicuously and clearly state that neither the authorized
565 insurer nor the corporation may be held responsible beyond its
566 specified percentage of coverage of hurricane losses.

567 (II) "Eligible risks" means personal lines residential and
568 commercial lines residential risks that meet the underwriting
569 criteria of the corporation and are located in areas that were
570 eligible for coverage by the Florida Windstorm Underwriting
571 Association on January 1, 2002.

572 b. The corporation may enter into quota share primary
573 insurance agreements with authorized insurers at corporation
574 coverage levels of 90 percent and 50 percent.

575 c. If the corporation determines that additional coverage
576 levels are necessary to maximize participation in quota share
577 primary insurance agreements by authorized insurers, the
578 corporation may establish additional coverage levels. However,
579 the corporation's quota share primary insurance coverage level
580 may not exceed 90 percent.

581 d. Any quota share primary insurance agreement entered
582 into between an authorized insurer and the corporation must
583 provide for a uniform specified percentage of coverage of
584 hurricane losses, by county or territory as set forth by the
585 corporation board, for all eligible risks of the authorized
586 insurer covered under the quota share primary insurance
587 agreement.

588 e. Any quota share primary insurance agreement entered

589 into between an authorized insurer and the corporation is
590 subject to review and approval by the office. However, such
591 agreement shall be authorized only as to insurance contracts
592 entered into between an authorized insurer and an insured who is
593 already insured by the corporation for wind coverage.

594 f. For all eligible risks covered under quota share
595 primary insurance agreements, the exposure and coverage levels
596 for both the corporation and authorized insurers shall be
597 reported by the corporation to the Florida Hurricane Catastrophe
598 Fund. For all policies of eligible risks covered under quota
599 share primary insurance agreements, the corporation and the
600 authorized insurer shall maintain complete and accurate records
601 for the purpose of exposure and loss reimbursement audits as
602 required by Florida Hurricane Catastrophe Fund rules. The
603 corporation and the authorized insurer shall each maintain
604 duplicate copies of policy declaration pages and supporting
605 claims documents.

606 g. The corporation board shall establish in its plan of
607 operation standards for quota share agreements which ensure that
608 there is no discriminatory application among insurers as to the
609 terms of quota share agreements, pricing of quota share
610 agreements, incentive provisions if any, and consideration paid
611 for servicing policies or adjusting claims.

612 h. The quota share primary insurance agreement between the
613 corporation and an authorized insurer must set forth the
614 specific terms under which coverage is provided, including, but
615 not limited to, the sale and servicing of policies issued under
616 the agreement by the insurance agent of the authorized insurer

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617 producing the business, the reporting of information concerning
618 eligible risks, the payment of premium to the corporation, and
619 arrangements for the adjustment and payment of hurricane claims
620 incurred on eligible risks by the claims adjuster and personnel
621 of the authorized insurer. Entering into a quota sharing
622 insurance agreement between the corporation and an authorized
623 insurer shall be voluntary and at the discretion of the
624 authorized insurer.

625 3. May provide that the corporation may employ or
626 otherwise contract with individuals or other entities to provide
627 administrative or professional services that may be appropriate
628 to effectuate the plan. The corporation shall have the power to
629 borrow funds, by issuing bonds or by incurring other
630 indebtedness, and shall have other powers reasonably necessary
631 to effectuate the requirements of this subsection, including,
632 without limitation, the power to issue bonds and incur other
633 indebtedness in order to refinance outstanding bonds or other
634 indebtedness. The corporation may, but is not required to, seek
635 judicial validation of its bonds or other indebtedness under
636 chapter 75. The corporation may issue bonds or incur other
637 indebtedness, or have bonds issued on its behalf by a unit of
638 local government pursuant to subparagraph (g)2., in the absence
639 of a hurricane or other weather-related event, upon a
640 determination by the corporation, subject to approval by the
641 office, that such action would enable it to efficiently meet the
642 financial obligations of the corporation and that such
643 financings are reasonably necessary to effectuate the
644 requirements of this subsection. The corporation is authorized

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645 to take all actions needed to facilitate tax-free status for any
646 such bonds or indebtedness, including formation of trusts or
647 other affiliated entities. The corporation shall have the
648 authority to pledge assessments, projected recoveries from the
649 Florida Hurricane Catastrophe Fund, other reinsurance
650 recoverables, market equalization and other surcharges, and
651 other funds available to the corporation as security for bonds
652 or other indebtedness. In recognition of s. 10, Art. I of the
653 State Constitution, prohibiting the impairment of obligations of
654 contracts, it is the intent of the Legislature that no action be
655 taken whose purpose is to impair any bond indenture or financing
656 agreement or any revenue source committed by contract to such
657 bond or other indebtedness.

658 4.a. Must require that the corporation operate subject to
659 the supervision and approval of a board of governors consisting
660 of eight individuals who are residents of this state, from
661 different geographical areas of this state. The Governor, the
662 Chief Financial Officer, the President of the Senate, and the
663 Speaker of the House of Representatives shall each appoint two
664 members of the board. At least one of the two members appointed
665 by each appointing officer must have demonstrated expertise in
666 insurance. The Chief Financial Officer shall designate one of
667 the appointees as chair. All board members serve at the pleasure
668 of the appointing officer. All members of the board of governors
669 are subject to removal at will by the officers who appointed
670 them. All board members, including the chair, must be appointed
671 to serve for 3-year terms beginning annually on a date
672 designated by the plan. Any board vacancy shall be filled for

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673 the unexpired term by the appointing officer. The Chief
674 Financial Officer shall appoint a technical advisory group to
675 provide information and advice to the board of governors in
676 connection with the board's duties under this subsection. The
677 executive director and senior managers of the corporation shall
678 be engaged by the board and serve at the pleasure of the board.
679 Any executive director appointed on or after July 1, 2006, is
680 subject to confirmation by the Senate. The executive director is
681 responsible for employing other staff as the corporation may
682 require, subject to review and concurrence by the board.

683 b. The board shall create a Market Accountability Advisory
684 Committee to assist the corporation in developing awareness of
685 its rates and its customer and agent service levels in
686 relationship to the voluntary market insurers writing similar
687 coverage. The members of the advisory committee shall consist of
688 the following 11 persons, one of whom must be elected chair by
689 the members of the committee: four representatives, one
690 appointed by the Florida Association of Insurance Agents, one by
691 the Florida Association of Insurance and Financial Advisors, one
692 by the Professional Insurance Agents of Florida, and one by the
693 Latin American Association of Insurance Agencies; three
694 representatives appointed by the insurers with the three highest
695 voluntary market share of residential property insurance
696 business in the state; one representative from the Office of
697 Insurance Regulation; one consumer appointed by the board who is
698 insured by the corporation at the time of appointment to the
699 committee; one representative appointed by the Florida
700 Association of Realtors; and one representative appointed by the

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701 Florida Bankers Association. All members must serve for 3-year
702 terms and may serve for consecutive terms. The committee shall
703 report to the corporation at each board meeting on insurance
704 market issues which may include rates and rate competition with
705 the voluntary market; service, including policy issuance, claims
706 processing, and general responsiveness to policyholders,
707 applicants, and agents; and matters relating to depopulation.

708 5. Must provide procedures ~~a procedure for determining the~~
709 ~~eligibility of a risk for coverage~~, as follows:

710 a. Applicants are not ineligible for coverage based on the
711 availability of coverage from the private insurance market or
712 the surplus lines market. An applicant or policyholder may
713 choose to be insured by the corporation even if the applicant or
714 policyholder has another offer of coverage if the risk otherwise
715 meets the underwriting guidelines of the corporation. Subject to
716 ~~the provisions of s. 627.3517, with respect to personal lines~~
717 ~~residential risks, if the risk is offered coverage from an~~
718 ~~authorized insurer at the insurer's approved rate under either a~~
719 ~~standard policy including wind coverage or, if consistent with~~
720 ~~the insurer's underwriting rules as filed with the office, a~~
721 ~~basic policy including wind coverage, for a new application to~~
722 ~~the corporation for coverage, the risk is not eligible for any~~
723 ~~policy issued by the corporation unless the premium for coverage~~
724 ~~from the authorized insurer is more than 25 percent greater than~~
725 ~~the premium for comparable coverage from the corporation. If the~~
726 ~~risk is not able to obtain any such offer, the risk is eligible~~
727 ~~for either a standard policy including wind coverage or a basic~~
728 ~~policy including wind coverage issued by the corporation;~~

729 ~~however, if the risk could not be insured under a standard~~
730 ~~policy including wind coverage regardless of market conditions,~~
731 ~~the risk shall be eligible for a basic policy including wind~~
732 ~~coverage unless rejected under subparagraph 8. However, with~~
733 ~~regard to a policyholder of the corporation, the policyholder~~
734 ~~remains eligible for coverage from the corporation regardless of~~
735 ~~any offer of coverage from an authorized insurer or surplus~~
736 ~~lines insurer. The corporation shall determine the type of~~
737 ~~policy to be provided on the basis of objective standards~~
738 ~~specified in the underwriting manual and based on generally~~
739 ~~accepted underwriting practices.~~

740 (I) If the risk accepts an offer of coverage through the
741 market assistance plan or an offer of coverage through a
742 mechanism established by the corporation before a policy is
743 issued to the risk by the corporation or during the first 30
744 days of coverage by the corporation, and the producing agent who
745 submitted the application to the plan or to the corporation is
746 not currently appointed by the insurer, the insurer shall:

747 (A) Pay to the producing agent of record of the policy,
748 for the first year, an amount that is the greater of the
749 insurer's usual and customary commission for the type of policy
750 written or a fee equal to the usual and customary commission of
751 the corporation; or

752 (B) Offer to allow the producing agent of record of the
753 policy to continue servicing the policy for a period of not less
754 than 1 year and offer to pay the agent the greater of the
755 insurer's or the corporation's usual and customary commission
756 for the type of policy written.

757
 758 If the producing agent is unwilling or unable to accept
 759 appointment, the new insurer shall pay the agent in accordance
 760 with sub-sub-sub-subparagraph (A).

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

765 (A) Pay to the producing agent of record of the
 766 corporation policy, for the first year, an amount that is the
 767 greater of the insurer's usual and customary commission for the
 768 type of policy written or a fee equal to the usual and customary
 769 commission of the corporation; or

770 (B) Offer to allow the producing agent of record of the
 771 corporation policy to continue servicing the policy for a period
 772 of not less than 1 year and offer to pay the agent the greater
 773 of the insurer's or the corporation's usual and customary
 774 commission for the type of policy written.

775
 776 If the producing agent is unwilling or unable to accept
 777 appointment, the new insurer shall pay the agent in accordance
 778 with sub-sub-sub-subparagraph (A).

779 ~~b. With respect to commercial lines residential risks, for~~
 780 ~~a new application to the corporation for coverage, if the risk~~
 781 ~~is offered coverage under a policy including wind coverage from~~
 782 ~~an authorized insurer at its approved rate, the risk is not~~
 783 ~~eligible for any policy issued by the corporation unless the~~
 784 ~~premium for coverage from the authorized insurer is more than 25~~

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785 ~~percent greater than the premium for comparable coverage from~~
786 ~~the corporation. If the risk is not able to obtain any such~~
787 ~~offer, the risk is eligible for a policy including wind coverage~~
788 ~~issued by the corporation. However, with regard to a~~
789 ~~policyholder of the corporation, the policyholder remains~~
790 ~~eligible for coverage from the corporation regardless of any~~
791 ~~offer of coverage from an authorized insurer or surplus lines~~
792 ~~insurer.~~

793 b.~~(I)~~ If the risk accepts an offer of coverage through the
794 market assistance plan or an offer of coverage through a
795 mechanism established by the corporation before a policy is
796 issued to the risk by the corporation or during the first 30
797 days of coverage by the corporation, and the producing agent who
798 submitted the application to the plan or the corporation is not
799 currently appointed by the insurer, the insurer shall:

800 (I)~~(A)~~ Pay to the producing agent of record of the policy,
801 for the first year, an amount that is the greater of the
802 insurer's usual and customary commission for the type of policy
803 written or a fee equal to the usual and customary commission of
804 the corporation; or

805 (II)~~(B)~~ Offer to allow the producing agent of record of
806 the policy to continue servicing the policy for a period of not
807 less than 1 year and offer to pay the agent the greater of the
808 insurer's or the corporation's usual and customary commission
809 for the type of policy written.

810

811 If the producing agent is unwilling or unable to accept
812 appointment, the new insurer shall pay the agent in accordance

813 with sub-sub-subparagraph (I) ~~sub-sub-sub-subparagraph (A)~~.

814 c.(II) When the corporation enters into a contractual
 815 agreement for a take-out plan, the producing agent of record of
 816 the corporation policy is entitled to retain any unearned
 817 commission on the policy, and the insurer shall:

818 (I)(A) Pay to the producing agent of record of the
 819 corporation policy, for the first year, an amount that is the
 820 greater of the insurer's usual and customary commission for the
 821 type of policy written or a fee equal to the usual and customary
 822 commission of the corporation; or

823 (II)(B) Offer to allow the producing agent of record of
 824 the corporation policy to continue servicing the policy for a
 825 period of not less than 1 year and offer to pay the agent the
 826 greater of the insurer's or the corporation's usual and
 827 customary commission for the type of policy written.

828
 829 If the producing agent is unwilling or unable to accept
 830 appointment, the new insurer shall pay the agent in accordance
 831 with sub-sub-subparagraph (I) ~~sub-sub-sub-subparagraph (A)~~.

832 6. Must provide by July 1, 2007, that an application for
 833 coverage for a new policy is subject to a waiting period of 10
 834 days before coverage is effective, during which time the
 835 corporation shall make such application available for review by
 836 general lines agents and authorized property and casualty
 837 insurers. The board shall approve an exception that allows for
 838 coverage to be effective before the end of the 10-day waiting
 839 period, for coverage issued in conjunction with a real estate
 840 closing. The board may approve such other exceptions as the

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841 board determines are necessary to prevent lapses in coverage.

842 7. Must include rules for classifications of risks and
843 rates therefor.

844 8. Must provide that if premium and investment income for
845 an account attributable to a particular calendar year are in
846 excess of projected losses and expenses for the account
847 attributable to that year, such excess shall be held in surplus
848 in the account. Such surplus shall be available to defray
849 deficits in that account as to future years and shall be used
850 for that purpose prior to assessing assessable insurers and
851 assessable insureds as to any calendar year.

852 9. Must provide objective criteria and procedures to be
853 uniformly applied for all applicants in determining whether an
854 individual risk is eligible for coverage ~~so hazardous as to be~~
855 ~~uninsurable~~. In making this determination and in establishing
856 the criteria and procedures, the following shall be considered:

857 a. Whether the likelihood of a loss for the individual
858 risk is ~~substantially~~ higher than for other risks of the same
859 class; and

860 b. Whether the applicant has taken such actions as are
861 reasonably necessary, as specified by the corporation, to reduce
862 the risk of loss ~~uncertainty associated with the individual risk~~
863 ~~is such that an appropriate premium cannot be determined.~~

864
865 The acceptance or rejection of a risk by the corporation shall
866 be construed as the private placement of insurance, and the
867 provisions of chapter 120 shall not apply.

868 10. Must provide that the corporation shall make its best

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869 efforts to procure catastrophe reinsurance at reasonable rates,
870 to cover its projected 100-year probable maximum loss as
871 determined by the board of governors.

872 11. Must provide that in the event of regular deficit
873 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
874 (b)3.b., in the personal lines account, the commercial lines
875 residential account, or the high-risk account, the corporation
876 shall levy upon corporation policyholders in its next rate
877 filing, or by a separate rate filing solely for this purpose, a
878 Citizens policyholder surcharge arising from a regular
879 assessment in such account in a percentage equal to the total
880 amount of such regular assessments divided by the aggregate
881 statewide direct written premium for subject lines of business
882 for the prior calendar year. For purposes of calculating the
883 Citizens policyholder surcharge to be levied under this
884 subparagraph, the total amount of the regular assessment to
885 which this surcharge is related shall be determined as set forth
886 in subparagraph (b)3., without deducting the estimated Citizens
887 policyholder surcharge. Citizens policyholder surcharges under
888 this subparagraph are not considered premium and are not subject
889 to commissions, fees, or premium taxes; however, failure to pay
890 a market equalization surcharge shall be treated as failure to
891 pay premium.

892 ~~12. The policies issued by the corporation must provide~~
893 ~~that, if the corporation or the market assistance plan obtains~~
894 ~~an offer from an authorized insurer to cover the risk at its~~
895 ~~approved rates, the risk is no longer eligible for renewal~~
896 ~~through the corporation, except as otherwise provided in this~~

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897 ~~subsection.~~

898 ~~13. Corporation policies and applications must include a~~
899 ~~notice that the corporation policy could, under this section, be~~
900 ~~replaced with a policy issued by an authorized insurer that does~~
901 ~~not provide coverage identical to the coverage provided by the~~
902 ~~corporation. The notice shall also specify that acceptance of~~
903 ~~corporation coverage creates a conclusive presumption that the~~
904 ~~applicant or policyholder is aware of this potential.~~

905 12.14. May establish, subject to approval by the office,
906 different eligibility requirements and operational procedures
907 for any line or type of coverage for any specified county or
908 area if the board determines that such changes to the
909 eligibility requirements and operational procedures are
910 justified due to the voluntary market being sufficiently stable
911 and competitive in such area or for such line or type of
912 coverage and that consumers who, in good faith, are unable to
913 obtain insurance through the voluntary market through ordinary
914 methods would continue to have access to coverage from the
915 corporation. When coverage is sought in connection with a real
916 property transfer, such requirements and procedures shall not
917 provide for an effective date of coverage later than the date of
918 the closing of the transfer as established by the transferor,
919 the transferee, and, if applicable, the lender.

920 13.15. Must provide that, with respect to the high-risk
921 account, any assessable insurer with a surplus as to
922 policyholders of \$25 million or less writing 25 percent or more
923 of its total countrywide property insurance premiums in this
924 state may petition the office, within the first 90 days of each

925 calendar year, to qualify as a limited apportionment company. A
 926 regular assessment levied by the corporation on a limited
 927 apportionment company for a deficit incurred by the corporation
 928 for the high-risk account in 2006 or thereafter may be paid to
 929 the corporation on a monthly basis as the assessments are
 930 collected by the limited apportionment company from its insureds
 931 pursuant to s. 627.3512, but the regular assessment must be paid
 932 in full within 12 months after being levied by the corporation.
 933 A limited apportionment company shall collect from its
 934 policyholders any emergency assessment imposed under sub-
 935 subparagraph (b)3.d. The plan shall provide that, if the office
 936 determines that any regular assessment will result in an
 937 impairment of the surplus of a limited apportionment company,
 938 the office may direct that all or part of such assessment be
 939 deferred as provided in subparagraph (g)4. However, there shall
 940 be no limitation or deferment of an emergency assessment to be
 941 collected from policyholders under sub-subparagraph (b)3.d.

942 ~~14.16-~~ Must provide that the corporation appoint as its
 943 licensed agents only those agents who also hold an appointment
 944 as defined in s. 626.015(3) with an insurer who at the time of
 945 the agent's initial appointment by the corporation is authorized
 946 to write and is actually writing personal lines residential
 947 property coverage, commercial residential property coverage, or
 948 commercial nonresidential property coverage within the state.

949 ~~15.17-~~ Must provide, by July 1, 2007, a premium payment
 950 plan option to its policyholders which allows for quarterly and
 951 semiannual payment of premiums.

952 ~~16.18-~~ Must provide, effective June 1, 2007, that the

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953 corporation contract with each insurer providing the non-wind
954 coverage for risks insured by the corporation in the high-risk
955 account, requiring that the insurer provide claims adjusting
956 services for the wind coverage provided by the corporation for
957 such risks. An insurer is required to enter into this contract
958 as a condition of providing non-wind coverage for a risk that is
959 insured by the corporation in the high-risk account unless the
960 board finds, after a hearing, that the insurer is not capable of
961 providing adjusting services at an acceptable level of quality
962 to corporation policyholders. The terms and conditions of such
963 contracts must be substantially the same as the contracts that
964 the corporation executed with insurers under the "adjust-your-
965 own" program in 2006, except as may be mutually agreed to by the
966 parties and except for such changes that the board determines
967 are necessary to ensure that claims are adjusted appropriately.
968 The corporation shall provide a process for neutral arbitration
969 of any dispute between the corporation and the insurer regarding
970 the terms of the contract. The corporation shall review and
971 monitor the performance of insurers under these contracts.

972 ~~17.19.~~ Must limit coverage on mobile homes or manufactured
973 homes built prior to 1994 to actual cash value of the dwelling
974 rather than replacement costs of the dwelling.

975 ~~18.20.~~ May provide such limits of coverage as the board
976 determines, consistent with the requirements of this subsection.

977 ~~19.21.~~ May require commercial property to meet specified
978 hurricane mitigation construction features as a condition of
979 eligibility for coverage.

980 Section 2. Effective January 1, 2008, and notwithstanding

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981 any other provision of law:

982 (1) A new certificate of authority for the transaction of
983 residential property insurance may not be issued to any insurer
984 domiciled in this state that is a wholly owned subsidiary of an
985 insurer authorized to do business in any other state.

986 (2) (a) The existing certificate of authority for the
987 transaction of residential property insurance held by any
988 insurer domiciled in this state that is a wholly owned
989 subsidiary of an insurer authorized to do business in any other
990 state shall expire at the end of its period of validation and
991 may not be renewed or reissued by the Office of Insurance
992 Regulation or the Financial Services Commission.

993 (b) The rate filings of any insurer domiciled in this
994 state that is a wholly owned subsidiary of an insurer authorized
995 to do business in any other state shall include information
996 relating to the profits of the parent company of the insurer
997 domiciled in this state.

998 Section 3. Except as otherwise expressly provided in this
999 act, this act shall take effect upon becoming a law.