

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative(s) Reagan offered the following:

2
3 **Amendment (with title amendment)**

4 Remove everything after the enacting clause and insert:

5 Section 1. Paragraph (h) of subsection (7) of section
6 163.01, Florida Statutes, as amended by chapter 2007-1, Laws of
7 Florida, is amended to read:

8 163.01 Florida Interlocal Cooperation Act of 1969.--
9 (7)

10 (h)1. Notwithstanding the provisions of paragraph (c), any
11 separate legal entity consisting of an alliance, as defined in
12 s. 395.106(2)(a), created pursuant to this paragraph and
13 controlled by and whose members consist of eligible entities
14 comprised of special districts created pursuant to a special act
15 and having the authority to own or operate one or more hospitals
16 licensed in this state or hospitals licensed in this state that

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17 are owned, operated, or funded by a county or municipality, for
18 the purpose of providing property insurance coverage as defined
19 in s. 395.106(2) ~~(b)-(e)~~, for such eligible entities, may exercise
20 all powers under this subsection in connection with borrowing
21 funds for such purposes, including, without limitation, the
22 authorization, issuance, and sale of bonds, notes, or other
23 obligations of indebtedness. Borrowed funds, including, but not
24 limited to, bonds issued by such alliance shall be deemed issued
25 on behalf of such eligible entities that enter into loan
26 agreements with such separate legal entity as provided in this
27 paragraph.

28 2. Any such separate legal entity shall have all the
29 powers that are provided by the interlocal agreement under which
30 the entity is created or that are necessary to finance, operate,
31 or manage the alliance's property insurance coverage program.
32 Proceeds of bonds, notes, or other obligations issued by such an
33 entity may be loaned to any one or more eligible entities. Such
34 eligible entities are authorized to enter into loan agreements
35 with any separate legal entity created pursuant to this
36 paragraph for the purpose of obtaining moneys with which to
37 finance property insurance coverage or claims. Obligations of
38 any eligible entity pursuant to a loan agreement as described in
39 this paragraph may be validated as provided in chapter 75.

40 3. Any bonds, notes, or other obligations to be issued or
41 incurred by a separate legal entity created pursuant to this
42 paragraph shall be authorized by resolution of the governing
43 body of such entity and bear the date or dates; mature at the
44 time or times, not exceeding 30 years from their respective
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45 | dates; bear interest at the rate or rates, which may be fixed or
46 | vary at such time or times and in accordance with a specified
47 | formula or method of determination; be payable at the time or
48 | times; be in the denomination; be in the form; carry the
49 | registration privileges; be executed in the manner; be payable
50 | from the sources and in the medium of payment and at the place;
51 | and be subject to redemption, including redemption prior to
52 | maturity, as the resolution may provide. The bonds, notes, or
53 | other obligations may be sold at public or private sale for such
54 | price as the governing body of the separate legal entity shall
55 | determine. The bonds may be secured by such credit enhancement,
56 | if any, as the governing body of the separate legal entity deems
57 | appropriate. The bonds may be secured by an indenture of trust
58 | or trust agreement. In addition, the governing body of the
59 | separate legal entity may delegate, to such officer or official
60 | of such entity as the governing body may select, the power to
61 | determine the time; manner of sale, public or private;
62 | maturities; rate or rates of interest, which may be fixed or may
63 | vary at such time or times and in accordance with a specified
64 | formula or method of determination; and other terms and
65 | conditions as may be deemed appropriate by the officer or
66 | official so designated by the governing body of such separate
67 | legal entity. However, the amounts and maturities of such bonds,
68 | the interest rate or rates, and the purchase price of such bonds
69 | shall be within the limits prescribed by the governing body of
70 | such separate legal entity in its resolution delegating to such
71 | officer or official the power to authorize the issuance and sale
72 | of such bonds.

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73 4. Bonds issued pursuant to this paragraph may be
74 validated as provided in chapter 75. The complaint in any action
75 to validate such bonds shall be filed only in the Circuit Court
76 for Leon County. The notice required to be published by s. 75.06
77 shall be published in Leon County and in each county in which an
78 eligible entity that is a member of an alliance is located. The
79 complaint and order of the circuit court shall be served only on
80 the State Attorney of the Second Judicial Circuit and on the
81 state attorney of each circuit in each county in which an
82 eligible entity receiving bond proceeds is located.

83 5. The accomplishment of the authorized purposes of a
84 separate legal entity created under this paragraph is deemed in
85 all respects for the benefit, increase of the commerce and
86 prosperity, and improvement of the health and living conditions
87 of the people of this state. Inasmuch as the separate legal
88 entity performs essential public functions in accomplishing its
89 purposes, the separate legal entity is not required to pay any
90 taxes or assessments of any kind upon any property acquired or
91 used by the entity for such purposes or upon any revenues at any
92 time received by the entity. The bonds, notes, and other
93 obligations of such separate legal entity, the transfer of and
94 income from such bonds, notes, and other obligations, including
95 any profits made on the sale of such bonds, notes, and other
96 obligations, are at all times free from taxation of any kind of
97 the state or by any political subdivision or other agency or
98 instrumentality of the state. The exemption granted in this
99 paragraph does not apply to any tax imposed by chapter 220 on

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100 interest, income, or profits on debt obligations owned by
101 corporations.

102 6. The participation by any eligible entity in an alliance
103 or a separate legal entity created pursuant to this paragraph
104 may not be deemed a waiver of immunity to the extent of
105 liability or any other coverage, and a contract entered
106 regarding such alliance is not required to contain any provision
107 for waiver.

108 Section 2. Paragraph (b) of subsection (4), paragraph (e)
109 of subsection (5), paragraph (b) of subsection (6), and
110 subsection (16) of section 215.555, Florida Statutes, as amended
111 by chapter 2007-1, Laws of Florida, are amended to read:

112 215.555 Florida Hurricane Catastrophe Fund.--

113 (4) REIMBURSEMENT CONTRACTS.--

114 (b)1. The contract shall contain a promise by the board to
115 reimburse the insurer for 45 percent, 75 percent, or 90 percent
116 of its losses from each covered event in excess of the insurer's
117 retention, plus 5 percent of the reimbursed losses to cover loss
118 adjustment expenses.

119 2. The insurer must elect one of the percentage coverage
120 levels specified in this paragraph and may, upon renewal of a
121 reimbursement contract, elect a lower percentage coverage level
122 if no revenue bonds issued under subsection (6) after a covered
123 event are outstanding, or elect a higher percentage coverage
124 level, regardless of whether or not revenue bonds are
125 outstanding. All members of an insurer group must elect the same
126 percentage coverage level. Any joint underwriting association,

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127 risk apportionment plan, or other entity created under s.
128 627.351 must elect the 90-percent coverage level.

129 3. The contract shall provide that reimbursement amounts
130 shall not be reduced by reinsurance paid or payable to the
131 insurer from other sources.

132 4. Notwithstanding any other provision contained in this
133 section, the board shall make available to insurers that
134 purchased coverage provided by this subparagraph ~~participated in~~
135 2006, insurers qualifying as limited apportionment companies
136 under s. 627.351(6)(c) ~~which began writing property insurance in~~
137 ~~2007~~, and insurers that were approved to participate in 2006 or
138 that are approved in 2007 for the Insurance Capital Build-Up
139 Incentive Program pursuant to s. 215.5595, a contract or
140 contract addendum that provides an additional amount of
141 reimbursement coverage of up to \$10 million. The premium to be
142 charged for this additional reimbursement coverage shall be 50
143 percent of the additional reimbursement coverage provided, which
144 shall include one prepaid reinstatement. The minimum retention
145 level that an eligible participating insurer must retain
146 associated with this additional coverage layer is 30 percent of
147 the insurer's surplus as of December 31, 2006. This coverage
148 shall be in addition to all other coverage that may be provided
149 under this section. The coverage provided by the fund under this
150 subparagraph ~~subsection~~ shall be in addition to the claims-
151 paying capacity as defined in subparagraph (c)1., but only with
152 respect to those insurers that select the additional coverage
153 option and meet the requirements of this subparagraph
154 ~~subsection~~. The claims-paying capacity with respect to all other

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155 participating insurers and limited apportionment companies that
156 do not select the additional coverage option shall be limited to
157 their reimbursement premium's proportionate share of the actual
158 claims-paying capacity otherwise defined in subparagraph (c)1.
159 and as provided for under the terms of the reimbursement
160 contract. Coverage provided in the reimbursement contract will
161 not be affected by the additional premiums paid by participating
162 insurers exercising the additional coverage option allowed in
163 this subparagraph. This subparagraph expires on May 31, 2008.

164 (5) REIMBURSEMENT PREMIUMS.--

165 (e) If Citizens Property Insurance Corporation assumes or
166 otherwise provides coverage for policies of an insurer placed in
167 liquidation under chapter 631 pursuant to s. 627.351(6), the
168 corporation may, pursuant to conditions mutually agreed to
169 between the corporation and the State Board of Administration,
170 obtain coverage for such policies under its contract with the
171 fund or accept an assignment of the liquidated insurer's
172 contract with the fund. If Citizens Property Insurance
173 Corporation elects to cover these policies under the
174 corporation's contract with the fund, it shall notify the board
175 of its insured values with respect to such policies within a
176 specified time mutually agreed to between the corporation and
177 the board, after such assumption or other coverage transaction,
178 and the fund shall treat such policies as having been in effect
179 as of June 30 of that year. In the event of an assignment, the
180 fund shall apply that contract to such policies and treat
181 Citizens Property Insurance Corporation as if the corporation
182 were the liquidated insurer for the remaining term of the

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183 contract, and the corporation shall have all rights and duties
184 of the liquidated insurer beginning on the date it provides
185 coverage for such policies, but the corporation is not subject
186 to any preexisting rights, liabilities, or duties of the
187 liquidated insurer. The assignment, including any unresolved
188 issues between the liquidated insurer and Citizens Property
189 Insurance Corporation under the contract, shall be provided for
190 in the liquidation order or otherwise determined by the court.
191 However, if a covered event occurs before the effective date of
192 the assignment, the corporation may not obtain coverage for such
193 policies under its contract with the fund and shall accept an
194 assignment of the liquidated insurer's contract as provided in
195 this paragraph. ~~This paragraph expires on June 1, 2007.~~

196 (6) REVENUE BONDS.--

197 (b) Emergency assessments.--

198 1. If the board determines that the amount of revenue
199 produced under subsection (5) is insufficient to fund the
200 obligations, costs, and expenses of the fund and the
201 corporation, including repayment of revenue bonds and that
202 portion of the debt service coverage not met by reimbursement
203 premiums, the board shall direct the Office of Insurance
204 Regulation to levy, by order, an emergency assessment on direct
205 premiums for all property and casualty lines of business in this
206 state, including property and casualty business of surplus lines
207 insurers regulated under part VIII of chapter 626, but not
208 including any workers' compensation premiums or medical
209 malpractice premiums. As used in this subsection, the term
210 "property and casualty business" includes all lines of business

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211 identified on Form 2, Exhibit of Premiums and Losses, in the
212 annual statement required of authorized insurers by s. 624.424
213 and any rule adopted under this section, except for those lines
214 identified as accident and health insurance and except for
215 policies written under the National Flood Insurance Program. The
216 assessment shall be specified as a percentage of direct written
217 premium and is subject to annual adjustments by the board in
218 order to meet debt obligations. The same percentage shall apply
219 to all policies in lines of business subject to the assessment
220 issued or renewed during the 12-month period beginning on the
221 effective date of the assessment.

222 2. A premium is not subject to an annual assessment under
223 this paragraph in excess of 6 percent of premium with respect to
224 obligations arising out of losses attributable to any one
225 contract year, and a premium is not subject to an aggregate
226 annual assessment under this paragraph in excess of 10 percent
227 of premium. An annual assessment under this paragraph shall
228 continue as long as the revenue bonds issued with respect to
229 which the assessment was imposed are outstanding, including any
230 bonds the proceeds of which were used to refund the revenue
231 bonds, unless adequate provision has been made for the payment
232 of the bonds under the documents authorizing issuance of the
233 bonds.

234 3. Emergency assessments shall be collected from
235 policyholders. Emergency assessments shall be remitted by
236 insurers as a percentage of direct written premium for the
237 preceding calendar quarter as specified in the order from the
238 Office of Insurance Regulation. The office shall verify the
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239 accurate and timely collection and remittance of emergency
240 assessments and shall report the information to the board in a
241 form and at a time specified by the board. Each insurer
242 collecting assessments shall provide the information with
243 respect to premiums and collections as may be required by the
244 office to enable the office to monitor and verify compliance
245 with this paragraph.

246 4. With respect to assessments of surplus lines premiums,
247 each surplus lines agent shall collect the assessment at the
248 same time as the agent collects the surplus lines tax required
249 by s. 626.932, and the surplus lines agent shall remit the
250 assessment to the Florida Surplus Lines Service Office created
251 by s. 626.921 at the same time as the agent remits the surplus
252 lines tax to the Florida Surplus Lines Service Office. The
253 emergency assessment on each insured procuring coverage and
254 filing under s. 626.938 shall be remitted by the insured to the
255 Florida Surplus Lines Service Office at the time the insured
256 pays the surplus lines tax to the Florida Surplus Lines Service
257 Office. The Florida Surplus Lines Service Office shall remit the
258 collected assessments to the fund or corporation as provided in
259 the order levied by the Office of Insurance Regulation. The
260 Florida Surplus Lines Service Office shall verify the proper
261 application of such emergency assessments and shall assist the
262 board in ensuring the accurate and timely collection and
263 remittance of assessments as required by the board. The Florida
264 Surplus Lines Service Office shall annually calculate the
265 aggregate written premium on property and casualty business,
266 other than workers' compensation and medical malpractice,

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267 | procured through surplus lines agents and insureds procuring
268 | coverage and filing under s. 626.938 and shall report the
269 | information to the board in a form and at a time specified by
270 | the board.

271 | 5. Any assessment authority not used for a particular
272 | contract year may be used for a subsequent contract year. If,
273 | for a subsequent contract year, the board determines that the
274 | amount of revenue produced under subsection (5) is insufficient
275 | to fund the obligations, costs, and expenses of the fund and the
276 | corporation, including repayment of revenue bonds and that
277 | portion of the debt service coverage not met by reimbursement
278 | premiums, the board shall direct the Office of Insurance
279 | Regulation to levy an emergency assessment up to an amount not
280 | exceeding the amount of unused assessment authority from a
281 | previous contract year or years, plus an additional 4 percent
282 | provided that the assessments in the aggregate do not exceed the
283 | limits specified in subparagraph 2.

284 | 6. The assessments otherwise payable to the corporation
285 | under this paragraph shall be paid to the fund unless and until
286 | the Office of Insurance Regulation and the Florida Surplus Lines
287 | Service Office have received from the corporation and the fund a
288 | notice, which shall be conclusive and upon which they may rely
289 | without further inquiry, that the corporation has issued bonds
290 | and the fund has no agreements in effect with local governments
291 | under paragraph (c). On or after the date of the notice and
292 | until the date the corporation has no bonds outstanding, the
293 | fund shall have no right, title, or interest in or to the

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294 assessments, except as provided in the fund's agreement with the
295 corporation.

296 7. Emergency assessments are not premium and are not
297 subject to the premium tax, to the surplus lines tax, to any
298 fees, or to any commissions. An insurer is liable for all
299 assessments that it collects and must treat the failure of an
300 insured to pay an assessment as a failure to pay the premium. An
301 insurer is not liable for uncollectible assessments.

302 8. When an insurer is required to return an unearned
303 premium, it shall also return any collected assessment
304 attributable to the unearned premium. A credit adjustment to the
305 collected assessment may be made by the insurer with regard to
306 future remittances that are payable to the fund or corporation,
307 but the insurer is not entitled to a refund.

308 9. When a surplus lines insured or an insured who has
309 procured coverage and filed under s. 626.938 is entitled to the
310 return of an unearned premium, the Florida Surplus Lines Service
311 Office shall provide a credit or refund to the agent or such
312 insured for the collected assessment attributable to the
313 unearned premium prior to remitting the emergency assessment
314 collected to the fund or corporation.

315 10. The exemption of medical malpractice insurance
316 premiums from emergency assessments under this paragraph is
317 repealed May 31, 2010 ~~May 31, 2007~~, and medical malpractice
318 insurance premiums shall be subject to emergency assessments
319 attributable to loss events occurring in the contract years
320 commencing on June 1, 2010 ~~June 1, 2007~~.

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321 (16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL
322 COVERAGE.--

323 (a) Findings and intent.--

324 1. The Legislature finds that:

325 a. Because of temporary disruptions in the market for
326 catastrophic reinsurance, many property insurers were unable to
327 procure reinsurance for the 2006 hurricane season with an
328 attachment point below the insurers' respective Florida
329 Hurricane Catastrophe Fund attachment points, were unable to
330 procure sufficient amounts of such reinsurance, or were able to
331 procure such reinsurance only by incurring substantially higher
332 costs than in prior years.

333 b. The reinsurance market problems were responsible, at
334 least in part, for substantial premium increases to many
335 consumers and increases in the number of policies issued by the
336 Citizens Property Insurance Corporation.

337 c. It is likely that the reinsurance market disruptions
338 will not significantly abate prior to the 2007 hurricane season.

339 2. It is the intent of the Legislature to create a
340 temporary emergency program, applicable to the 2007, 2008, and
341 2009 hurricane seasons, to address these market disruptions and
342 enable insurers, at their option, to procure additional coverage
343 from the Florida Hurricane Catastrophe Fund.

344 (b) Applicability of other provisions of this
345 section.--All provisions of this section and the rules adopted
346 under this section apply to the program created by this
347 subsection unless specifically superseded by this subsection.

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348 (c) Optional coverage.--For the contract year commencing
349 June 1, 2007, and ending May 31, 2008, the contract year
350 commencing June 1, 2008, and ending May 31, 2009, and the
351 contract year commencing June 1, 2009, and ending May 31, 2010,
352 the board shall offer for each of such years the optional
353 coverage as provided in this subsection.

354 (d) Additional definitions.--As used in this subsection,
355 the term:

356 1. "TEACO options" means the temporary emergency
357 additional coverage options created under this subsection.

358 2. "TEACO insurer" means an insurer that has opted to
359 obtain coverage under the TEACO options in addition to the
360 coverage provided to the insurer under its reimbursement
361 contract.

362 3. "TEACO reimbursement premium" means the premium charged
363 by the fund for coverage provided under the TEACO options.

364 4. "TEACO retention" means the amount of losses below
365 which a TEACO insurer is not entitled to reimbursement from the
366 fund under the TEACO option selected. A TEACO insurer's
367 retention options shall be calculated as follows:

368 a. The board shall calculate and report to each TEACO
369 insurer the TEACO retention multiples. There shall be three
370 TEACO retention multiples for defining coverage. Each multiple
371 shall be calculated by dividing \$3 billion, \$4 billion, or \$5
372 billion by the total estimated mandatory FHCF TEACO
373 reimbursement premium assuming all insurers ~~selected that~~
374 ~~option. Total estimated TEACO reimbursement premium for purposes~~
375 ~~of the calculation under this sub-subparagraph shall be~~

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376 ~~calculated using the assumption that all insurers have selected~~
377 ~~a specific TEACO retention multiple option and have selected the~~
378 90-percent coverage level.

379 b. The TEACO retention multiples as determined under sub-
380 subparagraph a. shall be adjusted to reflect the coverage level
381 elected by the insurer. For insurers electing the 90-percent
382 coverage level, the adjusted retention multiple is 100 percent
383 of the amount determined under sub-subparagraph a. For insurers
384 electing the 75-percent coverage level, the retention multiple
385 is 120 percent of the amount determined under sub-subparagraph
386 a. For insurers electing the 45-percent coverage level, the
387 adjusted retention multiple is 200 percent of the amount
388 determined under sub-subparagraph a.

389 c. An insurer shall determine its provisional TEACO
390 retention by multiplying its estimated mandatory FHCF
391 ~~provisional TEACO~~ reimbursement premium by the applicable
392 adjusted TEACO retention multiple and shall determine its actual
393 TEACO retention by multiplying its actual mandatory FHCF ~~TEACO~~
394 reimbursement premium by the applicable adjusted TEACO retention
395 multiple.

396 d. For TEACO insurers who experience multiple covered
397 events causing loss during the contract year, the insurer's full
398 TEACO retention shall be applied to each of the covered events
399 causing the two largest losses for that insurer. For other
400 covered events resulting in losses, the TEACO option does not
401 apply and the insurer's retention shall be one-third of the full
402 retention as calculated under paragraph (2) (e).

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403 5. "TEACO addendum" means an addendum to the reimbursement
404 contract reflecting the obligations of the fund and TEACO
405 insurers under the program created by this subsection.

406 6. "FHCF" means the Florida Hurricane Catastrophe Fund.

407 (e) TEACO addendum.--

408 1. The TEACO addendum shall provide for reimbursement of
409 TEACO insurers for covered events occurring during the contract
410 year, in exchange for the TEACO reimbursement premium paid into
411 the fund under paragraph (f). Any insurer writing covered
412 policies has the option of choosing to accept the TEACO addendum
413 for any of the 3 contract years that the coverage is offered.

414 2. The TEACO addendum shall contain a promise by the board
415 to reimburse the TEACO insurer for 45 percent, 75 percent, or 90
416 percent of its losses from each covered event in excess of the
417 insurer's TEACO retention, plus 5 percent of the reimbursed
418 losses to cover loss adjustment expenses. The percentage shall
419 be the same as the coverage level selected by the insurer under
420 paragraph (4) (b).

421 3. The TEACO addendum shall provide that reimbursement
422 amounts shall not be reduced by reinsurance paid or payable to
423 the insurer from other sources.

424 4. The TEACO addendum shall also provide that the
425 obligation of the board with respect to all TEACO addenda shall
426 not exceed an amount equal to two times the difference between
427 the industry retention level calculated under paragraph (2) (e)
428 and the \$3 billion, \$4 billion, or \$5 billion industry TEACO
429 retention level options actually selected, but in no event may
430 the board's obligation exceed the actual claims-paying capacity
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431 of the fund plus the additional capacity created in paragraph
432 (g). If the actual claims-paying capacity and the additional
433 capacity created under paragraph (g) fall short of the board's
434 obligations under the reimbursement contract, each insurer's
435 share of the fund's capacity shall be prorated based on the
436 premium an insurer pays for its mandatory ~~normal~~ reimbursement
437 coverage and the premium paid for its optional TEACO coverage as
438 each such premium bears to the total premiums paid to the fund
439 times the available capacity.

440 5. The priorities, schedule, and method of reimbursements
441 under the TEACO addendum shall be the same as provided under
442 subsection (4).

443 6. A TEACO insurer's maximum reimbursement for a single
444 event shall be equal to the product of multiplying its mandatory
445 FHCF premium by the difference between its FHCF retention
446 multiple and its TEACO retention multiple under the TEACO option
447 selected and by the coverage selected under paragraph (4) (b),
448 plus an additional 5 percent for loss adjustment expenses. A
449 TEACO insurer's maximum reimbursement under the TEACO option
450 selected for a TEACO insurer's two largest events addendum shall
451 be twice its maximum reimbursement for a single event calculated
452 by multiplying the insurer's share of the estimated total TEACO
453 reimbursement premium as calculated under sub-subparagraph
454 (d)4.a. by an amount equal to two times the difference between
455 the industry retention level calculated under paragraph (2) (e)
456 and the \$3 billion, \$4 billion, or \$5 billion industry TEACO
457 retention level specified in sub-subparagraph (d)4.a. as
458 selected by the TEACO insurer.

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459 (f) TEACO reimbursement premiums.--

460 1. Each TEACO insurer shall pay to the fund, in the manner
461 and at the time provided in the reimbursement contract for
462 payment of reimbursement premiums, a TEACO reimbursement premium
463 calculated as specified in this paragraph.

464 2. ~~The TEACO reimbursement premiums shall be calculated~~
465 ~~based on the assumption that, if all insurers entering into~~
466 ~~reimbursement contracts under subsection (4) also accepted the~~
467 ~~TEACO option.~~

468 a. The insurer's industry TEACO reimbursement premium
469 associated with the \$3 billion retention option shall ~~would~~ be
470 equal to 85 percent of a TEACO insurer's maximum reimbursement
471 for a single event as calculated under subparagraph (e)6. ~~the~~
472 ~~difference between the industry retention level calculated under~~
473 ~~paragraph (2)(e) and the \$3 billion industry TEACO retention~~
474 ~~level.~~

475 b. The TEACO reimbursement premium associated with the \$4
476 billion retention option shall ~~would~~ be equal to 80 percent of a
477 TEACO insurer's maximum reimbursement for a single event as
478 calculated under subparagraph (e)6. ~~the difference between the~~
479 ~~industry retention level calculated under paragraph (2)(e) and~~
480 ~~the \$4 billion industry TEACO retention level.~~

481 e. The TEACO premium associated with the \$5 billion
482 retention option shall ~~would~~ be equal to 75 percent of a TEACO
483 insurer's maximum reimbursement for a single event as calculated
484 under subparagraph (e)6. ~~the difference between the industry~~
485 ~~retention level calculated under paragraph (2)(e) and the \$5~~
486 ~~billion industry TEACO retention level.~~

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487 ~~3. Each insurer's TEACO premium shall be calculated based~~
488 ~~on its share of the total TEACO reimbursement premiums based on~~
489 ~~its coverage selection under the TEACO addendum.~~

490 (g) Effect on claims-paying capacity of the fund.--For the
491 contract term commencing June 1, 2007, the contract year
492 commencing June 1, 2008, and the contract term beginning June 1,
493 2009, the program created by this subsection shall increase the
494 claims-paying capacity of the fund as provided in subparagraph
495 (4)(c)1. by an amount equal to two times the difference between
496 the industry retention level calculated under paragraph (2)(e)
497 and the \$3 billion industry TEACO retention level specified in
498 sub-subparagraph (d)4.a. The additional capacity shall apply
499 only to the additional coverage provided by the TEACO option and
500 shall not otherwise affect any insurer's reimbursement from the
501 fund.

502 Section 3. Paragraphs (b) and (g) of subsection (2) of
503 section 215.5595, Florida Statutes, as amended by chapter 2007-
504 1, Laws of Florida, are amended, and paragraph (j) is added to
505 that subsection, to read:

506 215.5595 Insurance Capital Build-Up Incentive Program.--

507 (2) The purpose of this section is to provide surplus
508 notes to new or existing authorized residential property
509 insurers under the Insurance Capital Build-Up Incentive Program
510 administered by the State Board of Administration, under the
511 following conditions:

512 (b) The insurer must contribute an amount of new capital
513 to its surplus which is at least equal to the amount of the
514 surplus note and must apply to the board by July 1, 2006. If an
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515 insurer applies after July 1, 2006, but before June 1, 2007, the
516 amount of the surplus note is limited to one-half of the new
517 capital that the insurer contributes to its surplus, except that
518 an insurer writing only manufactured housing policies is
519 eligible to receive a surplus note in the amount of \$7 million.
520 For purposes of this section, new capital must be in the form of
521 cash or cash equivalents as specified in s. 625.012(1).

522 (g) The total amount of funds available for the program is
523 limited to the amount appropriated by the Legislature for this
524 purpose. If the amount of surplus notes requested by insurers
525 exceeds the amount of funds available, the board may prioritize
526 insurers that are eligible and approved, with priority for
527 funding given to insurers writing only manufactured housing
528 policies, regardless of the date of application, based on the
529 financial strength of the insurer, the viability of its proposed
530 business plan for writing additional residential property
531 insurance in the state, and the effect on competition in the
532 residential property insurance market. Between insurers writing
533 residential property insurance covering manufactured housing,
534 priority shall be given to the insurer writing the highest
535 percentage of its policies covering manufactured housing.

536 (j) As used in this section, "an insurer writing only
537 manufactured housing policies" includes:

538 1. A Florida domiciled insurer that begins writing
539 personal lines residential manufactured housing policies in
540 Florida after March 1, 2007, and that removes a minimum of
541 50,000 policies from Citizens Property Insurance Corporation
542 without accepting a bonus, provided at least 25 percent of its
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543 policies cover manufactured housing. Such an insurer may count
544 any funds above the minimum capital and surplus requirement that
545 were contributed into the insurer after March 1, 2007, as new
546 capital under this section.

547 2. A Florida domiciled insurer that writes at least 40
548 percent of its policies covering manufactured housing in
549 Florida.

550 Section 4. Subsection (1) of section 624.407, Florida
551 Statutes, as amended by chapter 2007-1, Laws of Florida, is
552 amended to read:

553 624.407 Capital funds required; new insurers.--

554 (1) To receive authority to transact any one kind or
555 combinations of kinds of insurance, as defined in part V of this
556 chapter, an insurer applying for its original certificate of
557 authority in this state after the effective date of this section
558 shall possess surplus as to policyholders not less than the
559 greater of:

560 (a) Five million dollars for a property and casualty
561 insurer, or \$2.5 million for any other insurer;

562 (b) For life insurers, 4 percent of the insurer's total
563 liabilities;

564 (c) For life and health insurers, 4 percent of the
565 insurer's total liabilities, plus 6 percent of the insurer's
566 liabilities relative to health insurance; or

567 (d) For all insurers other than life insurers and life and
568 health insurers, 10 percent of the insurer's total liabilities;

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570 however, a domestic insurer that transacts residential property
571 insurance and is a wholly owned subsidiary of an insurer
572 domiciled ~~authorized to do business~~ in any other state shall
573 possess surplus as to policyholders of at least \$50 million, but
574 no insurer shall be required under this subsection to have
575 surplus as to policyholders greater than \$100 million.

576 Section 5. Section 624.46226, Florida Statutes, is created
577 to read:

578 624.46226 Public housing authorities self-insurance
579 funds.--Any two or more public housing authorities in the state
580 as defined in chapter 421 may also create a self-insurance fund
581 as defined in s. 624.4622 for the purpose of self-insuring real
582 or personal property of every kind and every interest in such
583 property against loss or damage from any hazard or cause and
584 against any loss consequential to such loss or damage, provided
585 all the provisions of s. 624.4622 are met.

586 Section 6. Subsection (4) of section 626.914, Florida
587 Statutes, is amended to read:

588 626.914 Definitions.--As used in this Surplus Lines Law,
589 the term:

590 (4) "Diligent effort" means seeking coverage from and
591 having been rejected by at least three authorized insurers
592 currently writing this type of coverage and documenting these
593 rejections. However, if the residential structure has a dwelling
594 replacement cost of \$1 million or more, the term means seeking
595 coverage from and having been rejected by at least one
596 authorized insurer currently writing this type of coverage and
597 documenting this rejection.

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598 Section 7. Paragraph (e) is added to subsection (1) of
599 section 626.916, Florida Statutes, to read:

600 626.916 Eligibility for export.--

601 (1) No insurance coverage shall be eligible for export
602 unless it meets all of the following conditions:

603 (e) For personal residential property risks, the retail or
604 producing agent must advise the insured in writing that coverage
605 may be available and may be less expensive from Citizens
606 Property Insurance Corporation. The notice must include other
607 information that states that assessments by Citizens Property
608 Insurance Corporation are higher and the coverage provided by
609 Citizens Property Insurance Corporation may be less than the
610 property's existing coverage. If the notice is signed by the
611 insured, it is presumed that the insured has been informed and
612 knows that policies from Citizens Property Insurance Corporation
613 may be less expensive, may provide less coverage, and will be
614 accompanied by higher assessments.

615 Section 8. Subsection (2) of section 626.9201, Florida
616 Statutes, is amended to read:

617 626.9201 Notice of cancellation or nonrenewal.--

618 (2) An insurer issuing a policy providing coverage for
619 property, casualty, surety, or marine insurance shall give the
620 named insured written notice of cancellation or termination
621 other than nonrenewal at least 45 days prior to the effective
622 date of the cancellation or termination, including in the
623 written notice the reason or reasons for the cancellation or
624 termination, except that:

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625 (a) When cancellation is for nonpayment of premium, at
626 least 10 days' written notice of cancellation accompanied by the
627 reason therefor shall be given. As used in this paragraph, the
628 term "nonpayment of premium" means the failure of the named
629 insured to discharge when due any of his or her obligations in
630 connection with the payment of premiums on a policy or an
631 installment of such a premium, whether the premium or
632 installment is payable directly to the insurer or its agent or
633 indirectly under any plan for financing premiums or extension of
634 credit or the failure of the named insured to maintain
635 membership in an organization if such membership is a condition
636 precedent to insurance coverage. The term also includes the
637 failure of a financial institution to honor the check of an
638 applicant for insurance which was delivered to a licensed agent
639 for payment of a premium, even if the agent previously delivered
640 or transferred the premium to the insurer. If a correctly
641 dishonored check represents payment of the initial premium, the
642 contract, and all contractual obligations are void ab initio
643 unless the nonpayment is cured within the earlier of 5 days
644 after actual notice by certified mail is received by the
645 applicant or 15 days after notice is sent to the applicant by
646 certified mail or registered mail, and, if the contract is void,
647 any premium received by the insurer from a third party shall be
648 refunded to that party in full; and

649 (b) When such cancellation or termination occurs during
650 the first 90 days during which the insurance is in force and the
651 insurance is canceled or terminated for reasons other than
652 nonpayment, at least 20 days' written notice of cancellation or

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653 termination accompanied by the reason therefor shall be given
654 except where there has been a material misstatement or
655 misrepresentation or failure to comply with the underwriting
656 requirements established by the insurer.

657 Section 9. Subsection (4) of section 627.0613, Florida
658 Statutes, as amended by chapter 2007-1, Laws of Florida, is
659 amended to read:

660 627.0613 Consumer advocate.--The Chief Financial Officer
661 must appoint a consumer advocate who must represent the general
662 public of the state before the department and the office. The
663 consumer advocate must report directly to the Chief Financial
664 Officer, but is not otherwise under the authority of the
665 department or of any employee of the department. The consumer
666 advocate has such powers as are necessary to carry out the
667 duties of the office of consumer advocate, including, but not
668 limited to, the powers to:

669 (4) Prepare an annual report card for each authorized
670 personal residential property insurer, on a form and using a
671 letter-grade scale developed by the commission by rule, which
672 grades each insurer based on the following factors:

673 (a) The number and nature of consumer complaints, as a
674 market share ratio, received by the department against the
675 insurer.

676 (b) The disposition of all complaints received by the
677 department.

678 (c) The average length of time for payment of claims by
679 the insurer.

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680 (d) Any other factors the commission identifies as
681 assisting policyholders in making informed choices about
682 homeowner's insurance.

683 Section 10. Paragraph (a) of subsection (2) of section
684 627.062, Florida Statutes, as amended by chapter 2007-1, Laws of
685 Florida, is amended, and subsection (11) is added to that
686 section, to read:

687 627.062 Rate standards.--

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

689 (a) Insurers or rating organizations shall establish and
690 use rates, rating schedules, or rating manuals to allow the
691 insurer a reasonable rate of return on such classes of insurance
692 written in this state. A copy of rates, rating schedules, rating
693 manuals, premium credits or discount schedules, and surcharge
694 schedules, and changes thereto, shall be filed with the office
695 under one of the following procedures except as provided in
696 subparagraph 3.:

697 1. If the filing is made at least 90 days before the
698 proposed effective date and the filing is not implemented during
699 the office's review of the filing and any proceeding and
700 judicial review, then such filing shall be considered a "file
701 and use" filing. In such case, the office shall finalize its
702 review by issuance of a notice of intent to approve or a notice
703 of intent to disapprove within 90 days after receipt of the
704 filing. The notice of intent to approve and the notice of intent
705 to disapprove constitute agency action for purposes of the
706 Administrative Procedure Act. Requests for supporting
707 information, requests for mathematical or mechanical

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708 corrections, or notification to the insurer by the office of its
709 preliminary findings shall not toll the 90-day period during any
710 such proceedings and subsequent judicial review. The rate shall
711 be deemed approved if the office does not issue a notice of
712 intent to approve or a notice of intent to disapprove within 90
713 days after receipt of the filing.

714 2. If the filing is not made in accordance with the
715 provisions of subparagraph 1., such filing shall be made as soon
716 as practicable, but no later than 30 days after the effective
717 date, and shall be considered a "use and file" filing. An
718 insurer making a "use and file" filing is potentially subject to
719 an order by the office to return to policyholders portions of
720 rates found to be excessive, as provided in paragraph (h).

721 3. For all filings made or submitted after January 25,
722 2007, but ~~en~~ ~~er~~ before December 31, 2008, an insurer seeking a
723 rate that is greater than the rate most recently approved by the
724 office shall make a "file and use" filing. This subparagraph
725 applies to property insurance only. For purposes of this
726 subparagraph, motor vehicle collision and comprehensive
727 coverages are not considered to be property coverages.

728
729 The provisions of this subsection shall not apply to workers'
730 compensation and employer's liability insurance and to motor
731 vehicle insurance.

732 (11) Any interest paid pursuant to s. 627.70131(5) may not
733 be included in the insurer's rate base and may not be used to
734 justify a rate or rate change.

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735 Section 11. Section 627.0655, Florida Statutes, as created
736 by chapter 2007-1, Laws of Florida, is amended to read:

737 627.0655 Policyholder loss or expense-related premium
738 discounts.--An insurer or person authorized to engage in the
739 business of insurance in this state may include, in the premium
740 charged an insured for any policy, contract, or certificate of
741 insurance, a discount based on the fact that another policy,
742 contract, or certificate of any type has been purchased by the
743 insured from the same insurer or insurer group.

744 Section 12. Paragraphs (a), (b), (c), (d), (j), (m), and
745 (r) of subsection (6) of section 627.351, Florida Statutes, as
746 amended by chapter 2007-1, Laws of Florida, are amended, and
747 paragraph (ff) is added to that subsection, to read:

748 627.351 Insurance risk apportionment plans.--

749 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

750 (a)1. It is the public purpose of this subsection to
751 ensure the existence of an orderly market for property insurance
752 for Floridians and Florida businesses. The Legislature finds
753 that private insurers are unwilling or unable to provide
754 affordable property insurance coverage in this state to the
755 extent sought and needed. The absence of affordable property
756 insurance threatens the public health, safety, and welfare and
757 likewise threatens the economic health of the state. The state
758 therefore has a compelling public interest and a public purpose
759 to assist in assuring that property in the state is insured and
760 that it is insured at affordable rates so as to facilitate the
761 remediation, reconstruction, and replacement of damaged or
762 destroyed property in order to reduce or avoid the negative

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763 effects otherwise resulting to the public health, safety, and
764 welfare, to the economy of the state, and to the revenues of the
765 state and local governments which are needed to provide for the
766 public welfare. It is necessary, therefore, to provide
767 affordable property insurance to applicants who are in good
768 faith entitled to procure insurance through the voluntary market
769 but are unable to do so. The Legislature intends by this
770 subsection that affordable property insurance be provided and
771 that it continue to be provided, as long as necessary, through
772 Citizens Property Insurance Corporation, a government entity
773 that is an integral part of the state, and that is not a private
774 insurance company. To that end, Citizens Property Insurance
775 Corporation shall strive to increase the availability of
776 affordable property insurance in this state, while achieving
777 efficiencies and economies, and while providing service to
778 policyholders, applicants, and agents which is no less than the
779 quality generally provided in the voluntary market, for the
780 achievement of the foregoing public purposes. Because it is
781 essential for this government entity to have the maximum
782 financial resources to pay claims following a catastrophic
783 hurricane, it is the intent of the Legislature that Citizens
784 Property Insurance Corporation continue to be an integral part
785 of the state and that the income of the corporation be exempt
786 from federal income taxation and that interest on the debt
787 obligations issued by the corporation be exempt from federal
788 income taxation. ~~The Legislature finds that actual and~~
789 ~~threatened catastrophic losses to property in this state from~~
790 ~~hurricanes have caused insurers to be unwilling or unable to~~

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791 ~~provide property insurance coverage to the extent sought and~~
792 ~~needed. It is in the public interest and a public purpose to~~
793 ~~assist in assuring that property in the state is insured so as~~
794 ~~to facilitate the remediation, reconstruction, and replacement~~
795 ~~of damaged or destroyed property in order to reduce or avoid the~~
796 ~~negative effects otherwise resulting to the public health,~~
797 ~~safety, and welfare; to the economy of the state; and to the~~
798 ~~revenues of the state and local governments needed to provide~~
799 ~~for the public welfare. It is necessary, therefore, to provide~~
800 ~~property insurance to applicants who are in good faith entitled~~
801 ~~to procure insurance through the voluntary market but are unable~~
802 ~~to do so. The Legislature intends by this subsection that~~
803 ~~property insurance be provided and that it continues, as long as~~
804 ~~necessary, through an entity organized to achieve efficiencies~~
805 ~~and economies, while providing service to policyholders,~~
806 ~~applicants, and agents that is no less than the quality~~
807 ~~generally provided in the voluntary market, all toward the~~
808 ~~achievement of the foregoing public purposes. Because it is~~
809 ~~essential for the corporation to have the maximum financial~~
810 ~~resources to pay claims following a catastrophic hurricane, it~~
811 ~~is the intent of the Legislature that the income of the~~
812 ~~corporation be exempt from federal income taxation and that~~
813 ~~interest on the debt obligations issued by the corporation be~~
814 ~~exempt from federal income taxation.~~

815 2. The Residential Property and Casualty Joint
816 Underwriting Association originally created by this statute
817 shall be known, as of July 1, 2002, as the Citizens Property
818 Insurance Corporation. The corporation shall provide insurance

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819 for residential and commercial property, for applicants who are
820 in good faith entitled, but are unable, to procure insurance
821 through the voluntary market. The corporation shall operate
822 pursuant to a plan of operation approved by order of the
823 Financial Services Commission. The plan is subject to continuous
824 review by the commission. The commission may, by order, withdraw
825 approval of all or part of a plan if the commission determines
826 that conditions have changed since approval was granted and that
827 the purposes of the plan require changes in the plan. The
828 corporation shall continue to operate pursuant to the plan of
829 operation approved by the Office of Insurance Regulation until
830 October 1, 2006. For the purposes of this subsection,
831 residential coverage includes both personal lines residential
832 coverage, which consists of the type of coverage provided by
833 homeowner's, mobile home owner's, dwelling, tenant's,
834 condominium unit owner's, and similar policies, and commercial
835 lines residential coverage, which consists of the type of
836 coverage provided by condominium association, apartment
837 building, and similar policies.

838 3. For the purposes of this subsection, the term
839 "homestead property" means:

840 a. Property that has been granted a homestead exemption
841 under chapter 196;

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

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

852 d. Tenant's coverage;

853 e. Commercial lines residential property; or

854 f. Any county, district, or municipal hospital; a hospital
855 licensed by any not-for-profit corporation qualified under s.
856 501(c)(3) of the United States Internal Revenue Code; or a
857 continuing care retirement community that is certified under
858 chapter 651 and that receives an exemption from ad valorem taxes
859 under chapter 196.

860 4. For the purposes of this subsection, the term
861 "nonhomestead property" means property that is not homestead
862 property.

863 5. Effective January 1, 2009 ~~July 1, 2008~~, a personal
864 lines residential structure that has a dwelling replacement cost
865 of \$1 million or more, or a single condominium unit that has a
866 combined dwelling and content replacement cost of \$1 million or
867 more is not eligible for coverage by the corporation. Such
868 dwellings insured by the corporation on December 31, 2008 ~~June~~
869 ~~30, 2008~~, may continue to be covered by the corporation until
870 the end of the policy term. However, such dwellings that are
871 insured by the corporation and become ineligible for coverage
872 due to the provisions of this subparagraph may reapply and
873 obtain coverage in the high-risk account and be considered

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874 "nonhomestead property" if the property owner provides the
875 corporation with a sworn affidavit from one or more insurance
876 agents, on a form provided by the corporation, stating that the
877 agents have made their best efforts to obtain coverage and that
878 the property has been rejected for coverage by at least one
879 authorized insurer and at least three surplus lines insurers. If
880 such conditions are met, the dwelling may be insured by the
881 corporation for up to 3 years, after which time the dwelling is
882 ineligible for coverage. The office shall approve the method
883 used by the corporation for valuing the dwelling replacement
884 cost for the purposes of this subparagraph. If a policyholder is
885 insured by the corporation prior to being determined to be
886 ineligible pursuant to this subparagraph and such policyholder
887 files a lawsuit challenging the determination, the policyholder
888 may remain insured by the corporation until the conclusion of
889 the litigation.

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

896 7. It is the intent of the Legislature that policyholders,
897 applicants, and agents of the corporation receive service and
898 treatment of the highest possible level but never less than that
899 generally provided in the voluntary market. It also is intended
900 that the corporation be held to service standards no less than
901 those applied to insurers in the voluntary market by the office
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902 with respect to responsiveness, timeliness, customer courtesy,
903 and overall dealings with policyholders, applicants, or agents
904 of the corporation.

905 (b)1. All insurers authorized to write one or more subject
906 lines of business in this state are subject to assessment by the
907 corporation and, for the purposes of this subsection, are
908 referred to collectively as "assessable insurers." Insurers
909 writing one or more subject lines of business in this state
910 pursuant to part VIII of chapter 626 are not assessable
911 insurers, but insureds who procure one or more subject lines of
912 business in this state pursuant to part VIII of chapter 626 are
913 subject to assessment by the corporation and are referred to
914 collectively as "assessable insureds." An authorized insurer's
915 assessment liability shall begin on the first day of the
916 calendar year following the year in which the insurer was issued
917 a certificate of authority to transact insurance for subject
918 lines of business in this state and shall terminate 1 year after
919 the end of the first calendar year during which the insurer no
920 longer holds a certificate of authority to transact insurance
921 for subject lines of business in this state.

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

925 (I) A personal lines account for personal residential
926 policies issued by the corporation or issued by the Residential
927 Property and Casualty Joint Underwriting Association and renewed
928 by the corporation that provide comprehensive, multiperil
929 coverage on risks that are not located in areas eligible for
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930 coverage in the Florida Windstorm Underwriting Association as
931 those areas were defined on January 1, 2002, and for such
932 policies that do not provide coverage for the peril of wind on
933 risks that are located in such areas;

934 (II) A commercial lines account for commercial residential
935 and commercial nonresidential policies issued by the corporation
936 or issued by the Residential Property and Casualty Joint
937 Underwriting Association and renewed by the corporation that
938 provide coverage for basic property perils on risks that are not
939 located in areas eligible for coverage in the Florida Windstorm
940 Underwriting Association as those areas were defined on January
941 1, 2002, and for such policies that do not provide coverage for
942 the peril of wind on risks that are located in such areas; and

943 (III) A high-risk account for personal residential
944 policies and commercial residential and commercial
945 nonresidential property policies issued by the corporation or
946 transferred to the corporation that provide coverage for the
947 peril of wind on risks that are located in areas eligible for
948 coverage in the Florida Windstorm Underwriting Association as
949 those areas were defined on January 1, 2002. Subject to the
950 approval of a business plan by the Financial Services Commission
951 and Legislative Budget Commission as provided in this sub-sub-
952 subparagraph, but no earlier than March 31, 2007, the
953 corporation may offer policies that provide multiperil coverage
954 and the corporation shall continue to offer policies that
955 provide coverage only for the peril of wind for risks located in
956 areas eligible for coverage in the high-risk account. In issuing
957 multiperil coverage, the corporation may use its approved policy
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958 forms and rates for the personal lines account. An applicant or
959 insured who is eligible to purchase a multiperil policy from the
960 corporation may purchase a multiperil policy from an authorized
961 insurer without prejudice to the applicant's or insured's
962 eligibility to prospectively purchase a policy that provides
963 coverage only for the peril of wind from the corporation. An
964 applicant or insured who is eligible for a corporation policy
965 that provides coverage only for the peril of wind may elect to
966 purchase or retain such policy and also purchase or retain
967 coverage excluding wind from an authorized insurer without
968 prejudice to the applicant's or insured's eligibility to
969 prospectively purchase a policy that provides multiperil
970 coverage from the corporation. It is the goal of the Legislature
971 that there would be an overall average savings of 10 percent or
972 more for a policyholder who currently has a wind-only policy
973 with the corporation, and an ex-wind policy with a voluntary
974 insurer or the corporation, and who then obtains a multiperil
975 policy from the corporation. It is the intent of the Legislature
976 that the offer of multiperil coverage in the high-risk account
977 be made and implemented in a manner that does not adversely
978 affect the tax-exempt status of the corporation or
979 creditworthiness of or security for currently outstanding
980 financing obligations or credit facilities of the high-risk
981 account, the personal lines account, or the commercial lines
982 account. By March 1, 2007, the corporation shall prepare and
983 submit for approval by the Financial Services Commission and
984 Legislative Budget Commission a report detailing the
985 corporation's business plan for issuing multiperil coverage in
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986 the high-risk account. The business plan shall be approved or
987 disapproved within 30 days after receipt, as submitted or
988 modified and resubmitted by the corporation. The business plan
989 must include: the impact of such multiperil coverage on the
990 corporation's financial resources, the impact of such multiperil
991 coverage on the corporation's tax-exempt status, the manner in
992 which the corporation plans to implement the processing of
993 applications and policy forms for new and existing
994 policyholders, the impact of such multiperil coverage on the
995 corporation's ability to deliver customer service at the high
996 level required by this subsection, the ability of the
997 corporation to process claims, the ability of the corporation to
998 quote and issue policies, the impact of such multiperil coverage
999 on the corporation's agents, the impact of such multiperil
1000 coverage on the corporation's existing policyholders, and the
1001 impact of such multiperil coverage on rates and premium. The
1002 high-risk account must also include quota share primary
1003 insurance under subparagraph (c)2. The area eligible for
1004 coverage under the high-risk account also includes the area
1005 within Port Canaveral, which is bordered on the south by the
1006 City of Cape Canaveral, bordered on the west by the Banana
1007 River, and bordered on the north by Federal Government property.

1008 b. The three separate accounts must be maintained as long
1009 as financing obligations entered into by the Florida Windstorm
1010 Underwriting Association or Residential Property and Casualty
1011 Joint Underwriting Association are outstanding, in accordance
1012 with the terms of the corresponding financing documents. When
1013 the financing obligations are no longer outstanding, in

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1014 accordance with the terms of the corresponding financing
1015 documents, the corporation may use a single account for all
1016 revenues, assets, liabilities, losses, and expenses of the
1017 corporation. Consistent with the requirement of this
1018 subparagraph and prudent investment policies that minimize the
1019 cost of carrying debt, the board shall exercise its best efforts
1020 to retire existing debt or to obtain approval of necessary
1021 parties to amend the terms of existing debt, so as to structure
1022 the most efficient plan to consolidate the three separate
1023 accounts into a single account. By February 1, 2007, the board
1024 shall submit a report to the Financial Services Commission, the
1025 President of the Senate, and the Speaker of the House of
1026 Representatives which includes an analysis of consolidating the
1027 accounts, the actions the board has taken to minimize the cost
1028 of carrying debt, and its recommendations for executing the most
1029 efficient plan.

1030 c. Creditors of the Residential Property and Casualty
1031 Joint Underwriting Association and of the accounts specified in
1032 sub-sub-subparagraphs a.(I) and (II) may ~~shall~~ have a claim
1033 against, and recourse to, the accounts referred to in sub-sub-
1034 subparagraphs a.(I) and (II) and shall have no claim against, or
1035 recourse to, the account referred to in sub-sub-subparagraph
1036 a.(III). Creditors of the Florida Windstorm Underwriting
1037 Association shall have a claim against, and recourse to, the
1038 account referred to in sub-sub-subparagraph a.(III) and shall
1039 have no claim against, or recourse to, the accounts referred to
1040 in sub-sub-subparagraphs a.(I) and (II).

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1041 d. Revenues, assets, liabilities, losses, and expenses not
1042 attributable to particular accounts shall be prorated among the
1043 accounts.

1044 e. The Legislature finds that the revenues of the
1045 corporation are revenues that are necessary to meet the
1046 requirements set forth in documents authorizing the issuance of
1047 bonds under this subsection.

1048 f. No part of the income of the corporation may inure to
1049 the benefit of any private person.

1050 3. With respect to a deficit in an account:

1051 a. When the deficit incurred in a particular calendar year
1052 is not greater than 10 percent of the aggregate statewide direct
1053 written premium for the subject lines of business for the prior
1054 calendar year, the entire deficit shall be recovered through
1055 regular assessments of assessable insurers under paragraph (p)
1056 and assessable insureds.

1057 b. When the deficit incurred in a particular calendar year
1058 exceeds 10 percent of the aggregate statewide direct written
1059 premium for the subject lines of business for the prior calendar
1060 year, the corporation shall levy regular assessments on
1061 assessable insurers under paragraph (p) and on assessable
1062 insureds in an amount equal to the greater of 10 percent of the
1063 deficit or 10 percent of the aggregate statewide direct written
1064 premium for the subject lines of business for the prior calendar
1065 year. Any remaining deficit shall be recovered through emergency
1066 assessments under sub-subparagraph d.

1067 c. Each assessable insurer's share of the amount being
1068 assessed under sub-subparagraph a. or sub-subparagraph b. shall
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1069 | be in the proportion that the assessable insurer's direct
1070 | written premium for the subject lines of business for the year
1071 | preceding the assessment bears to the aggregate statewide direct
1072 | written premium for the subject lines of business for that year.
1073 | The assessment percentage applicable to each assessable insured
1074 | is the ratio of the amount being assessed under sub-subparagraph
1075 | a. or sub-subparagraph b. to the aggregate statewide direct
1076 | written premium for the subject lines of business for the prior
1077 | year. Assessments levied by the corporation on assessable
1078 | insurers under sub-subparagraphs a. and b. shall be paid as
1079 | required by the corporation's plan of operation and paragraph
1080 | (p). Notwithstanding any other provision of this subsection, the
1081 | aggregate amount of a regular assessment for a deficit incurred
1082 | in a particular calendar year shall be reduced by the estimated
1083 | amount to be received by the corporation from the Citizens
1084 | policyholder surcharge under subparagraph (c) ~~10.11~~ and the
1085 | amount collected or estimated to be collected from the
1086 | assessment on Citizens policyholders pursuant to sub-
1087 | subparagraph i. Assessments levied by the corporation on
1088 | assessable insureds under sub-subparagraphs a. and b. shall be
1089 | collected by the surplus lines agent at the time the surplus
1090 | lines agent collects the surplus lines tax required by s.
1091 | 626.932 and shall be paid to the Florida Surplus Lines Service
1092 | Office at the time the surplus lines agent pays the surplus
1093 | lines tax to the Florida Surplus Lines Service Office. Upon
1094 | receipt of regular assessments from surplus lines agents, the
1095 | Florida Surplus Lines Service Office shall transfer the

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1096 assessments directly to the corporation as determined by the
1097 corporation.

1098 d. Upon a determination by the board of governors that a
1099 deficit in an account exceeds the amount that will be recovered
1100 through regular assessments under sub-subparagraph a. or sub-
1101 subparagraph b., the board shall levy, after verification by the
1102 office, emergency assessments, for as many years as necessary to
1103 cover the deficits, to be collected by assessable insurers and
1104 the corporation and collected from assessable insureds upon
1105 issuance or renewal of policies for subject lines of business,
1106 excluding National Flood Insurance policies. The amount of the
1107 emergency assessment collected in a particular year shall be a
1108 uniform percentage of that year's direct written premium for
1109 subject lines of business and all accounts of the corporation,
1110 excluding National Flood Insurance Program policy premiums, as
1111 annually determined by the board and verified by the office. The
1112 office shall verify the arithmetic calculations involved in the
1113 board's determination within 30 days after receipt of the
1114 information on which the determination was based.

1115 Notwithstanding any other provision of law, the corporation and
1116 each assessable insurer that writes subject lines of business
1117 shall collect emergency assessments from its policyholders
1118 without such obligation being affected by any credit,
1119 limitation, exemption, or deferment. Emergency assessments
1120 levied by the corporation on assessable insureds shall be
1121 collected by the surplus lines agent at the time the surplus
1122 lines agent collects the surplus lines tax required by s.
1123 626.932 and shall be paid to the Florida Surplus Lines Service
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1124 Office at the time the surplus lines agent pays the surplus
1125 lines tax to the Florida Surplus Lines Service Office. The
1126 emergency assessments so collected shall be transferred directly
1127 to the corporation on a periodic basis as determined by the
1128 corporation and shall be held by the corporation solely in the
1129 applicable account. The aggregate amount of emergency
1130 assessments levied for an account under this sub-subparagraph in
1131 any calendar year may not exceed the greater of 10 percent of
1132 the amount needed to cover the original deficit, plus interest,
1133 fees, commissions, required reserves, and other costs associated
1134 with financing of the original deficit, or 10 percent of the
1135 aggregate statewide direct written premium for subject lines of
1136 business and for all accounts of the corporation for the prior
1137 year, plus interest, fees, commissions, required reserves, and
1138 other costs associated with financing the original deficit.

1139 e. The corporation may pledge the proceeds of assessments,
1140 projected recoveries from the Florida Hurricane Catastrophe
1141 Fund, other insurance and reinsurance recoverables, policyholder
1142 surcharges and other surcharges, and other funds available to
1143 the corporation as the source of revenue for and to secure bonds
1144 issued under paragraph (p), bonds or other indebtedness issued
1145 under subparagraph (c)3., or lines of credit or other financing
1146 mechanisms issued or created under this subsection, or to retire
1147 any other debt incurred as a result of deficits or events giving
1148 rise to deficits, or in any other way that the board determines
1149 will efficiently recover such deficits. The purpose of the lines
1150 of credit or other financing mechanisms is to provide additional
1151 resources to assist the corporation in covering claims and

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1152 expenses attributable to a catastrophe. As used in this
1153 subsection, the term "assessments" includes regular assessments
1154 under sub-subparagraph a., sub-subparagraph b., or subparagraph
1155 (p)1. and emergency assessments under sub-subparagraph d.
1156 Emergency assessments collected under sub-subparagraph d. are
1157 not part of an insurer's rates, are not premium, and are not
1158 subject to premium tax, fees, or commissions; however, failure
1159 to pay the emergency assessment shall be treated as failure to
1160 pay premium. The emergency assessments under sub-subparagraph d.
1161 shall continue as long as any bonds issued or other indebtedness
1162 incurred with respect to a deficit for which the assessment was
1163 imposed remain outstanding, unless adequate provision has been
1164 made for the payment of such bonds or other indebtedness
1165 pursuant to the documents governing such bonds or other
1166 indebtedness.

1167 f. As used in this subsection for purposes of any deficit
1168 incurred on or after January 25, 2007, the term "subject lines
1169 of business" means insurance written by assessable insurers or
1170 procured by assessable insureds for all property and casualty
1171 lines of business in this state, but not including workers'
1172 compensation or medical malpractice. As used in the sub-
1173 subparagraph, the term "property and casualty lines of business"
1174 includes all lines of business identified on Form 2, Exhibit of
1175 Premiums and Losses, in the annual statement required of
1176 authorized insurers by s. 624.424 and any rule adopted under
1177 this section, except for those lines identified as accident and
1178 health insurance and except for policies written under the
1179 National Flood Insurance Program or the Federal Crop Insurance
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1180 Program. For purposes of this sub-subparagraph, the term
1181 "workers' compensation" includes both workers' compensation
1182 insurance and excess workers' compensation insurance.

1183 g. The Florida Surplus Lines Service Office shall
1184 determine annually the aggregate statewide written premium in
1185 subject lines of business procured by assessable insureds and
1186 shall report that information to the corporation in a form and
1187 at a time the corporation specifies to ensure that the
1188 corporation can meet the requirements of this subsection and the
1189 corporation's financing obligations.

1190 h. The Florida Surplus Lines Service Office shall verify
1191 the proper application by surplus lines agents of assessment
1192 percentages for regular assessments and emergency assessments
1193 levied under this subparagraph on assessable insureds and shall
1194 assist the corporation in ensuring the accurate, timely
1195 collection and payment of assessments by surplus lines agents as
1196 required by the corporation.

1197 i. If a deficit is incurred in any account in 2008 or
1198 thereafter, the board of governors shall levy an immediate
1199 assessment against the premium of each nonhomestead property
1200 policyholder in all accounts of the corporation, as a uniform
1201 percentage of the premium of the policy of up to 10 percent of
1202 such premium, which funds shall be used to offset the deficit.
1203 If this assessment is insufficient to eliminate the deficit, the
1204 board of governors shall levy an additional assessment against
1205 all policyholders of the corporation, which shall be collected
1206 at the time of issuance or renewal of a policy, as a uniform
1207 percentage of the premium for the policy of up to 10 percent of
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1208 such premium, which funds shall be used to further offset the
1209 deficit.

1210 j. The board of governors shall maintain separate
1211 accounting records that consolidate data for nonhomestead
1212 properties, including, but not limited to, number of policies,
1213 insured values, premiums written, and losses. The board of
1214 governors shall annually report to the office and the
1215 Legislature a summary of such data.

1216 (c) The plan of operation of the corporation:

1217 1. Must provide for adoption of residential property and
1218 casualty insurance policy forms and commercial residential and
1219 nonresidential property insurance forms, which forms must be
1220 approved by the office prior to use. The corporation shall adopt
1221 the following policy forms:

1222 a. Standard personal lines policy forms that are
1223 comprehensive multiperil policies providing full coverage of a
1224 residential property equivalent to the coverage provided in the
1225 private insurance market under an HO-3, HO-4, or HO-6 policy.

1226 b. Basic personal lines policy forms that are policies
1227 similar to an HO-8 policy or a dwelling fire policy that provide
1228 coverage meeting the requirements of the secondary mortgage
1229 market, but which coverage is more limited than the coverage
1230 under a standard policy.

1231 c. Commercial lines residential and nonresidential policy
1232 forms that are generally similar to the basic perils of full
1233 coverage obtainable for commercial residential structures and
1234 commercial nonresidential structures in the admitted voluntary
1235 market.

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1236 d. Personal lines and commercial lines residential
1237 property insurance forms that cover the peril of wind only. The
1238 forms are applicable only to residential properties located in
1239 areas eligible for coverage under the high-risk account referred
1240 to in sub-subparagraph (b)2.a.

1241 e. Commercial lines nonresidential property insurance
1242 forms that cover the peril of wind only. The forms are
1243 applicable only to nonresidential properties located in areas
1244 eligible for coverage under the high-risk account referred to in
1245 sub-subparagraph (b)2.a.

1246 f. The corporation may adopt variations of the policy
1247 forms listed in sub-subparagraphs a.-e. that contain more
1248 restrictive coverage.

1249 2.a. Must provide that the corporation adopt a program in
1250 which the corporation and authorized insurers enter into quota
1251 share primary insurance agreements for hurricane coverage, as
1252 defined in s. 627.4025(2)(a), for eligible risks, and adopt
1253 property insurance forms for eligible risks which cover the
1254 peril of wind only. As used in this subsection, the term:

1255 (I) "Quota share primary insurance" means an arrangement
1256 in which the primary hurricane coverage of an eligible risk is
1257 provided in specified percentages by the corporation and an
1258 authorized insurer. The corporation and authorized insurer are
1259 each solely responsible for a specified percentage of hurricane
1260 coverage of an eligible risk as set forth in a quota share
1261 primary insurance agreement between the corporation and an
1262 authorized insurer and the insurance contract. The
1263 responsibility of the corporation or authorized insurer to pay
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1264 its specified percentage of hurricane losses of an eligible
1265 risk, as set forth in the quota share primary insurance
1266 agreement, may not be altered by the inability of the other
1267 party to the agreement to pay its specified percentage of
1268 hurricane losses. Eligible risks that are provided hurricane
1269 coverage through a quota share primary insurance arrangement
1270 must be provided policy forms that set forth the obligations of
1271 the corporation and authorized insurer under the arrangement,
1272 clearly specify the percentages of quota share primary insurance
1273 provided by the corporation and authorized insurer, and
1274 conspicuously and clearly state that neither the authorized
1275 insurer nor the corporation may be held responsible beyond its
1276 specified percentage of coverage of hurricane losses.

1277 (II) "Eligible risks" means personal lines residential and
1278 commercial lines residential risks that meet the underwriting
1279 criteria of the corporation and are located in areas that were
1280 eligible for coverage by the Florida Windstorm Underwriting
1281 Association on January 1, 2002.

1282 b. The corporation may enter into quota share primary
1283 insurance agreements with authorized insurers at corporation
1284 coverage levels of 90 percent and 50 percent.

1285 c. If the corporation determines that additional coverage
1286 levels are necessary to maximize participation in quota share
1287 primary insurance agreements by authorized insurers, the
1288 corporation may establish additional coverage levels. However,
1289 the corporation's quota share primary insurance coverage level
1290 may not exceed 90 percent.

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1291 d. Any quota share primary insurance agreement entered
1292 into between an authorized insurer and the corporation must
1293 provide for a uniform specified percentage of coverage of
1294 hurricane losses, by county or territory as set forth by the
1295 corporation board, for all eligible risks of the authorized
1296 insurer covered under the quota share primary insurance
1297 agreement.

1298 e. Any quota share primary insurance agreement entered
1299 into between an authorized insurer and the corporation is
1300 subject to review and approval by the office. However, such
1301 agreement shall be authorized only as to insurance contracts
1302 entered into between an authorized insurer and an insured who is
1303 already insured by the corporation for wind coverage.

1304 f. For all eligible risks covered under quota share
1305 primary insurance agreements, the exposure and coverage levels
1306 for both the corporation and authorized insurers shall be
1307 reported by the corporation to the Florida Hurricane Catastrophe
1308 Fund. For all policies of eligible risks covered under quota
1309 share primary insurance agreements, the corporation and the
1310 authorized insurer shall maintain complete and accurate records
1311 for the purpose of exposure and loss reimbursement audits as
1312 required by Florida Hurricane Catastrophe Fund rules. The
1313 corporation and the authorized insurer shall each maintain
1314 duplicate copies of policy declaration pages and supporting
1315 claims documents.

1316 g. The corporation board shall establish in its plan of
1317 operation standards for quota share agreements which ensure that
1318 there is no discriminatory application among insurers as to the
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1319 terms of quota share agreements, pricing of quota share
1320 agreements, incentive provisions if any, and consideration paid
1321 for servicing policies or adjusting claims.

1322 h. The quota share primary insurance agreement between the
1323 corporation and an authorized insurer must set forth the
1324 specific terms under which coverage is provided, including, but
1325 not limited to, the sale and servicing of policies issued under
1326 the agreement by the insurance agent of the authorized insurer
1327 producing the business, the reporting of information concerning
1328 eligible risks, the payment of premium to the corporation, and
1329 arrangements for the adjustment and payment of hurricane claims
1330 incurred on eligible risks by the claims adjuster and personnel
1331 of the authorized insurer. Entering into a quota sharing
1332 insurance agreement between the corporation and an authorized
1333 insurer shall be voluntary and at the discretion of the
1334 authorized insurer.

1335 3. May provide that the corporation may employ or
1336 otherwise contract with individuals or other entities to provide
1337 administrative or professional services that may be appropriate
1338 to effectuate the plan. The corporation shall have the power to
1339 borrow funds, by issuing bonds or by incurring other
1340 indebtedness, and shall have other powers reasonably necessary
1341 to effectuate the requirements of this subsection, including,
1342 without limitation, the power to issue bonds and incur other
1343 indebtedness in order to refinance outstanding bonds or other
1344 indebtedness. The corporation may, but is not required to, seek
1345 judicial validation of its bonds or other indebtedness under
1346 chapter 75. The corporation may issue bonds or incur other

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1347 indebtedness, or have bonds issued on its behalf by a unit of
1348 local government pursuant to subparagraph (p)2. ~~(g)2.~~, in the
1349 absence of a hurricane or other weather-related event, upon a
1350 determination by the corporation, subject to approval by the
1351 office, that such action would enable it to efficiently meet the
1352 financial obligations of the corporation and that such
1353 financings are reasonably necessary to effectuate the
1354 requirements of this subsection. The corporation is authorized
1355 to take all actions needed to facilitate tax-free status for any
1356 such bonds or indebtedness, including formation of trusts or
1357 other affiliated entities. The corporation shall have the
1358 authority to pledge assessments, projected recoveries from the
1359 Florida Hurricane Catastrophe Fund, other reinsurance
1360 recoverables, market equalization and other surcharges, and
1361 other funds available to the corporation as security for bonds
1362 or other indebtedness. In recognition of s. 10, Art. I of the
1363 State Constitution, prohibiting the impairment of obligations of
1364 contracts, it is the intent of the Legislature that no action be
1365 taken whose purpose is to impair any bond indenture or financing
1366 agreement or any revenue source committed by contract to such
1367 bond or other indebtedness.

1368 4.a. Must require that the corporation operate subject to
1369 the supervision and approval of a board of governors consisting
1370 of eight individuals who are residents of this state, from
1371 different geographical areas of this state. The Governor, the
1372 Chief Financial Officer, the President of the Senate, and the
1373 Speaker of the House of Representatives shall each appoint two
1374 members of the board. At least one of the two members appointed
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1375 by each appointing officer must have demonstrated expertise in
1376 insurance. The Chief Financial Officer shall designate one of
1377 the appointees as chair. All board members serve at the pleasure
1378 of the appointing officer. All members of the board of governors
1379 are subject to removal at will by the officers who appointed
1380 them. All board members, including the chair, must be appointed
1381 to serve for 3-year terms beginning annually on a date
1382 designated by the plan. Any board vacancy shall be filled for
1383 the unexpired term by the appointing officer. The Chief
1384 Financial Officer shall appoint a technical advisory group to
1385 provide information and advice to the board of governors in
1386 connection with the board's duties under this subsection. The
1387 executive director and senior managers of the corporation shall
1388 be engaged by the board and serve at the pleasure of the board.
1389 Any executive director appointed on or after July 1, 2006, is
1390 subject to confirmation by the Senate. The executive director is
1391 responsible for employing other staff as the corporation may
1392 require, subject to review and concurrence by the board.

1393 b. The board shall create a Market Accountability Advisory
1394 Committee to assist the corporation in developing awareness of
1395 its rates and its customer and agent service levels in
1396 relationship to the voluntary market insurers writing similar
1397 coverage. The members of the advisory committee shall consist of
1398 the following 11 persons, one of whom must be elected chair by
1399 the members of the committee: four representatives, one
1400 appointed by the Florida Association of Insurance Agents, one by
1401 the Florida Association of Insurance and Financial Advisors, one
1402 by the Professional Insurance Agents of Florida, and one by the
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1403 Latin American Association of Insurance Agencies; three
1404 representatives appointed by the insurers with the three highest
1405 voluntary market share of residential property insurance
1406 business in the state; one representative from the Office of
1407 Insurance Regulation; one consumer appointed by the board who is
1408 insured by the corporation at the time of appointment to the
1409 committee; one representative appointed by the Florida
1410 Association of Realtors; and one representative appointed by the
1411 Florida Bankers Association. All members must serve for 3-year
1412 terms and may serve for consecutive terms. The committee shall
1413 report to the corporation at each board meeting on insurance
1414 market issues which may include rates and rate competition with
1415 the voluntary market; service, including policy issuance, claims
1416 processing, and general responsiveness to policyholders,
1417 applicants, and agents; and matters relating to depopulation.

1418 5. Must provide a procedure for determining the
1419 eligibility of a risk for coverage, as follows:

1420 a. Subject to the provisions of s. 627.3517, with respect
1421 to personal lines residential risks, if the risk is offered
1422 coverage from an authorized insurer at the insurer's approved
1423 rate under either a standard policy including wind coverage or,
1424 if consistent with the insurer's underwriting rules as filed
1425 with the office, a basic policy including wind coverage, for a
1426 new application to the corporation for coverage, the risk is not
1427 eligible for any policy issued by the corporation unless the
1428 premium for coverage from the authorized insurer is more than 15
1429 ~~25~~ percent greater than the premium for comparable coverage from
1430 the corporation. If the risk is not able to obtain any such

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1431 offer, the risk is eligible for either a standard policy
1432 including wind coverage or a basic policy including wind
1433 coverage issued by the corporation; however, if the risk could
1434 not be insured under a standard policy including wind coverage
1435 regardless of market conditions, the risk shall be eligible for
1436 a basic policy including wind coverage unless rejected under
1437 subparagraph 9. ~~8.~~ However, with regard to a policyholder of the
1438 corporation or a policyholder removed from the corporation
1439 through an assumption agreement until the end of the assumption
1440 period, the policyholder remains eligible for coverage from the
1441 corporation regardless of any offer of coverage from an
1442 authorized insurer or surplus lines insurer. The corporation
1443 shall determine the type of policy to be provided on the basis
1444 of objective standards specified in the underwriting manual and
1445 based on generally accepted underwriting practices.

1446 (I) If the risk accepts an offer of coverage through the
1447 market assistance plan or an offer of coverage through a
1448 mechanism established by the corporation before a policy is
1449 issued to the risk by the corporation or during the first 30
1450 days of coverage by the corporation, and the producing agent who
1451 submitted the application to the plan or to the corporation is
1452 not currently appointed by the insurer, the insurer shall:

1453 (A) Pay to the producing agent of record of the policy,
1454 for the first year, an amount that is the greater of the
1455 insurer's usual and customary commission for the type of policy
1456 written or a fee equal to the usual and customary commission of
1457 the corporation; or

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1458 (B) Offer to allow the producing agent of record of the
1459 policy to continue servicing the policy for a period of not less
1460 than 1 year and offer to pay the agent the greater of the
1461 insurer's or the corporation's usual and customary commission
1462 for the type of policy written.

1463

1464 If the producing agent is unwilling or unable to accept
1465 appointment, the new insurer shall pay the agent in accordance
1466 with sub-sub-sub-subparagraph (A).

1467 (II) When the corporation enters into a contractual
1468 agreement for a take-out plan, the producing agent of record of
1469 the corporation policy is entitled to retain any unearned
1470 commission on the policy, and the insurer shall:

1471 (A) Pay to the producing agent of record of the
1472 corporation policy, for the first year, an amount that is the
1473 greater of the insurer's usual and customary commission for the
1474 type of policy written or a fee equal to the usual and customary
1475 commission of the corporation; or

1476 (B) Offer to allow the producing agent of record of the
1477 corporation policy to continue servicing the policy for a period
1478 of not less than 1 year and offer to pay the agent the greater
1479 of the insurer's or the corporation's usual and customary
1480 commission for the type of policy written.

1481

1482 If the producing agent is unwilling or unable to accept
1483 appointment, the new insurer shall pay the agent in accordance
1484 with sub-sub-sub-subparagraph (A).

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1485 b. With respect to commercial lines residential risks, for
1486 a new application to the corporation for coverage, if the risk
1487 is offered coverage under a policy including wind coverage from
1488 an authorized insurer at its approved rate, the risk is not
1489 eligible for any policy issued by the corporation unless the
1490 premium for coverage from the authorized insurer is more than 15
1491 ~~25~~ percent greater than the premium for comparable coverage from
1492 the corporation. If the risk is not able to obtain any such
1493 offer, the risk is eligible for a policy including wind coverage
1494 issued by the corporation. However, with regard to a
1495 policyholder of the corporation or a policyholder removed from
1496 the corporation through an assumption agreement until the end of
1497 the assumption period, the policyholder remains eligible for
1498 coverage from the corporation regardless of any offer of
1499 coverage from an authorized insurer or surplus lines insurer.

1500 (I) If the risk accepts an offer of coverage through the
1501 market assistance plan or an offer of coverage through a
1502 mechanism established by the corporation before a policy is
1503 issued to the risk by the corporation or during the first 30
1504 days of coverage by the corporation, and the producing agent who
1505 submitted the application to the plan or the corporation is not
1506 currently appointed by the insurer, the insurer shall:

1507 (A) Pay to the producing agent of record of the policy,
1508 for the first year, an amount that is the greater of the
1509 insurer's usual and customary commission for the type of policy
1510 written or a fee equal to the usual and customary commission of
1511 the corporation; or

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1512 (B) Offer to allow the producing agent of record of the
1513 policy to continue servicing the policy for a period of not less
1514 than 1 year and offer to pay the agent the greater of the
1515 insurer's or the corporation's usual and customary commission
1516 for the type of policy written.

1517

1518 If the producing agent is unwilling or unable to accept
1519 appointment, the new insurer shall pay the agent in accordance
1520 with sub-sub-sub-subparagraph (A).

1521 (II) When the corporation enters into a contractual
1522 agreement for a take-out plan, the producing agent of record of
1523 the corporation policy is entitled to retain any unearned
1524 commission on the policy, and the insurer shall:

1525 (A) Pay to the producing agent of record of the
1526 corporation policy, for the first year, an amount that is the
1527 greater of the insurer's usual and customary commission for the
1528 type of policy written or a fee equal to the usual and customary
1529 commission of the corporation; or

1530 (B) Offer to allow the producing agent of record of the
1531 corporation policy to continue servicing the policy for a period
1532 of not less than 1 year and offer to pay the agent the greater
1533 of the insurer's or the corporation's usual and customary
1534 commission for the type of policy written.

1535

1536 If the producing agent is unwilling or unable to accept
1537 appointment, the new insurer shall pay the agent in accordance
1538 with sub-sub-sub-subparagraph (A).

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1539 c. For purposes of determining comparable coverage under
1540 sub-subparagraphs a. and b., the comparison shall be based on
1541 those forms and coverages that are reasonably comparable. The
1542 corporation may rely on a determination of comparable coverage
1543 and premium made by the producing agent who submits the
1544 application to the corporation, made in the agent's capacity as
1545 the corporation's agent. A comparison may be made solely of the
1546 premium with respect to the main building or structure only on
1547 the following basis: the same coverage A or other building
1548 limits; the same percentage hurricane deductible that applies on
1549 an annual basis or that applies to each hurricane for commercial
1550 residential property; the same percentage of ordinance and law
1551 coverage, if the same limit is offered by both the corporation
1552 and the authorized insurer; the same mitigation credits, to the
1553 extent the same types of credits are offered both by the
1554 corporation and the authorized insurer; the same method for loss
1555 payment, such as replacement cost or actual cash value, if the
1556 same method is offered both by the corporation and the
1557 authorized insurer in accordance with underwriting rules; and
1558 any other form or coverage that is reasonably comparable as
1559 determined by the board. If an application is submitted to the
1560 corporation for wind-only coverage in the high-risk account, the
1561 premium for the corporation's wind-only policy plus the premium
1562 for the ex-wind policy that is offered by an authorized insurer
1563 to the applicant shall be compared to the premium for multiperil
1564 coverage offered by an authorized insurer, subject to the
1565 standards for comparison specified in this subparagraph. If the
1566 corporation or the applicant requests from the authorized

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1567 insurer a breakdown of the premium of the offer by types of
1568 coverage so that a comparison may be made by the corporation or
1569 its agent and the authorized insurer refuses or is unable to
1570 provide such information, the corporation may treat the offer as
1571 not being an offer of coverage from an authorized insurer at the
1572 insurer's approved rate.

1573 ~~6. Must provide by July 1, 2007, that an application for~~
1574 ~~coverage for a new policy is subject to a waiting period of 10~~
1575 ~~days before coverage is effective, during which time the~~
1576 ~~corporation shall make such application available for review by~~
1577 ~~general lines agents and authorized property and casualty~~
1578 ~~insurers. The board shall approve an exception that allows for~~
1579 ~~coverage to be effective before the end of the 10-day waiting~~
1580 ~~period, for coverage issued in conjunction with a real estate~~
1581 ~~closing. The board may approve such other exceptions as the~~
1582 ~~board determines are necessary to prevent lapses in coverage.~~

1583 ~~6.7. Must include rules for classifications of risks and~~
1584 ~~rates therefor.~~

1585 ~~7.8. Must provide that if premium and investment income~~
1586 ~~for an account attributable to a particular calendar year are in~~
1587 ~~excess of projected losses and expenses for the account~~
1588 ~~attributable to that year, such excess shall be held in surplus~~
1589 ~~in the account. Such surplus shall be available to defray~~
1590 ~~deficits in that account as to future years and shall be used~~
1591 ~~for that purpose prior to assessing assessable insurers and~~
1592 ~~assessable insureds as to any calendar year.~~

1593 ~~8.9. Must provide objective criteria and procedures to be~~
1594 ~~uniformly applied for all applicants in determining whether an~~
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1595 individual risk is so hazardous as to be uninsurable. In making
1596 this determination and in establishing the criteria and
1597 procedures, the following shall be considered:

1598 a. Whether the likelihood of a loss for the individual
1599 risk is substantially higher than for other risks of the same
1600 class; and

1601 b. Whether the uncertainty associated with the individual
1602 risk is such that an appropriate premium cannot be determined.

1603

1604 The acceptance or rejection of a risk by the corporation shall
1605 be construed as the private placement of insurance, and the
1606 provisions of chapter 120 shall not apply.

1607 ~~9.10.~~ Must provide that the corporation shall make its
1608 best efforts to procure catastrophe reinsurance at reasonable
1609 rates, to cover its projected 100-year probable maximum loss as
1610 determined by the board of governors.

1611 ~~10.11.~~ Must provide that in the event of regular deficit
1612 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
1613 (b)3.b., in the personal lines account, the commercial lines
1614 residential account, or the high-risk account, the corporation
1615 shall levy upon corporation policyholders in its next rate
1616 filing, or by a separate rate filing solely for this purpose, a
1617 Citizens policyholder surcharge arising from a regular
1618 assessment in such account in a percentage equal to the total
1619 amount of such regular assessments divided by the aggregate
1620 statewide direct written premium for subject lines of business
1621 for the prior calendar year. For purposes of calculating the
1622 Citizens policyholder surcharge to be levied under this

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1623 subparagraph, the total amount of the regular assessment to
1624 which this surcharge is related shall be determined as set forth
1625 in subparagraph (b)3., without deducting the estimated Citizens
1626 policyholder surcharge. Citizens policyholder surcharges under
1627 this subparagraph are not considered premium and are not subject
1628 to commissions, fees, or premium taxes; however, failure to pay
1629 a market equalization surcharge shall be treated as failure to
1630 pay premium.

1631 ~~11.12.~~ The policies issued by the corporation must provide
1632 that, if the corporation or the market assistance plan obtains
1633 an offer from an authorized insurer to cover the risk at its
1634 approved rates, the risk is no longer eligible for renewal
1635 through the corporation, except as otherwise provided in this
1636 subsection.

1637 ~~12.13.~~ Corporation policies and applications must include
1638 a notice that the corporation policy could, under this section,
1639 be replaced with a policy issued by an authorized insurer that
1640 does not provide coverage identical to the coverage provided by
1641 the corporation. The notice shall also specify that acceptance
1642 of corporation coverage creates a conclusive presumption that
1643 the applicant or policyholder is aware of this potential.

1644 ~~13.14.~~ May establish, subject to approval by the office,
1645 different eligibility requirements and operational procedures
1646 for any line or type of coverage for any specified county or
1647 area if the board determines that such changes to the
1648 eligibility requirements and operational procedures are
1649 justified due to the voluntary market being sufficiently stable
1650 and competitive in such area or for such line or type of

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1651 coverage and that consumers who, in good faith, are unable to
1652 obtain insurance through the voluntary market through ordinary
1653 methods would continue to have access to coverage from the
1654 corporation. When coverage is sought in connection with a real
1655 property transfer, such requirements and procedures shall not
1656 provide for an effective date of coverage later than the date of
1657 the closing of the transfer as established by the transferor,
1658 the transferee, and, if applicable, the lender.

1659 ~~14.15-~~ Must provide that, with respect to the high-risk
1660 account, any assessable insurer with a surplus as to
1661 policyholders of \$25 million or less writing 25 percent or more
1662 of its total countrywide property insurance premiums in this
1663 state may petition the office, within the first 90 days of each
1664 calendar year, to qualify as a limited apportionment company. A
1665 regular assessment levied by the corporation on a limited
1666 apportionment company for a deficit incurred by the corporation
1667 for the high-risk account in 2006 or thereafter may be paid to
1668 the corporation on a monthly basis as the assessments are
1669 collected by the limited apportionment company from its insureds
1670 pursuant to s. 627.3512, but the regular assessment must be paid
1671 in full within 12 months after being levied by the corporation.
1672 A limited apportionment company shall collect from its
1673 policyholders any emergency assessment imposed under sub-
1674 subparagraph (b)3.d. The plan shall provide that, if the office
1675 determines that any regular assessment will result in an
1676 impairment of the surplus of a limited apportionment company,
1677 the office may direct that all or part of such assessment be
1678 deferred as provided in subparagraph (p)4. ~~(g)4-~~ However, there
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1679 shall be no limitation or deferment of an emergency assessment
1680 to be collected from policyholders under sub-subparagraph
1681 (b)3.d.

1682 ~~15.16.~~ Must provide that the corporation appoint as its
1683 licensed agents only those agents who also hold an appointment
1684 as defined in s. 626.015(3) with an insurer who at the time of
1685 the agent's initial appointment by the corporation is authorized
1686 to write and is actually writing personal lines residential
1687 property coverage, commercial residential property coverage, or
1688 commercial nonresidential property coverage within the state.

1689 ~~16.17.~~ Must provide, by July 1, 2007, a premium payment
1690 plan option to its policyholders which allows at a minimum for
1691 quarterly and semiannual payment of premiums. A monthly payment
1692 plan may, but is not required to, be offered.

1693 ~~18.~~ ~~Must provide, effective June 1, 2007, that the~~
1694 ~~corporation contract with each insurer providing the non-wind~~
1695 ~~coverage for risks insured by the corporation in the high risk~~
1696 ~~account, requiring that the insurer provide claims adjusting~~
1697 ~~services for the wind coverage provided by the corporation for~~
1698 ~~such risks. An insurer is required to enter into this contract~~
1699 ~~as a condition of providing non-wind coverage for a risk that is~~
1700 ~~insured by the corporation in the high risk account unless the~~
1701 ~~board finds, after a hearing, that the insurer is not capable of~~
1702 ~~providing adjusting services at an acceptable level of quality~~
1703 ~~to corporation policyholders. The terms and conditions of such~~
1704 ~~contracts must be substantially the same as the contracts that~~
1705 ~~the corporation executed with insurers under the "adjust your~~
1706 ~~own" program in 2006, except as may be mutually agreed to by the~~
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1707 ~~parties and except for such changes that the board determines~~
1708 ~~are necessary to ensure that claims are adjusted appropriately.~~
1709 ~~The corporation shall provide a process for neutral arbitration~~
1710 ~~of any dispute between the corporation and the insurer regarding~~
1711 ~~the terms of the contract. The corporation shall review and~~
1712 ~~monitor the performance of insurers under these contracts.~~

1713 ~~17.19.~~ Must limit coverage on mobile homes or manufactured
1714 homes built prior to 1994 to actual cash value of the dwelling
1715 rather than replacement costs of the dwelling.

1716 ~~18.20.~~ May provide such limits of coverage as the board
1717 determines, consistent with the requirements of this subsection.

1718 ~~19.21.~~ May require commercial property to meet specified
1719 hurricane mitigation construction features as a condition of
1720 eligibility for coverage.

1721 (d)1. All prospective employees for senior management
1722 positions, as defined by the plan of operation, are subject to
1723 background checks as a prerequisite for employment. The office
1724 shall conduct background checks on such prospective employees
1725 pursuant to ss. 624.34, 624.404(3), and 628.261.

1726 2. On or before July 1 of each year, employees of the
1727 corporation are required to sign and submit a statement
1728 attesting that they do not have a conflict of interest, as
1729 defined in part III of chapter 112. As a condition of
1730 employment, all prospective employees are required to sign and
1731 submit to the corporation a conflict-of-interest statement.

1732 3. Senior managers and members of the board of governors
1733 are subject to the provisions of part III of chapter 112,
1734 including, but not limited to, the code of ethics and public
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1735 disclosure and reporting of financial interests, pursuant to s.
1736 112.3145. Senior managers and board members are also required to
1737 file such disclosures with the Commission on Ethics and the
1738 Office of Insurance Regulation. The executive director of the
1739 corporation or his or her designee shall notify each newly
1740 appointed and existing appointed member of the board of
1741 governors and senior managers of their duty to comply with the
1742 reporting requirements of part III of chapter 112. At least
1743 quarterly, the executive director or his or her designee shall
1744 submit to the Commission on Ethics a list of names of the senior
1745 managers and members of the board of governors who are subject
1746 to the public disclosure requirements under s. 112.3145.

1747 4. Notwithstanding s. 112.3148 or s. 112.3149, or any
1748 other provision of law, an employee or board member may not
1749 knowingly accept, directly or indirectly, any gift or
1750 expenditure from a person or entity, or an employee or
1751 representative of such person or entity, that has a contractual
1752 relationship with the corporation or who is under consideration
1753 for a contract. An employee or board member who fails to comply
1754 with subparagraph 3. or this subparagraph is subject to
1755 penalties provided under ss. 112.317 and 112.3173.

1756 5. Any senior manager of the corporation who is employed
1757 on or after January 1, 2007, regardless of the date of hire, who
1758 subsequently retires or terminates employment is prohibited from
1759 representing another person or entity before the corporation for
1760 2 years after retirement or termination of employment from the
1761 corporation.

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1762 6. Any senior manager ~~employee~~ of the corporation who is
1763 employed on or after January 1, 2007, regardless of the date of
1764 hire, who subsequently retires or terminates employment is
1765 prohibited from having any employment or contractual
1766 relationship for 2 years with an insurer that has entered into
1767 ~~received~~ a take-out bonus agreement with ~~from~~ the corporation.

1768 (j)1. The corporation shall establish and maintain a unit
1769 or division to investigate possible fraudulent claims by
1770 insureds or by persons making claims for services or repairs
1771 against policies held by insureds; or it may contract with
1772 others to investigate possible fraudulent claims for services or
1773 repairs against policies held by the corporation pursuant to s.
1774 626.9891. The corporation must comply with reporting
1775 requirements of s. 626.9891. An employee of the corporation
1776 shall notify the corporation's Office of the Internal Auditor
1777 and the Division of Insurance Fraud within 48 hours after having
1778 information that would lead a reasonable person to suspect that
1779 fraud may have been committed by any employee of the
1780 corporation.

1781 2. The corporation shall establish a unit or division
1782 responsible for receiving and responding to consumer complaints,
1783 which unit or division is the sole responsibility of a senior
1784 manager of the corporation.

1785 (m)1. Rates for coverage provided by the corporation shall
1786 be actuarially sound and subject to the requirements of s.
1787 627.062, except as otherwise provided in this paragraph. The
1788 corporation shall file its recommended rates with the office at
1789 least annually. The corporation shall provide any additional
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1790 information regarding the rates which the office requires. The
1791 office shall consider the recommendations of the board and issue
1792 a final order establishing the rates for the corporation within
1793 45 days after the recommended rates are filed. The corporation
1794 may not pursue an administrative challenge or judicial review of
1795 the final order of the office.

1796 2. In addition to the rates otherwise determined pursuant
1797 to this paragraph, the corporation shall impose and collect an
1798 amount equal to the premium tax provided for in s. 624.509 to
1799 augment the financial resources of the corporation.

1800 3. After the public hurricane loss-projection model under
1801 s. 627.06281 has been found to be accurate and reliable by the
1802 Florida Commission on Hurricane Loss Projection Methodology,
1803 that model shall serve as the minimum benchmark for determining
1804 the windstorm portion of the corporation's rates. This
1805 subparagraph does not require or allow the corporation to adopt
1806 rates lower than the rates otherwise required or allowed by this
1807 paragraph.

1808 4. The rate filings for the corporation which were
1809 approved by the office and which took effect January 1, 2007,
1810 are rescinded, except for those rates that were lowered. As soon
1811 as possible, the corporation shall begin using the lower rates
1812 that were in effect on December 31, 2006, and shall provide
1813 refunds to policyholders who have paid higher rates as a result
1814 of that rate filing. The rates in effect on December 31, 2006,
1815 shall remain in effect for the 2007 and 2008 calendar years ~~year~~
1816 except for any rate change that results in a lower rate. The
1817 next rate change that may increase rates shall take effect

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1818 January 1, 2009 ~~2008~~, pursuant to a new rate filing recommended
1819 by the corporation and established by the office, subject to the
1820 requirements of this paragraph.

1821 (r)1. There shall be no liability on the part of, and no
1822 cause of action of any nature shall arise against, any
1823 assessable insurer or its agents or employees, the corporation
1824 or its agents or employees, members of the board of governors or
1825 their respective designees at a board meeting, corporation
1826 committee members, or the office or its representatives, for any
1827 action taken by them in the performance of their duties or
1828 responsibilities under this subsection. Such immunity does not
1829 apply to:

1830 ~~a.1-~~ Any of the foregoing persons or entities for any
1831 willful tort;

1832 ~~b.2-~~ The corporation or its producing agents for breach of
1833 any contract or agreement pertaining to insurance coverage;

1834 ~~c.3-~~ The corporation with respect to issuance or payment
1835 of debt; ~~or~~

1836 ~~d.4-~~ Any assessable insurer with respect to any action to
1837 enforce an assessable insurer's obligations to the corporation
1838 under this subsection; ~~or-~~

1839 e. The corporation in any pending or future action for
1840 breach of contract or for benefits under a policy issued by the
1841 corporation; in any such action, the corporation shall be liable
1842 to the policyholders and beneficiaries for attorney's fees under
1843 s. 627.428.

1844 2. The corporation shall manage its claim employees,
1845 independent adjusters, and others who handle claims to ensure
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1846 they carry out the corporation's duty to its policyholders to
1847 handle claims carefully, timely, diligently, and in good faith,
1848 balanced against the corporation's duty to the state to manage
1849 its assets responsibly to minimize its assessment potential.

1850 (ff) The office may establish a pilot program to offer
1851 optional sinkhole coverage in one or more counties or other
1852 territories of the corporation for the purpose of implementing
1853 s. 627.706, as amended by s. 30 of chapter 2007-1, Laws of
1854 Florida. Under the pilot program, the corporation is not
1855 required to issue a notice of nonrenewal to exclude sinkhole
1856 coverage upon the renewal of existing policies, but may exclude
1857 such coverage using a notice of coverage change.

1858 Section 13. Subsection (4) of section 627.3511, Florida
1859 Statutes, is amended to read:

1860 627.3511 Depopulation of Citizens Property Insurance
1861 Corporation.--

1862 (4) AGENT BONUS.--When the corporation enters into a
1863 contractual agreement for a take-out plan that provides a bonus
1864 to the insurer, the producing agent of record of the corporation
1865 policy is entitled to retain any unearned commission on such
1866 policy, and the insurer shall either:

1867 (a) Pay to the producing agent of record of the
1868 association policy, for the first year, an amount that is the
1869 greater of the insurer's usual and customary commission for the
1870 type of policy written or a fee equal to the usual and customary
1871 commission of the corporation; or

1872 (b) Offer to allow the producing agent of record of the
1873 corporation policy to continue servicing the policy for a period
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1874 of not less than 1 year and offer to pay the agent the greater
1875 of the insurer's or the corporation's usual and customary
1876 commission for the type of policy written.

1877
1878 If the producing agent is unwilling or unable to accept
1879 appointment, the new insurer shall pay the agent in accordance
1880 with paragraph (a). The requirement of this subsection that the
1881 producing agent of record is entitled to retain the unearned
1882 commission on an association policy does not apply to a policy
1883 for which coverage has been provided in the association for 30
1884 days or less or for which a cancellation notice has been issued
1885 pursuant to s. 627.351(6)(c) ~~10.11~~ during the first 30 days of
1886 coverage.

1887 Section 14. Paragraph (a) of subsection (3) of section
1888 627.3515, Florida Statutes, as amended by chapter 2007-1, Laws
1889 of Florida, is amended to read:

1890 627.3515 Market assistance plan; property and casualty
1891 risks.--

1892 (3)(a) The plan and the corporation shall develop a
1893 business plan and present it to the Financial Services
1894 Commission for approval by September 1, 2007, to provide for the
1895 implementation of an electronic database for the purpose of
1896 confirming eligibility pursuant to s. 627.351(6). The business
1897 plan may provide that authorized insurers or agents of
1898 authorized insurers may submit to the plan or the corporation in
1899 electronic form, as determined by the plan or the corporation,
1900 information determined necessary by the plan or the corporation
1901 to deny coverage to risks ineligible for coverage by the

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1902 corporation. Any authorized insurer submitting such information
1903 that results in a risk being denied coverage by the corporation
1904 is required to offer coverage to the risk at its approved rates,
1905 for the coverage and premium quoted, for at least 1 year.

1906 Section 15. Section 627.3517, Florida Statutes, is amended
1907 to read:

1908 627.3517 Consumer choice.--

1909 ~~(1) Except as provided in subsection (2),~~ No provision of
1910 s. 627.351, s. 627.3511, or s. 627.3515 shall be construed to
1911 impair the right of any insurance risk apportionment plan
1912 policyholder, upon receipt of any keepout or take-out offer, to
1913 retain his or her current agent, so long as that agent is duly
1914 licensed and appointed by the insurance risk apportionment plan
1915 or otherwise authorized to place business with the insurance
1916 risk apportionment plan. This right shall not be canceled,
1917 suspended, impeded, abridged, or otherwise compromised by any
1918 rule, plan of operation, or depopulation plan, whether through
1919 keepout, take-out, midterm assumption, or any other means, of
1920 any insurance risk apportionment plan or depopulation plan,
1921 including, but not limited to, those described in s. 627.351, s.
1922 627.3511, or s. 627.3515. The commission shall adopt any rules
1923 necessary to cause any insurance risk apportionment plan or
1924 market assistance plan under such sections to demonstrate that
1925 the operations of the plan do not interfere with, promote, or
1926 allow interference with the rights created under this section.
1927 If the policyholder's current agent is unable or unwilling to be
1928 appointed with the insurer making the take-out or keepout offer,
1929 the policyholder shall not be disqualified from participation in
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1930 the appropriate insurance risk apportionment plan because of an
1931 offer of coverage in the voluntary market. An offer of full
1932 property insurance coverage by the insurer currently insuring
1933 either the ex-wind or wind-only coverage on the policy to which
1934 the offer applies shall not be considered a take-out or keepout
1935 offer. Any rule, plan of operation, or plan of depopulation,
1936 through keepout, take-out, midterm assumption, or any other
1937 means, of any property insurance risk apportionment plan under
1938 s. 627.351(2) or (6) is subject to ss. 627.351(2)(b) and (6)(c)
1939 and 627.351(4).

1940 ~~(2) This section does not apply during the first 10 days~~
1941 ~~after a new application for coverage has been submitted to~~
1942 ~~Citizens Property Insurance Corporation under s. 627.351(6),~~
1943 ~~whether or not coverage is bound during this period.~~

1944 Section 16. Subsection (1) of section 627.4035, Florida
1945 Statutes, as amended by chapter 2007-1, Laws of Florida, is
1946 amended to read:

1947 627.4035 Cash payment of premiums; claims.--

1948 (1) The premiums for insurance contracts issued in this
1949 state or covering risk located in this state shall be paid in
1950 cash consisting of coins, currency, checks, or money orders or
1951 by using a debit card, credit card, automatic electronic funds
1952 transfer, or payroll deduction plan. By July 1, 2007, insurers
1953 issuing personal lines residential and commercial property
1954 policies shall provide a premium payment plan option to their
1955 policyholders which allows for a minimum of quarterly and
1956 semiannual payment of premiums. Insurers may, but are not
1957 required to, offer monthly payment plans. Insurers issuing such

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1958 policies must submit their premium payment plan option to the
1959 office for approval before use.

1960 Section 17. Paragraph (b) of subsection (2) of section
1961 627.4133, Florida Statutes, is amended, and subsection (7) is
1962 added to that section, to read:

1963 627.4133 Notice of cancellation, nonrenewal, or renewal
1964 premium.--

1965 (2) With respect to any personal lines or commercial
1966 residential property insurance policy, including, but not
1967 limited to, any homeowner's, mobile home owner's, farmowner's,
1968 condominium association, condominium unit owner's, apartment
1969 building, or other policy covering a residential structure or
1970 its contents:

1971 (b) The insurer shall give the named insured written
1972 notice of nonrenewal, cancellation, or termination at least 100
1973 days prior to the effective date of the nonrenewal,
1974 cancellation, or termination. However, the insurer shall give at
1975 least 100 days' written notice, or written notice by June 1,
1976 whichever is earlier, for any nonrenewal, cancellation, or
1977 termination that would be effective between June 1 and November
1978 30. The notice must include the reason or reasons for the
1979 nonrenewal, cancellation, or termination, except that:

1980 1. When cancellation is for nonpayment of premium, at
1981 least 10 days' written notice of cancellation accompanied by the
1982 reason therefor shall be given. As used in this subparagraph,
1983 the term "nonpayment of premium" means failure of the named
1984 insured to discharge when due any of her or his obligations in
1985 connection with the payment of premiums on a policy or any
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1986 installment of such premium, whether the premium is payable
1987 directly to the insurer or its agent or indirectly under any
1988 premium finance plan or extension of credit, or failure to
1989 maintain membership in an organization if such membership is a
1990 condition precedent to insurance coverage. "Nonpayment of
1991 premium" also means the failure of a financial institution to
1992 honor an insurance applicant's check after delivery to a
1993 licensed agent for payment of a premium, even if the agent has
1994 previously delivered or transferred the premium to the insurer.
1995 If a dishonored check represents the initial premium payment,
1996 the contract and all contractual obligations shall be void ab
1997 initio unless the nonpayment is cured within the earlier of 5
1998 days after actual notice by certified mail is received by the
1999 applicant or 15 days after notice is sent to the applicant by
2000 certified mail or registered mail, and if the contract is void,
2001 any premium received by the insurer from a third party shall be
2002 refunded to that party in full.

2003 2. When such cancellation or termination occurs during the
2004 first 90 days during which the insurance is in force and the
2005 insurance is canceled or terminated for reasons other than
2006 nonpayment of premium, at least 20 days' written notice of
2007 cancellation or termination accompanied by the reason therefor
2008 shall be given except where there has been a material
2009 misstatement or misrepresentation or failure to comply with the
2010 underwriting requirements established by the insurer.

2011 3. The requirement for providing written notice of
2012 nonrenewal by June 1 of any nonrenewal that would be effective
2013 between June 1 and November 30 does not apply to the following

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2014 situations, but the insurer remains subject to the requirement
2015 to provide such notice at least 100 days prior to the effective
2016 date of nonrenewal:

2017 a. A policy that is nonrenewed due to a revision in the
2018 coverage for sinkhole losses and catastrophic ground cover
2019 collapse pursuant to s. 627.730, as amended by s. 30 of chapter
2020 2007-1, Laws of Florida.

2021 b. A policy that is nonrenewed by Citizens Property
2022 Insurance Corporation, pursuant to s. 627.351(6), for a policy
2023 that has been assumed by an authorized insurer offering
2024 replacement or renewal coverage to the policyholder.

2025
2026 After the policy has been in effect for 90 days, the policy
2027 shall not be canceled by the insurer except when there has been
2028 a material misstatement, a nonpayment of premium, a failure to
2029 comply with underwriting requirements established by the insurer
2030 within 90 days of the date of effectuation of coverage, or a
2031 substantial change in the risk covered by the policy or when the
2032 cancellation is for all insureds under such policies for a given
2033 class of insureds. This paragraph does not apply to individually
2034 rated risks having a policy term of less than 90 days.

2035 (7)(a) Effective August 1, 2007, with respect to any
2036 residential property insurance policy, every notice of renewal
2037 premium must specify:

2038 1. The dollar amounts recouped for assessments by the
2039 Florida Hurricane Catastrophe Fund, the Citizens Property
2040 Insurance Corporation, and the Florida Insurance Guaranty

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2041 Association. The actual names of the entities must appear next
2042 to the dollar amounts.

2043 2. The dollar amount of any premium increase that is due
2044 to an approved rate increase and the total dollar amount that is
2045 due to coverage changes.

2046 (b) The Financial Services Commission may adopt rules
2047 pursuant to ss. 120.536(1) and 120.54 to implement this
2048 subsection.

2049 Section 18. Paragraphs (a) and (c) of subsection (3) and
2050 paragraph (d) of subsection (4) of section 627.701, Florida
2051 Statutes, as amended by chapter 2007-1, Laws of Florida, are
2052 amended to read:

2053 627.701 Liability of insureds; coinsurance; deductibles.--

2054 (3) (a) Except as otherwise provided in this subsection,
2055 prior to issuing a personal lines residential property insurance
2056 policy, the insurer must offer alternative deductible amounts
2057 applicable to hurricane losses equal to \$500, 2 percent, 5
2058 percent, and 10 percent of the policy dwelling limits, unless
2059 the specific percentage deductible is less than \$500. The
2060 written notice of the offer shall specify the hurricane ~~or wind~~
2061 deductible to be applied in the event that the applicant or
2062 policyholder fails to affirmatively choose a hurricane
2063 deductible. The insurer must provide such policyholder with
2064 notice of the availability of the deductible amounts specified
2065 in this paragraph in a form approved by the office in
2066 conjunction with each renewal of the policy. The failure to
2067 provide such notice constitutes a violation of this code but
2068 does not affect the coverage provided under the policy.

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2069 (c) With respect to a policy covering a risk with dwelling
2070 limits of at least \$100,000, but less than \$250,000, the insurer
2071 may, in lieu of offering a policy with a \$500 hurricane ~~or wind~~
2072 deductible as required by paragraph (a), offer a policy that the
2073 insurer guarantees it will not nonrenew for reasons of reducing
2074 hurricane loss for one renewal period and that contains up to a
2075 2 percent hurricane ~~or wind~~ deductible as required by paragraph
2076 (a).

2077 (4)

2078 (d)1. A personal lines residential property insurance
2079 policy covering a risk valued at less than \$500,000 may not have
2080 a hurricane deductible in excess of 10 percent of the policy
2081 dwelling limits, unless the following conditions are met:

2082 a. The policyholder must personally write and provide to
2083 the insurer the following statement in his or her own
2084 handwriting and sign his or her name, which must also be signed
2085 by every other named insured on the policy, and dated: "I do not
2086 want the insurance on my home to pay for the first (specify
2087 dollar value) of damage from hurricanes. I will pay those costs.
2088 My insurance will not."

2089 b. If the structure insured by the policy is subject to a
2090 mortgage or lien, the policyholder must provide the insurer with
2091 a written statement from the mortgageholder or lienholder
2092 indicating that the mortgageholder or lienholder approves the
2093 policyholder electing to have the specified deductible.

2094 2. A deductible subject to the requirements of this
2095 paragraph applies for the term of the policy and for each
2096 renewal thereafter ~~unless the policyholder elects otherwise.~~

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2097 Changes to the deductible percentage may be implemented only as
2098 of the date of renewal.

2099 3. An insurer shall keep the original copy of the signed
2100 statement required by this paragraph, electronically or
2101 otherwise, and provide a copy to the policyholder providing the
2102 signed statement. A signed statement meeting the requirements of
2103 this paragraph creates a presumption that there was an informed,
2104 knowing election of coverage.

2105 4. The commission shall adopt rules providing appropriate
2106 alternative methods for providing the statements required by
2107 this section for policyholders who have a handicapping or
2108 disabling condition that prevents them from providing a
2109 handwritten statement.

2110 Section 19. Subsection (5) of section 627.70131, Florida
2111 Statutes, as amended by chapter 2007-1, Laws of Florida, is
2112 amended to read:

2113 627.70131 Insurer's duty to acknowledge communications
2114 regarding claims; investigation.--

2115 (5)(a) Within 90 days after an insurer receives notice of
2116 a property insurance claim from a policyholder, the insurer
2117 shall pay or deny such claim or a portion of the claim unless
2118 the failure to pay such claim or a portion of the claim is
2119 caused by factors beyond the control of the insurer which
2120 reasonably prevent such payment. Any payment of a claim or
2121 portion of a claim paid 90 days after the insurer receives
2122 notice of the claim, or paid more than 15 days after there are
2123 no longer factors beyond the control of the insurer which
2124 reasonably prevented such payment, whichever is later, shall
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2125 bear interest at the rate set forth in s. 55.03. Interest begins
2126 to accrue from the date the insurer receives notice of the
2127 claim. The provisions of this subsection may not be waived,
2128 voided, or nullified by the terms of the insurance policy. If
2129 there is a right to prejudgment interest, the insured shall
2130 select whether to receive prejudgment interest or interest under
2131 this subsection. Interest is payable when the claim or portion
2132 of the claim is paid. Failure to comply with this subsection
2133 constitutes a violation of this code. However, failure to comply
2134 with this subsection shall not form the sole basis for a private
2135 cause of action.

2136 (b) Notwithstanding subsection (4), for purposes of this
2137 subsection, the term "claim" means any of the following:

2138 1. A claim under an insurance policy providing residential
2139 coverage as defined in s. 627.4025(1);

2140 2. A claim for structural or contents coverage under a
2141 commercial property insurance policy if the insured structure is
2142 10,000 square feet or less; or

2143 3. A claim for contents coverage under a commercial
2144 tenants policy if the insured premises is 10,000 square feet or
2145 less.

2146 (c) This subsection shall not apply to claims under an
2147 insurance policy covering nonresidential commercial structures
2148 or contents in more than one state.

2149 Section 20. Subsections (1), (2), (3), (4), and (5) of
2150 section 627.712, Florida Statutes, as created by chapter 2007-1,
2151 Laws of Florida, are amended to read:

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2152 627.712 Residential windstorm ~~hurricane~~ coverage required;
2153 availability of exclusions for windstorm or contents.--

2154 (1) An insurer issuing a residential property insurance
2155 policy must provide ~~hurricane or~~ windstorm coverage ~~as defined~~
2156 ~~in s. 627.4025~~. This subsection does not apply with respect to
2157 risks that are eligible for wind-only coverage from Citizens
2158 Property Insurance Corporation under s. 627.351(6).

2159 (2) A property ~~An insurer that is subject to subsection~~
2160 ~~(1)~~ must make available, at the option of the policyholder, an
2161 exclusion of ~~hurricane coverage or~~ windstorm coverage. The
2162 coverage may be excluded only if:

2163 (a) 1. When the policyholder is a natural person, the
2164 policyholder personally writes and provides to the insurer the
2165 following statement in his or her own handwriting and signs his
2166 or her name, which must also be signed by every other named
2167 insured on the policy, and dated: "I do not want the insurance
2168 on my (home/mobile home/condominium unit) to pay for damage from
2169 windstorms ~~or hurricanes~~. I will pay those costs. My insurance
2170 will not."

2171 2. When the policyholder is other than a natural person,
2172 the policyholder provides to the insurer on the policyholder's
2173 letterhead the following statement that must be signed by the
2174 policyholder's authorized representative and dated: "(Name of
2175 entity) does not want the insurance on its (type of structure)
2176 to pay for damage from windstorms. (Name of entity) will be
2177 responsible for these costs. (Name of entity)'s insurance will
2178 not."

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2179 (b) If the structure insured by the policy is subject to a
2180 mortgage or lien, the policyholder must provide the insurer with
2181 a written statement from the mortgageholder or lienholder
2182 indicating that the mortgageholder or lienholder approves the
2183 policyholder electing to exclude windstorm coverage or hurricane
2184 coverage from his or her or its ~~residential~~ property insurance
2185 policy.

2186 (3) An insurer issuing a residential property insurance
2187 policy, except for a condominium unit owner's policy or a
2188 tenant's policy, must make available, at the option of the
2189 policyholder, an exclusion of coverage for the contents. The
2190 coverage may be excluded only if the policyholder personally
2191 writes and provides to the insurer the following statement in
2192 his or her own handwriting and signs his or her signature, which
2193 must also be signed by every other named insured on the policy,
2194 and dated: "I do not want the insurance on my (home/mobile home)
2195 to pay for the costs to repair or replace any contents that are
2196 damaged. I will pay those costs. My insurance will not."

2197 (4) An insurer shall keep the original copy of a signed
2198 statement required by this section, electronically or otherwise,
2199 and provide a copy to the policyholder providing the signed
2200 statement. A signed statement meeting the requirements of this
2201 section creates a presumption that there was an informed,
2202 knowing rejection of coverage.

2203 (5) The exclusions authorized by this section apply for
2204 the term of the policy and for each renewal thereafter. Changes
2205 to the exclusions authorized by this section may be implemented
2206 only as of the date of renewal. ~~The exclusions authorized by~~

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2207 ~~this section are valid for the term of the contract and for each~~
2208 ~~renewal unless the policyholder elects otherwise.~~

2209 Section 21. Subsections (4) and (5) of section 627.7277,
2210 Florida Statutes, as amended by chapter 2007-1, Laws of Florida,
2211 are amended to read:

2212 627.7277 Notice of renewal premium.--

2213 ~~(4) Every notice of renewal premium must specify:~~

2214 ~~(a) The dollar amounts recouped for assessments by the~~
2215 ~~Florida Hurricane Catastrophe Fund, the Citizens Property~~
2216 ~~Insurance Corporation, and the Florida Insurance Guaranty~~
2217 ~~Association. The actual names of the entities must appear next~~
2218 ~~to the dollar amounts.~~

2219 ~~(b) The dollar amount of any premium increase that is due~~
2220 ~~to a rate increase and the dollar amounts that are due to~~
2221 ~~coverage changes.~~

2222 ~~(5) The Financial Services Commission may adopt rules~~
2223 ~~pursuant to ss. 120.536(1) and 120.54 to implement this section.~~

2224 Section 22. Subsection (11) of section 631.52, Florida
2225 Statutes, is amended to read:

2226 631.52 Scope.--This part shall apply to all kinds of
2227 direct insurance, except:

2228 (11) Self-insurance and any kind of self-insurance fund,
2229 liability pool, or risk management fund;

2230 Section 23. Paragraph (e) of subsection (3) of section
2231 631.57, Florida Statutes, as amended by chapter 2007-1, Laws of
2232 Florida, is amended to read:

2233 631.57 Powers and duties of the association.--

2234 (3)

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2235 (e)1.a. In addition to assessments otherwise authorized in
2236 paragraph (a) and to the extent necessary to secure the funds
2237 for the account specified in s. 631.55(2)(c) for the direct
2238 payment of covered claims of insurers rendered insolvent by the
2239 effects of a hurricane homeowners' insurers and to pay the
2240 reasonable costs to administer such claims, or to retire
2241 indebtedness, including, without limitation, the principal,
2242 redemption premium, if any, and interest on, and related costs
2243 of issuance of, bonds issued under s. 631.695 and the funding of
2244 any reserves and other payments required under the bond
2245 resolution or trust indenture pursuant to which such bonds have
2246 been issued, the office, upon certification of the board of
2247 directors, shall levy emergency assessments upon insurers
2248 holding a certificate of authority. The emergency assessments
2249 payable under this paragraph by any insurer shall not exceed in
2250 any single year more than 2 percent of that insurer's direct
2251 written premiums, net of refunds, in this state during the
2252 preceding calendar year for the kinds of insurance within the
2253 account specified in s. 631.55(2)(c).

2254 b. Any emergency assessments authorized under this
2255 paragraph shall be levied by the office upon insurers referred
2256 to in sub-subparagraph a., upon certification as to the need for
2257 such assessments by the board of directors. In the event the
2258 board of directors participates in the issuance of bonds in
2259 accordance with s. 631.695, emergency assessments shall be
2260 levied in each year that bonds issued under s. 631.695 and
2261 secured by such emergency assessments are outstanding, in such
2262 amounts up to such 2-percent limit as required in order to

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2263 provide for the full and timely payment of the principal of,
2264 redemption premium, if any, and interest on, and related costs
2265 of issuance of, such bonds. The emergency assessments provided
2266 for in this paragraph are assigned and pledged to the
2267 municipality, county, or legal entity issuing bonds under s.
2268 631.695 for the benefit of the holders of such bonds, in order
2269 to enable such municipality, county, or legal entity to provide
2270 for the payment of the principal of, redemption premium, if any,
2271 and interest on such bonds, the cost of issuance of such bonds,
2272 and the funding of any reserves and other payments required
2273 under the bond resolution or trust indenture pursuant to which
2274 such bonds have been issued, without the necessity of any
2275 further action by the association, the office, or any other
2276 party. To the extent bonds are issued under s. 631.695 and the
2277 association determines to secure such bonds by a pledge of
2278 revenues received from the emergency assessments, such bonds,
2279 upon such pledge of revenues, shall be secured by and payable
2280 from the proceeds of such emergency assessments, and the
2281 proceeds of emergency assessments levied under this paragraph
2282 shall be remitted directly to and administered by the trustee or
2283 custodian appointed for such bonds.

2284 c. Emergency assessments under this paragraph may be
2285 payable in a single payment or, at the option of the
2286 association, may be payable in 12 monthly installments with the
2287 first installment being due and payable at the end of the month
2288 after an emergency assessment is levied and subsequent
2289 installments being due not later than the end of each succeeding
2290 month.

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2291 d. If emergency assessments are imposed, the report
2292 required by s. 631.695(7) shall include an analysis of the
2293 revenues generated from the emergency assessments imposed under
2294 this paragraph.

2295 e. If emergency assessments are imposed, the references in
2296 sub-subparagraph (1)(a)3.b. and s. 631.695(2) and (7) to
2297 assessments levied under paragraph (a) shall include emergency
2298 assessments imposed under this paragraph.

2299 2. In order to ensure that insurers paying emergency
2300 assessments levied under this paragraph continue to charge rates
2301 that are neither inadequate nor excessive, within 90 days after
2302 being notified of such assessments, each insurer that is to be
2303 assessed pursuant to this paragraph shall submit a rate filing
2304 for coverage included within the account specified in s.
2305 631.55(2)(c) and for which rates are required to be filed under
2306 s. 627.062. If the filing reflects a rate change that, as a
2307 percentage, is equal to the difference between the rate of such
2308 assessment and the rate of the previous year's assessment under
2309 this paragraph, the filing shall consist of a certification so
2310 stating and shall be deemed approved when made. Any rate change
2311 of a different percentage shall be subject to the standards and
2312 procedures of s. 627.062.

2313 3. In the event the board of directors participates in the
2314 issuance of bonds in accordance with s. 631.695, an annual
2315 assessment under this paragraph shall continue while the bonds
2316 issued with respect to which the assessment was imposed are
2317 outstanding, including any bonds the proceeds of which were used
2318 to refund bonds issued pursuant to s. 631.695, unless adequate
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2319 provision has been made for the payment of the bonds in the
2320 documents authorizing the issuance of such bonds.

2321 4. Emergency assessments under this paragraph are not
2322 premium and are not subject to the premium tax, to any fees, or
2323 to any commissions. An insurer is liable for all emergency
2324 assessments that the insurer collects and shall treat the
2325 failure of an insured to pay an emergency assessment as a
2326 failure to pay the premium. An insurer is not liable for
2327 uncollectible emergency assessments.

2328 Section 24. Paragraphs (g), (h), and (i) of subsection (1)
2329 and subsections (2) and (6) of section 631.695, Florida
2330 Statutes, are amended to read:

2331 631.695 Revenue bond issuance through counties or
2332 municipalities.--

2333 (1) The Legislature finds:

2334 (g) To achieve the foregoing purposes, it is proper to
2335 authorize municipalities and counties of this state
2336 ~~substantially affected by the landfall of a hurricane~~ to issue
2337 bonds to assist the Florida Insurance Guaranty Association in
2338 expediting the handling and payment of covered claims of
2339 insolvent insurers.

2340 (h) In order to avoid the needless and indiscriminate
2341 proliferation, duplication, and fragmentation of such assistance
2342 programs, it is in the best interests of the residents of this
2343 state to authorize municipalities and counties ~~severely affected~~
2344 ~~by a hurricane~~ to provide for the payment of covered claims
2345 beyond their territorial limits in the implementation of such
2346 programs.

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2347 (i) It is a paramount public purpose for municipalities
2348 and counties ~~substantially affected by the landfall of a~~
2349 ~~hurricane~~ to be able to issue bonds for the purposes described
2350 in this section. Such issuance shall provide assistance to
2351 residents of those municipalities and counties as well as to
2352 other residents of this state.

2353 (2) The governing body of any municipality or county, ~~the~~
2354 ~~residents of which have been substantially affected by a~~
2355 ~~hurricane~~, may issue bonds to fund an assistance program in
2356 conjunction with, and with the consent of, the Florida Insurance
2357 Guaranty Association for the purpose of paying claimants' or
2358 policyholders' covered claims, as defined in s. 631.54, arising
2359 through the insolvency of an insurer, which insolvency is
2360 determined by the Florida Insurance Guaranty Association to have
2361 been a result of a hurricane, regardless of whether the
2362 claimants or policyholders are residents of such municipality or
2363 county or the property to which the claim relates is located
2364 within or outside the territorial jurisdiction of the
2365 municipality or county. The power of a municipality or county to
2366 issue bonds, as described in this section, is in addition to any
2367 powers granted by law and may not be abrogated or restricted by
2368 any provisions in such municipality's or county's charter. A
2369 municipality or county issuing bonds for this purpose shall
2370 enter into such contracts with the Florida Insurance Guaranty
2371 Association or any entity acting on behalf of the Florida
2372 Insurance Guaranty Association as are necessary to implement the
2373 assistance program. Any bonds issued by a municipality or county
2374 or a combination thereof under this subsection shall be payable

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2375 from and secured by moneys received by or on behalf of the
2376 municipality or county from assessments levied under s.
2377 631.57(3) (a) and assigned and pledged to or on behalf of the
2378 municipality or county for the benefit of the holders of the
2379 bonds in connection with the assistance program. The funds,
2380 credit, property, and taxing power of the state or any
2381 municipality or county shall not be pledged for the payment of
2382 such bonds.

2383 (6) Two or more municipalities or counties, ~~the residents~~
2384 ~~of which have been substantially affected by a hurricane,~~ may
2385 create a legal entity pursuant to s. 163.01(7) (g) to exercise
2386 the powers described in this section as well as those powers
2387 granted in s. 163.01(7) (g). References in this section to a
2388 municipality or county includes such legal entity.

2389 Section 25. Section 1004.647, Florida Statutes, is created
2390 to read:

2391 1004.647 Florida Catastrophic Storm Risk Management
2392 Center.--The Florida Catastrophic Storm Risk Management Center
2393 is created at the Florida State University, College of Business,
2394 Department of Risk Management. The purpose of the center is to
2395 promote and disseminate research on issues related to
2396 catastrophic storm loss and to assist in identifying and
2397 developing education and research grant funding opportunities
2398 among higher education institutions in this state and the
2399 private sector. The purpose of the activities of the center is
2400 to support the state's ability to prepare for, respond to, and
2401 recover from catastrophic storms. The center shall:

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2402 (1) Coordinate and disseminate research efforts that are
2403 expected to have an immediate impact on policy and practices
2404 related to catastrophic storm preparedness.

2405 (2) Coordinate and disseminate information related to
2406 catastrophic storm risk management, including, but not limited
2407 to, research and information that would benefit businesses,
2408 consumers, and public policy makers. Areas of interest may
2409 include storm forecasting, loss modeling, building construction
2410 and mitigation, and risk management strategies. Through its
2411 efforts, the center shall facilitate Florida's preparedness for
2412 and responsiveness to catastrophic storms and collaborate with
2413 other public and private institutions.

2414 (3) Create and promote studies that enhance the
2415 educational options available to risk management and insurance
2416 students.

2417 (4) Publish and disseminate findings.

2418 (5) Organize and sponsor conferences, symposia, and
2419 workshops to educate consumers and policymakers.

2420 Section 26. Effective December 31, 2008, and
2421 notwithstanding any other provision of law:

2422 (1) A new certificate of authority for the transaction of
2423 residential property insurance may not be issued to any insurer
2424 domiciled in this state which is a wholly owned subsidiary of an
2425 insurer authorized to do business in any other state.

2426 (2) The rate filings of any insurer domiciled in this
2427 state that is a wholly owned subsidiary of an insurer authorized
2428 to do business in any other state shall include information

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2429 relating to the profits of the parent company of the insurer
2430 domiciled in this state.

2431 Section 27. (1) Notwithstanding section 9 of chapter
2432 2007-1, Laws of Florida, the internal design option provided in
2433 Section 1609.1.4.1, Florida Building Code, Building Volume, and
2434 Section R301.2.1.2, Florida Building Code, Residential Volume,
2435 shall remain in effect until June 1, 2007, for a building permit
2436 application made before that date.

2437 (2) Subsection (1) shall take effect upon becoming a law
2438 and shall apply retroactively to January 25, 2007. Subsection
2439 (1) applies to any action taken with respect to a building
2440 permit affected by section 9 of chapter 2007-1, Laws of Florida,
2441 including any actions, legal or ministerial, pertaining to the
2442 issuance, revocation, or modifications of any building permit
2443 initiated or issued before, on, or after January 25, 2007, or
2444 pending as of January 25, 2007.

2445 (3) If the retroactivity of any provision of subsection
2446 (1) or its retroactive application to any person or circumstance
2447 is held invalid, the invalidity shall not affect the
2448 retroactivity or retroactive application of other provisions of
2449 subsection (1).

2450 Section 28. (1) The Citizens Property Insurance
2451 Corporation Mission Review Task Force is created to analyze and
2452 compile available data and to develop a report setting forth the
2453 statutory and operational changes needed to return Citizens
2454 Property Insurance Corporation to its former role as a state-
2455 created, noncompetitive residual market mechanism that provides
2456 property insurance coverage to risks that are otherwise entitled

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2457 but unable to obtain such coverage in the private insurance
2458 market. The task force shall submit a report to the Governor,
2459 the President of the Senate, and the Speaker of the House of
2460 Representatives by January 31, 2008. At a minimum, the task
2461 force shall analyze and evaluate relevant and applicable
2462 information and data and develop recommendations concerning:

2463 (a) The nature of Citizens Property Insurance
2464 Corporation's role in providing property insurance coverage when
2465 and only if such coverage is not available from private
2466 insurers.

2467 (b) The ability of the admitted market to offer policies
2468 to those consumers formerly insured through Citizens Property
2469 Insurance Corporation. This consideration shall include, but not
2470 be limited to, the availability of private market reinsurance
2471 and coverage through the Florida Hurricane Catastrophe Fund, the
2472 general adequacy of the admitted market's current rates, and the
2473 capacity of the industry to offer policies to former Citizens
2474 Property Insurance Corporation policyholders within existing
2475 writing ratio limitations.

2476 (c) The appropriate relationship of rates charged by
2477 Citizens Property Insurance Corporation to rates charged by
2478 private insurers, with due consideration for the corporation's
2479 role as a noncompetitive residual market mechanism.

2480 (d) The relationships between the exposure of Citizens
2481 Property Insurance Corporation to catastrophic hurricane losses,
2482 the corporation's history of purchasing inadequate or no
2483 reinsurance coverage, and the corporation's lack of adequate

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2484 capital to meet its potential claim obligations without
2485 incurring large deficits.

2486 (e) The adverse effects on the people and the economy of
2487 this state of the large, multiyear deficit assessments by
2488 Citizens Property Insurance Corporation that may be levied on
2489 businesses and households in this state, and steps that can be
2490 taken to reduce those effects.

2491 (f) The operational implications of the variation in the
2492 number of policies in force over time in Citizens Property
2493 Insurance Corporation and the merits of outsourcing some or all
2494 of its operational responsibilities.

2495 (g) Changes in the mission and operations of Citizens
2496 Property Insurance Corporation to reduce or eliminate any
2497 adverse effect such mission and operations may be having on the
2498 promotion of sound and economic growth and development of the
2499 coastal areas of this state.

2500 (2) The task force shall be composed of 19 members as
2501 follows:

2502 (a) Three members appointed by the Speaker of the House of
2503 Representatives.

2504 (b) Three members appointed by the President of the
2505 Senate.

2506 (c) Four members appointed by the Governor who are not
2507 employed by or professionally affiliated with an insurance
2508 company or a subsidiary of an insurance company, at least two of
2509 whom must be a consumer advocate or a member of a consumer
2510 advocacy organization or agency.

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2511 (d) Nine members appointed as representatives of private
2512 insurance companies as follows:

2513 1. Two members representing two separate insurance
2514 companies in this state that each provide at least 300,000
2515 property insurance policies statewide at the time of the
2516 creation of the task force.

2517 2. Two members representing two separate insurance
2518 companies in this state that each provide at least 100,000 but
2519 no more than 299,000 property insurance policies statewide at
2520 the time of the creation of the task force.

2521 3. Two members representing two separate insurance
2522 companies in this state that each provide fewer than 100,000
2523 property insurance policies statewide at the time of the
2524 creation of the task force.

2525 4. Three members appointed by the Chief Financial Officer
2526 representing insurance agents in this state, at least one of
2527 whom represents the largest property and casualty insurance
2528 agent's association in this state.

2529
2530 Of each pair of members appointed under subparagraphs 1., 2.,
2531 and 3., one shall be appointed by the President of the Senate
2532 and one by the Speaker of the House of Representatives.

2533 (3) The task force shall conduct research, hold public
2534 meetings, receive testimony, employ consultants and
2535 administrative staff, and undertake other activities determined
2536 by its members to be necessary to complete its responsibilities.

2537 Citizens Property Insurance Corporation shall have appropriate
2538 senior staff attend task force meetings, shall respond to

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2539 requests for testimony and data by the task force, and shall
2540 otherwise cooperate with the task force.

2541 (4) A member of the task force may not delegate his or her
2542 attendance or voting power to a designee.

2543 (5) Members of the task force shall serve without
2544 compensation but are entitled to receive reimbursement for
2545 travel and per diem as provided in s. 112.061, Florida Statutes.

2546 (6) The appointments to the task force must be completed
2547 within 30 calendar days after the effective date of this act,
2548 and the task force must hold its initial meeting within 1 month
2549 after appointment of all members. The task force shall expire no
2550 later than 60 calendar days after submission of the report
2551 required in subsection (1).

2552 (7) The Department of Financial Services and other
2553 agencies of this state shall supply any information, assistance,
2554 and facilities that are considered necessary to the task force
2555 to carry out its duties under this section. The department shall
2556 provide staff assistance as necessary in order to carry out the
2557 required clerical and administrative functions of the task
2558 force.

2559 Section 29. For the 2007-2008 fiscal year, the
2560 nonrecurring sum of \$600,000 is appropriated from the Insurance
2561 Regulatory Trust Fund to the Department of Financial Services
2562 for the purposes set forth in this act relating to the Citizens
2563 Property Insurance Corporation Mission Review Task Force.

2564 Section 30. Except as otherwise expressly provided in this
2565 act, this act shall take effect upon becoming a law.

2566

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2567
2568 ===== T I T L E A M E N D M E N T =====
2569 Remove the entire title and insert:
2570 A bill to be entitled
2571 An act relating to hurricane preparedness and insurance;
2572 amending s. 163.01, F.S.; correcting a cross-reference; amending
2573 s. 215.555, F.S.; revising certain reimbursement contract
2574 requirements; deleting an expiration provision relating to
2575 obtaining coverage for liquidated insurers; delaying repeal of
2576 an exemption of medical malpractice insurance premiums from
2577 emergency assessments; revising criteria, requirements, and
2578 limitations on temporary emergency options for additional
2579 coverage under the Florida Hurricane Catastrophe Fund; amending
2580 s. 215.5595, F.S.; providing that domestic and other insurers
2581 writing only manufactured housing policies are eligible to
2582 receive a surplus note in a specified amount; revising
2583 prioritization of certain insurers in receiving funds; providing
2584 a definition; amending s. 624.407, F.S.; revising an insurer
2585 criterion for capital funds requirements for new insurers;
2586 creating s. 624.46226, F.S.; permitting two or more public
2587 housing authorities to create a self-insurance fund for
2588 specified purposes; amending s. 626.914, F.S.; revising the
2589 definition of the term "diligent effort"; amending s. 626.916,
2590 F.S.; providing requirements for insurance coverage eligible for
2591 export for residential property risks; requiring that the
2592 insured be notified that coverage may be available from Citizens
2593 Property Insurance Corporation; amending s. 626.9201, F.S.;

2594 revising requirements concerning cancellation for nonpayment of
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HOUSE AMENDMENT

Bill No. CS/SB 2498

Amendment No.

2595 premium of policies providing coverage for property, casualty,
2596 surety, or marine insurance; defining the term "nonpayment of
2597 premium"; providing that certain contracts or contractual
2598 obligations concerning such coverage are void under specified
2599 conditions; requiring the refund of certain premiums received by
2600 an insurer; amending s. 627.0613, F.S.; limiting application of
2601 certain annual report card preparation powers of the consumer
2602 advocate to personal residential property insurers; amending s.
2603 627.062, F.S.; specifying application of certain "file and use"
2604 requirements to property insurance only; excluding certain motor
2605 vehicle coverages; providing that certain interest paid by an
2606 insurer may not be included in rate base or used to justify a
2607 rate or rate change; amending s. 627.0655, F.S.; revising
2608 criteria for certain inclusion of discounts in certain premiums;
2609 amending s. 627.351, F.S.; revising legislative findings to
2610 provide a finding that the lack of affordable property insurance
2611 threatens the public health, safety, and welfare and threatens
2612 the economic health of the state; revising provisions for
2613 determining eligibility for coverage under Citizens Property
2614 Insurance Corporation; limiting application of the term "subject
2615 lines of business" to deficit assessments; revising a provision
2616 for determining eligibility of a risk for coverage; providing
2617 requirements for determining comparable coverage; specifying the
2618 sections of ch. 112, F.S., relating to the code of ethics for
2619 political subdivisions of the state, which apply to employees,
2620 senior managers, and members of the board of the corporation;
2621 revising requirements relating to senior management employees
2622 and members of the board of governors; amending s. 627.3511,
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HOUSE AMENDMENT

Bill No. CS/SB 2498

Amendment No.

2623 F.S.; correcting a cross-reference; amending s. 627.3515, F.S.;

2624 revising criteria for an electronic database for a business

2625 plan; amending s. 627.3517, F.S.; deleting a provision

2626 specifying nonapplication for a certain period; amending s.

2627 627.4035, F.S.; revising a premium payment plan option provision

2628 for certain insurers; amending s. 627.4133, F.S.; specifying

2629 requirements for notices of nonrenewal and renewal of property

2630 insurance policies; authorizing the Financial Services

2631 Commission to adopt rules; amending s. 627.701, F.S.; revising

2632 requirements for deductibles for certain personal lines

2633 residential property insurance policies; amending s. 627.70131,

2634 F.S.; revising provisions relating to when an insurer must pay a

2635 claim; providing conditions under which interest must be paid;

2636 providing a definition; providing for nonapplication to certain

2637 claims; amending s. 627.712, F.S.; limiting application of

2638 certain residential windstorm coverage requirements to property

2639 insurance policies; specifying separate coverage exclusion

2640 statements for policyholders that are natural persons and other

2641 than natural persons; specifying a period of application of

2642 certain exclusions; providing for implementation of changes to

2643 certain exclusions; amending s. 627.7277, F.S.; deleting certain

2644 notice of renewal premium requirements; deleting authority of

2645 the commission to adopt rules; amending s. 631.52, F.S.;

2646 expanding an exception to application to self-insurance of

2647 provisions relating to Florida Insurance Guaranty of Payments;

2648 amending s. 631.57, F.S.; revising certain emergency assessment

2649 provisions relating to insurers rendered insolvent by the

2650 effects of hurricanes; amending s. 631.695, F.S.; deleting
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Amendment No.

2651 provisions limiting application of certain revenue bond issuance
2652 authority to certain counties; creating s. 1004.647, F.S.;
2653 creating the Florida Catastrophic Storm Risk Management Center
2654 at Florida State University; providing purposes; providing
2655 responsibilities of the center; prohibiting issuance of new
2656 certificates of authority to certain insurers; requiring rate
2657 filings of certain insurers to include certain parent company
2658 profits information; providing that the internal design option
2659 of the Florida Building Code remains in effect until a specified
2660 date for a building permit application made before that date,
2661 notwithstanding provisions of ch. 2007-1, Laws of Florida;
2662 providing for effect and for retroactive application; applying
2663 the act to any actions taken with respect to a building permit
2664 affected by such prior act; creating the Citizens Property
2665 Insurance Corporation Mission Review Task Force; providing
2666 purposes; requiring a report; providing report requirements;
2667 providing for appointment of members; providing
2668 responsibilities; specifying service without compensation;
2669 providing for reimbursement of per diem and travel expenses;
2670 providing meeting requirements; requiring the corporation to
2671 assist the task force; providing for the expiration of the task
2672 force; requiring the Department of Financial Services to provide
2673 information, facilities, and assistance to the task force
2674 necessary to carry out its purposes; providing an appropriation;
2675 providing effective dates.

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