

1                                   A bill to be entitled  
2           An act relating to hurricane preparedness and  
3           insurance; amending s. 163.01, F.S.; correcting  
4           a cross-reference; amending s. 215.555, F.S.;  
5           revising certain reimbursement contract  
6           requirements; deleting an expiration provision  
7           relating to obtaining coverage for liquidated  
8           insurers; delaying repeal of an exemption of  
9           medical malpractice insurance premiums from  
10          emergency assessments; revising criteria,  
11          requirements, and limitations on temporary  
12          emergency options for additional coverage under  
13          the Florida Hurricane Catastrophe Fund;  
14          amending s. 215.5595, F.S.; providing that  
15          domestic and other insurers writing only  
16          manufactured housing policies are eligible to  
17          receive a surplus note in a specified amount;  
18          revising prioritization of certain insurers in  
19          receiving funds; providing a definition;  
20          amending s. 624.407, F.S.; revising an insurer  
21          criterion for capital funds requirements for  
22          new insurers; amending s. 626.914, F.S.;  
23          revising the definition of the term "diligent  
24          effort"; amending s. 626.916, F.S.; providing  
25          requirements for insurance coverage eligible  
26          for export for residential property risks;  
27          requiring that the insured be notified that  
28          coverage may be available from Citizens  
29          Property Insurance Corporation; amending s.  
30          626.9201, F.S.; revising requirements  
31          concerning cancellation for nonpayment of

1 premium of policies providing coverage for  
2 property, casualty, surety, or marine  
3 insurance; defining the term "nonpayment of  
4 premium"; providing that certain contracts or  
5 contractual obligations concerning such  
6 coverage are void under specified conditions;  
7 requiring the refund of certain premiums  
8 received by an insurer; amending s. 627.0613,  
9 F.S.; limiting application of certain annual  
10 report card preparation powers of the consumer  
11 advocate to personal residential property  
12 insurers; amending s. 627.062, F.S.; specifying  
13 application of certain "file and use"  
14 requirements to property insurance only;  
15 excluding certain motor vehicle coverages;  
16 providing that certain interest paid by an  
17 insurer may not be included in rate base or  
18 used to justify a rate or rate change; amending  
19 s. 627.0655, F.S.; revising criteria for  
20 certain inclusion of discounts in certain  
21 premiums; amending s. 627.351, F.S.; revising  
22 legislative findings to provide a finding that  
23 the lack of affordable property insurance  
24 threatens the public health, safety, and  
25 welfare and threatens the economic health of  
26 the state; revising provisions for determining  
27 eligibility for coverage under Citizens  
28 Property Insurance Corporation; limiting  
29 application of the term "subject lines of  
30 business" to deficit assessments; revising a  
31 provision for determining eligibility of a risk

1 for coverage; providing requirements for  
2 determining comparable coverage; specifying the  
3 sections of ch. 112, F.S., relating to the code  
4 of ethics for political subdivisions of the  
5 state, which apply to employees, senior  
6 managers, and members of the board of the  
7 corporation; revising requirements relating to  
8 senior management employees and members of the  
9 board of governors; amending s. 627.3511, F.S.;  
10 correcting a cross-reference; amending s.  
11 627.3515, F.S.; revising criteria for an  
12 electronic database for a business plan;  
13 amending s. 627.3517, F.S.; deleting a  
14 provision specifying nonapplication for a  
15 certain period; amending s. 627.4035, F.S.;  
16 revising a premium payment plan option  
17 provision for certain insurers; amending s.  
18 627.4133, F.S.; specifying requirements for  
19 notices of nonrenewal and renewal of property  
20 insurance policies; authorizing the Financial  
21 Services Commission to adopt rules; amending s.  
22 627.701, F.S.; revising requirements for  
23 deductibles for certain personal lines  
24 residential property insurance policies;  
25 amending s. 627.70131, F.S.; revising  
26 provisions relating to when an insurer must pay  
27 a claim; providing conditions under which  
28 interest must be paid; providing a definition;  
29 providing for nonapplication to certain claims;  
30 amending s. 627.712, F.S.; limiting application  
31 of certain residential windstorm coverage

1 requirements to property insurance policies;  
2 specifying separate coverage exclusion  
3 statements for policyholders that are natural  
4 persons and other than natural persons;  
5 specifying a period of application of certain  
6 exclusions; providing for implementation of  
7 changes to certain exclusions; amending s.  
8 627.7277, F.S.; deleting certain notice of  
9 renewal premium requirements; deleting  
10 authority of the commission to adopt rules;  
11 amending s. 631.52, F.S.; expanding an  
12 exception to application to self-insurance of  
13 provisions relating to Florida Insurance  
14 Guaranty of Payments; amending s. 631.57, F.S.;  
15 revising certain emergency assessment  
16 provisions relating to insurers rendered  
17 insolvent by the effects of hurricanes;  
18 amending s. 631.695, F.S.; deleting provisions  
19 limiting application of certain revenue bond  
20 issuance authority to certain counties;  
21 creating s. 1004.647, F.S.; creating the  
22 Florida Catastrophic Storm Risk Management  
23 Center at Florida State University; providing  
24 purposes; providing responsibilities of the  
25 center; prohibiting issuance of new  
26 certificates of authority to certain insurers;  
27 requiring rate filings of certain insurers to  
28 include certain parent company profits  
29 information; providing that the internal design  
30 option of the Florida Building Code remains in  
31 effect until a specified date for a building

1 permit application made before that date,  
 2 notwithstanding provisions of ch. 2007-1, Laws  
 3 of Florida; providing for effect and for  
 4 retroactive application; applying the act to  
 5 any actions taken with respect to a building  
 6 permit affected by such prior act; creating the  
 7 Citizens Property Insurance Corporation Mission  
 8 Review Task Force; providing purposes;  
 9 requiring a report; providing report  
 10 requirements; providing for appointment of  
 11 members; providing responsibilities; specifying  
 12 service without compensation; providing for  
 13 reimbursement of per diem and travel expenses;  
 14 providing meeting requirements; requiring the  
 15 corporation to assist the task force; providing  
 16 for the expiration of the task force; requiring  
 17 the Department of Financial Services to provide  
 18 information, facilities, and assistance to the  
 19 task force necessary to carry out its purposes;  
 20 providing an appropriation; providing effective  
 21 dates.

22  
 23 Be It Enacted by the Legislature of the State of Florida:

24  
 25 Section 1. Paragraph (h) of subsection (7) of section  
 26 163.01, Florida Statutes, as amended by chapter 2007-1, Laws  
 27 of Florida, is amended to read:

28 163.01 Florida Interlocal Cooperation Act of 1969.--

29 (7)

30 (h)1. Notwithstanding the provisions of paragraph (c),  
 31 any separate legal entity consisting of an alliance, as

1 defined in s. 395.106(2)(a), created pursuant to this  
2 paragraph and controlled by and whose members consist of  
3 eligible entities comprised of special districts created  
4 pursuant to a special act and having the authority to own or  
5 operate one or more hospitals licensed in this state or  
6 hospitals licensed in this state that are owned, operated, or  
7 funded by a county or municipality, for the purpose of  
8 providing property insurance coverage as defined in s.  
9 395.106(2)(b)(~~e~~), for such eligible entities, may exercise all  
10 powers under this subsection in connection with borrowing  
11 funds for such purposes, including, without limitation, the  
12 authorization, issuance, and sale of bonds, notes, or other  
13 obligations of indebtedness. Borrowed funds, including, but  
14 not limited to, bonds issued by such alliance shall be deemed  
15 issued on behalf of such eligible entities that enter into  
16 loan agreements with such separate legal entity as provided in  
17 this paragraph.

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

31

1           3. Any bonds, notes, or other obligations to be issued  
2 or incurred by a separate legal entity created pursuant to  
3 this paragraph shall be authorized by resolution of the  
4 governing body of such entity and bear the date or dates;  
5 mature at the time or times, not exceeding 30 years from their  
6 respective dates; bear interest at the rate or rates, which  
7 may be fixed or vary at such time or times and in accordance  
8 with a specified formula or method of determination; be  
9 payable at the time or times; be in the denomination; be in  
10 the form; carry the registration privileges; be executed in  
11 the manner; be payable from the sources and in the medium of  
12 payment and at the place; and be subject to redemption,  
13 including redemption prior to maturity, as the resolution may  
14 provide. The bonds, notes, or other obligations may be sold at  
15 public or private sale for such price as the governing body of  
16 the separate legal entity shall determine. The bonds may be  
17 secured by such credit enhancement, if any, as the governing  
18 body of the separate legal entity deems appropriate. The bonds  
19 may be secured by an indenture of trust or trust agreement. In  
20 addition, the governing body of the separate legal entity may  
21 delegate, to such officer or official of such entity as the  
22 governing body may select, the power to determine the time;  
23 manner of sale, public or private; maturities; rate or rates  
24 of interest, which may be fixed or may vary at such time or  
25 times and in accordance with a specified formula or method of  
26 determination; and other terms and conditions as may be deemed  
27 appropriate by the officer or official so designated by the  
28 governing body of such separate legal entity. However, the  
29 amounts and maturities of such bonds, the interest rate or  
30 rates, and the purchase price of such bonds shall be within  
31 the limits prescribed by the governing body of such separate

1 legal entity in its resolution delegating to such officer or  
2 official the power to authorize the issuance and sale of such  
3 bonds.

4           4. Bonds issued pursuant to this paragraph may be  
5 validated as provided in chapter 75. The complaint in any  
6 action to validate such bonds shall be filed only in the  
7 Circuit Court for Leon County. The notice required to be  
8 published by s. 75.06 shall be published in Leon County and in  
9 each county in which an eligible entity that is a member of an  
10 alliance is located. The complaint and order of the circuit  
11 court shall be served only on the State Attorney of the Second  
12 Judicial Circuit and on the state attorney of each circuit in  
13 each county in which an eligible entity receiving bond  
14 proceeds is located.

15           5. The accomplishment of the authorized purposes of a  
16 separate legal entity created under this paragraph is deemed  
17 in all respects for the benefit, increase of the commerce and  
18 prosperity, and improvement of the health and living  
19 conditions of the people of this state. Inasmuch as the  
20 separate legal entity performs essential public functions in  
21 accomplishing its purposes, the separate legal entity is not  
22 required to pay any taxes or assessments of any kind upon any  
23 property acquired or used by the entity for such purposes or  
24 upon any revenues at any time received by the entity. The  
25 bonds, notes, and other obligations of such separate legal  
26 entity, the transfer of and income from such bonds, notes, and  
27 other obligations, including any profits made on the sale of  
28 such bonds, notes, and other obligations, are at all times  
29 free from taxation of any kind of the state or by any  
30 political subdivision or other agency or instrumentality of  
31 the state. The exemption granted in this paragraph does not



1 apply to any tax imposed by chapter 220 on interest, income,  
2 or profits on debt obligations owned by corporations.

3         6. The participation by any eligible entity in an  
4 alliance or a separate legal entity created pursuant to this  
5 paragraph may not be deemed a waiver of immunity to the extent  
6 of liability or any other coverage, and a contract entered  
7 regarding such alliance is not required to contain any  
8 provision for waiver.

9         Section 2. Paragraph (b) of subsection (4), paragraph  
10 (e) of subsection (5), paragraph (b) of subsection (6), and  
11 subsection (16) of section 215.555, Florida Statutes, as  
12 amended by chapter 2007-1, Laws of Florida, are amended to  
13 read:

14             215.555 Florida Hurricane Catastrophe Fund.--

15             (4) REIMBURSEMENT CONTRACTS.--

16             (b)1. The contract shall contain a promise by the  
17 board to reimburse the insurer for 45 percent, 75 percent, or  
18 90 percent of its losses from each covered event in excess of  
19 the insurer's retention, plus 5 percent of the reimbursed  
20 losses to cover loss adjustment expenses.

21             2. The insurer must elect one of the percentage  
22 coverage levels specified in this paragraph and may, upon  
23 renewal of a reimbursement contract, elect a lower percentage  
24 coverage level if no revenue bonds issued under subsection (6)  
25 after a covered event are outstanding, or elect a higher  
26 percentage coverage level, regardless of whether or not  
27 revenue bonds are outstanding. All members of an insurer group  
28 must elect the same percentage coverage level. Any joint  
29 underwriting association, risk apportionment plan, or other  
30 entity created under s. 627.351 must elect the 90-percent  
31 coverage level.

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

4           4. Notwithstanding any other provision contained in  
5 this section, the board shall make available to insurers that  
6 purchased coverage provided by this subparagraph ~~participated~~  
7 in 2006, insurers qualifying as limited apportionment  
8 companies under s. 627.351(6)(c) ~~which began writing property~~  
9 ~~insurance in 2007~~, and insurers that were approved to  
10 participate in 2006 or that are approved in 2007 for the  
11 Insurance Capital Build-Up Incentive Program pursuant to s.  
12 215.5595, a contract or contract addendum that provides an  
13 additional amount of reimbursement coverage of up to \$10  
14 million. The premium to be charged for this additional  
15 reimbursement coverage shall be 50 percent of the additional  
16 reimbursement coverage provided, which shall include one  
17 prepaid reinstatement. The minimum retention level that an  
18 eligible participating insurer must retain associated with  
19 this additional coverage layer is 30 percent of the insurer's  
20 surplus as of December 31, 2006. This coverage shall be in  
21 addition to all other coverage that may be provided under this  
22 section. The coverage provided by the fund under this  
23 subparagraph ~~subsection~~ shall be in addition to the  
24 claims-paying capacity as defined in subparagraph (c)1., but  
25 only with respect to those insurers that select the additional  
26 coverage option and meet the requirements of this subparagraph  
27 ~~subsection~~. The claims-paying capacity with respect to all  
28 other participating insurers and limited apportionment  
29 companies that do not select the additional coverage option  
30 shall be limited to their reimbursement premium's  
31 proportionate share of the actual claims-paying capacity

1 otherwise defined in subparagraph (c)1. and as provided for  
2 under the terms of the reimbursement contract. Coverage  
3 provided in the reimbursement contract will not be affected by  
4 the additional premiums paid by participating insurers  
5 exercising the additional coverage option allowed in this  
6 subparagraph. This subparagraph expires on May 31, 2008.

7 (5) REIMBURSEMENT PREMIUMS.--

8 (e) If Citizens Property Insurance Corporation assumes  
9 or otherwise provides coverage for policies of an insurer  
10 placed in liquidation under chapter 631 pursuant to s.  
11 627.351(6), the corporation may, pursuant to conditions  
12 mutually agreed to between the corporation and the State Board  
13 of Administration, obtain coverage for such policies under its  
14 contract with the fund or accept an assignment of the  
15 liquidated insurer's contract with the fund. If Citizens  
16 Property Insurance Corporation elects to cover these policies  
17 under the corporation's contract with the fund, it shall  
18 notify the board of its insured values with respect to such  
19 policies within a specified time mutually agreed to between  
20 the corporation and the board, after such assumption or other  
21 coverage transaction, and the fund shall treat such policies  
22 as having been in effect as of June 30 of that year. In the  
23 event of an assignment, the fund shall apply that contract to  
24 such policies and treat Citizens Property Insurance  
25 Corporation as if the corporation were the liquidated insurer  
26 for the remaining term of the contract, and the corporation  
27 shall have all rights and duties of the liquidated insurer  
28 beginning on the date it provides coverage for such policies,  
29 but the corporation is not subject to any preexisting rights,  
30 liabilities, or duties of the liquidated insurer. The  
31 assignment, including any unresolved issues between the

1 liquidated insurer and Citizens Property Insurance Corporation  
2 under the contract, shall be provided for in the liquidation  
3 order or otherwise determined by the court. However, if a  
4 covered event occurs before the effective date of the  
5 assignment, the corporation may not obtain coverage for such  
6 policies under its contract with the fund and shall accept an  
7 assignment of the liquidated insurer's contract as provided in  
8 this paragraph. ~~This paragraph expires on June 1, 2007.~~

9 (6) REVENUE BONDS.--

10 (b) Emergency assessments.--

11 1. If the board determines that the amount of revenue  
12 produced under subsection (5) is insufficient to fund the  
13 obligations, costs, and expenses of the fund and the  
14 corporation, including repayment of revenue bonds and that  
15 portion of the debt service coverage not met by reimbursement  
16 premiums, the board shall direct the Office of Insurance  
17 Regulation to levy, by order, an emergency assessment on  
18 direct premiums for all property and casualty lines of  
19 business in this state, including property and casualty  
20 business of surplus lines insurers regulated under part VIII  
21 of chapter 626, but not including any workers' compensation  
22 premiums or medical malpractice premiums. As used in this  
23 subsection, the term "property and casualty business" includes  
24 all lines of business identified on Form 2, Exhibit of  
25 Premiums and Losses, in the annual statement required of  
26 authorized insurers by s. 624.424 and any rule adopted under  
27 this section, except for those lines identified as accident  
28 and health insurance and except for policies written under the  
29 National Flood Insurance Program. The assessment shall be  
30 specified as a percentage of direct written premium and is  
31 subject to annual adjustments by the board in order to meet

1 debt obligations. The same percentage shall apply to all  
2 policies in lines of business subject to the assessment issued  
3 or renewed during the 12-month period beginning on the  
4 effective date of the assessment.

5         2. A premium is not subject to an annual assessment  
6 under this paragraph in excess of 6 percent of premium with  
7 respect to obligations arising out of losses attributable to  
8 any one contract year, and a premium is not subject to an  
9 aggregate annual assessment under this paragraph in excess of  
10 10 percent of premium. An annual assessment under this  
11 paragraph shall continue as long as the revenue bonds issued  
12 with respect to which the assessment was imposed are  
13 outstanding, including any bonds the proceeds of which were  
14 used to refund the revenue bonds, unless adequate provision  
15 has been made for the payment of the bonds under the documents  
16 authorizing issuance of the bonds.

17         3. Emergency assessments shall be collected from  
18 policyholders. Emergency assessments shall be remitted by  
19 insurers as a percentage of direct written premium for the  
20 preceding calendar quarter as specified in the order from the  
21 Office of Insurance Regulation. The office shall verify the  
22 accurate and timely collection and remittance of emergency  
23 assessments and shall report the information to the board in a  
24 form and at a time specified by the board. Each insurer  
25 collecting assessments shall provide the information with  
26 respect to premiums and collections as may be required by the  
27 office to enable the office to monitor and verify compliance  
28 with this paragraph.

29         4. With respect to assessments of surplus lines  
30 premiums, each surplus lines agent shall collect the  
31 assessment at the same time as the agent collects the surplus

1 | lines tax required by s. 626.932, and the surplus lines agent  
2 | shall remit the assessment to the Florida Surplus Lines  
3 | Service Office created by s. 626.921 at the same time as the  
4 | agent remits the surplus lines tax to the Florida Surplus  
5 | Lines Service Office. The emergency assessment on each insured  
6 | procuring coverage and filing under s. 626.938 shall be  
7 | remitted by the insured to the Florida Surplus Lines Service  
8 | Office at the time the insured pays the surplus lines tax to  
9 | the Florida Surplus Lines Service Office. The Florida Surplus  
10 | Lines Service Office shall remit the collected assessments to  
11 | the fund or corporation as provided in the order levied by the  
12 | Office of Insurance Regulation. The Florida Surplus Lines  
13 | Service Office shall verify the proper application of such  
14 | emergency assessments and shall assist the board in ensuring  
15 | the accurate and timely collection and remittance of  
16 | assessments as required by the board. The Florida Surplus  
17 | Lines Service Office shall annually calculate the aggregate  
18 | written premium on property and casualty business, other than  
19 | workers' compensation and medical malpractice, procured  
20 | through surplus lines agents and insureds procuring coverage  
21 | and filing under s. 626.938 and shall report the information  
22 | to the board in a form and at a time specified by the board.

23 |         5. Any assessment authority not used for a particular  
24 | contract year may be used for a subsequent contract year. If,  
25 | for a subsequent contract year, the board determines that the  
26 | amount of revenue produced under subsection (5) is  
27 | insufficient to fund the obligations, costs, and expenses of  
28 | the fund and the corporation, including repayment of revenue  
29 | bonds and that portion of the debt service coverage not met by  
30 | reimbursement premiums, the board shall direct the Office of  
31 | Insurance Regulation to levy an emergency assessment up to an

1 amount not exceeding the amount of unused assessment authority  
2 from a previous contract year or years, plus an additional 4  
3 percent provided that the assessments in the aggregate do not  
4 exceed the limits specified in subparagraph 2.

5         6. The assessments otherwise payable to the  
6 corporation under this paragraph shall be paid to the fund  
7 unless and until the Office of Insurance Regulation and the  
8 Florida Surplus Lines Service Office have received from the  
9 corporation and the fund a notice, which shall be conclusive  
10 and upon which they may rely without further inquiry, that the  
11 corporation has issued bonds and the fund has no agreements in  
12 effect with local governments under paragraph (c). On or after  
13 the date of the notice and until the date the corporation has  
14 no bonds outstanding, the fund shall have no right, title, or  
15 interest in or to the assessments, except as provided in the  
16 fund's agreement with the corporation.

17         7. Emergency assessments are not premium and are not  
18 subject to the premium tax, to the surplus lines tax, to any  
19 fees, or to any commissions. An insurer is liable for all  
20 assessments that it collects and must treat the failure of an  
21 insured to pay an assessment as a failure to pay the premium.  
22 An insurer is not liable for uncollectible assessments.

23         8. When an insurer is required to return an unearned  
24 premium, it shall also return any collected assessment  
25 attributable to the unearned premium. A credit adjustment to  
26 the collected assessment may be made by the insurer with  
27 regard to future remittances that are payable to the fund or  
28 corporation, but the insurer is not entitled to a refund.

29         9. When a surplus lines insured or an insured who has  
30 procured coverage and filed under s. 626.938 is entitled to  
31 the return of an unearned premium, the Florida Surplus Lines

1 Service Office shall provide a credit or refund to the agent  
2 or such insured for the collected assessment attributable to  
3 the unearned premium prior to remitting the emergency  
4 assessment collected to the fund or corporation.

5 10. The exemption of medical malpractice insurance  
6 premiums from emergency assessments under this paragraph is  
7 repealed May 31, 2010 ~~May 31, 2007~~, and medical malpractice  
8 insurance premiums shall be subject to emergency assessments  
9 attributable to loss events occurring in the contract years  
10 commencing on June 1, 2010 ~~June 1, 2007~~.

11 (16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL  
12 COVERAGE.--

13 (a) Findings and intent.--

14 1. The Legislature finds that:

15 a. Because of temporary disruptions in the market for  
16 catastrophic reinsurance, many property insurers were unable  
17 to procure reinsurance for the 2006 hurricane season with an  
18 attachment point below the insurers' respective Florida  
19 Hurricane Catastrophe Fund attachment points, were unable to  
20 procure sufficient amounts of such reinsurance, or were able  
21 to procure such reinsurance only by incurring substantially  
22 higher costs than in prior years.

23 b. The reinsurance market problems were responsible,  
24 at least in part, for substantial premium increases to many  
25 consumers and increases in the number of policies issued by  
26 the Citizens Property Insurance Corporation.

27 c. It is likely that the reinsurance market  
28 disruptions will not significantly abate prior to the 2007  
29 hurricane season.

30 2. It is the intent of the Legislature to create a  
31 temporary emergency program, applicable to the 2007, 2008, and



1 2009 hurricane seasons, to address these market disruptions  
2 and enable insurers, at their option, to procure additional  
3 coverage from the Florida Hurricane Catastrophe Fund.

4 (b) Applicability of other provisions of this  
5 section.--All provisions of this section and the rules adopted  
6 under this section apply to the program created by this  
7 subsection unless specifically superseded by this subsection.

8 (c) Optional coverage.--For the contract year  
9 commencing June 1, 2007, and ending May 31, 2008, the contract  
10 year commencing June 1, 2008, and ending May 31, 2009, and the  
11 contract year commencing June 1, 2009, and ending May 31,  
12 2010, the board shall offer for each of such years the  
13 optional coverage as provided in this subsection.

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

16 1. "TEACO options" means the temporary emergency  
17 additional coverage options created under this subsection.

18 2. "TEACO insurer" means an insurer that has opted to  
19 obtain coverage under the TEACO options in addition to the  
20 coverage provided to the insurer under its reimbursement  
21 contract.

22 3. "TEACO reimbursement premium" means the premium  
23 charged by the fund for coverage provided under the TEACO  
24 options.

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

29 a. The board shall calculate and report to each TEACO  
30 insurer the TEACO retention multiples. There shall be three  
31 TEACO retention multiples for defining coverage. Each multiple

1 shall be calculated by dividing \$3 billion, \$4 billion, or \$5  
2 billion by the total estimated mandatory FHCF TEACO  
3 reimbursement premium assuming all insurers ~~selected that~~  
4 ~~option. Total estimated TEACO reimbursement premium for~~  
5 ~~purposes of the calculation under this sub-subparagraph shall~~  
6 ~~be calculated using the assumption that all insurers have~~  
7 ~~selected a specific TEACO retention multiple option and have~~  
8 selected the 90-percent coverage level.

9           b. The TEACO retention multiples as determined under  
10 sub-subparagraph a. shall be adjusted to reflect the coverage  
11 level elected by the insurer. For insurers electing the  
12 90-percent coverage level, the adjusted retention multiple is  
13 100 percent of the amount determined under sub-subparagraph a.  
14 For insurers electing the 75-percent coverage level, the  
15 retention multiple is 120 percent of the amount determined  
16 under sub-subparagraph a. For insurers electing the 45-percent  
17 coverage level, the adjusted retention multiple is 200 percent  
18 of the amount determined under sub-subparagraph a.

19           c. An insurer shall determine its provisional TEACO  
20 retention by multiplying its estimated mandatory FHCF  
21 ~~provisional TEACO~~ reimbursement premium by the applicable  
22 adjusted TEACO retention multiple and shall determine its  
23 actual TEACO retention by multiplying its actual mandatory  
24 FHCF TEACO reimbursement premium by the applicable adjusted  
25 TEACO retention multiple.

26           d. For TEACO insurers who experience multiple covered  
27 events causing loss during the contract year, the insurer's  
28 full TEACO retention shall be applied to each of the covered  
29 events causing the two largest losses for that insurer. For  
30 other covered events resulting in losses, the TEACO option  
31

1 does not apply and the insurer's retention shall be one-third  
2 of the full retention as calculated under paragraph (2)(e).

3 5. "TEACO addendum" means an addendum to the  
4 reimbursement contract reflecting the obligations of the fund  
5 and TEACO insurers under the program created by this  
6 subsection.

7 6. "FHCF" means the Florida Hurricane Catastrophe  
8 Fund.

9 (e) TEACO addendum.--

10 1. The TEACO addendum shall provide for reimbursement  
11 of TEACO insurers for covered events occurring during the  
12 contract year, in exchange for the TEACO reimbursement premium  
13 paid into the fund under paragraph (f). Any insurer writing  
14 covered policies has the option of choosing to accept the  
15 TEACO addendum for any of the 3 contract years that the  
16 coverage is offered.

17 2. The TEACO addendum shall contain a promise by the  
18 board to reimburse the TEACO insurer for 45 percent, 75  
19 percent, or 90 percent of its losses from each covered event  
20 in excess of the insurer's TEACO retention, plus 5 percent of  
21 the reimbursed losses to cover loss adjustment expenses. The  
22 percentage shall be the same as the coverage level selected by  
23 the insurer under paragraph (4)(b).

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

27 4. The TEACO addendum shall also provide that the  
28 obligation of the board with respect to all TEACO addenda  
29 shall not exceed an amount equal to two times the difference  
30 between the industry retention level calculated under  
31 paragraph (2)(e) and the \$3 billion, \$4 billion, or \$5 billion

1 industry TEACO retention level options actually selected, but  
 2 in no event may the board's obligation exceed the actual  
 3 claims-paying capacity of the fund plus the additional  
 4 capacity created in paragraph (g). If the actual claims-paying  
 5 capacity and the additional capacity created under paragraph  
 6 (g) fall short of the board's obligations under the  
 7 reimbursement contract, each insurer's share of the fund's  
 8 capacity shall be prorated based on the premium an insurer  
 9 pays for its mandatory ~~normal~~ reimbursement coverage and the  
 10 premium paid for its optional TEACO coverage as each such  
 11 premium bears to the total premiums paid to the fund times the  
 12 available capacity.

13 5. The priorities, schedule, and method of  
 14 reimbursements under the TEACO addendum shall be the same as  
 15 provided under subsection (4).

16 6. A TEACO insurer's maximum reimbursement for a  
 17 single event shall be equal to the product of multiplying its  
 18 mandatory FHCF premium by the difference between its FHCF  
 19 retention multiple and its TEACO retention multiple under the  
 20 TEACO option selected and by the coverage selected under  
 21 paragraph (4)(b), plus an additional 5 percent for loss  
 22 adjustment expenses. A TEACO insurer's maximum reimbursement  
 23 under the TEACO option selected for a TEACO insurer's two  
 24 largest events addendum shall be twice its maximum  
 25 reimbursement for a single event calculated by multiplying the  
 26 insurer's share of the estimated total TEACO reimbursement  
 27 premium as calculated under sub-subparagraph (d)4.a. by an  
 28 amount equal to two times the difference between the industry  
 29 retention level calculated under paragraph (2)(c) and the \$3  
 30 billion, \$4 billion, or \$5 billion industry TEACO retention  
 31

1 ~~level specified in sub subparagraph (d)4.a. as selected by the~~  
 2 ~~TEACO insurer.~~

3 (f) TEACO reimbursement premiums.--

4 1. Each TEACO insurer shall pay to the fund, in the  
 5 manner and at the time provided in the reimbursement contract  
 6 for payment of reimbursement premiums, a TEACO reimbursement  
 7 premium calculated as specified in this paragraph.

8 2. ~~The TEACO reimbursement premiums shall be~~  
 9 ~~calculated based on the assumption that, if all insurers~~  
 10 ~~entering into reimbursement contracts under subsection (4)~~  
 11 ~~also accepted the TEACO option:~~

12 a. The insurer's industry TEACO reimbursement premium  
 13 associated with the \$3 billion retention option shall ~~would~~ be  
 14 equal to 85 percent of a TEACO insurer's maximum reimbursement  
 15 for a single event as calculated under subparagraph (e)6. ~~the~~  
 16 ~~difference between the industry retention level calculated~~  
 17 ~~under paragraph (2)(c) and the \$3 billion industry TEACO~~  
 18 ~~retention level.~~

19 b. The TEACO reimbursement premium associated with the  
 20 \$4 billion retention option shall ~~would~~ be equal to 80  
 21 percent of a TEACO insurer's maximum reimbursement for a  
 22 single event as calculated under subparagraph (e)6. ~~the~~  
 23 ~~difference between the industry retention level calculated~~  
 24 ~~under paragraph (2)(c) and the \$4 billion industry TEACO~~  
 25 ~~retention level.~~

26 c. The TEACO premium associated with the \$5 billion  
 27 retention option shall ~~would~~ be equal to 75 percent of a TEACO  
 28 insurer's maximum reimbursement for a single event as  
 29 calculated under subparagraph (e)6. ~~the difference between the~~  
 30 ~~industry retention level calculated under paragraph (2)(c) and~~  
 31 ~~the \$5 billion industry TEACO retention level.~~

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

4           (g) Effect on claims-paying capacity of the fund.--For  
 5 the contract term commencing June 1, 2007, the contract year  
 6 commencing June 1, 2008, and the contract term beginning June  
 7 1, 2009, the program created by this subsection shall increase  
 8 the claims-paying capacity of the fund as provided in  
 9 subparagraph (4)(c)1. by an amount equal to two times the  
 10 difference between the industry retention level calculated  
 11 under paragraph (2)(e) and the \$3 billion industry TEACO  
 12 retention level specified in sub-subparagraph (d)4.a. The  
 13 additional capacity shall apply only to the additional  
 14 coverage provided by the TEACO option and shall not otherwise  
 15 affect any insurer's reimbursement from the fund.

16           Section 3. Paragraphs (b) and (g) of subsection (2) of  
 17 section 215.5595, Florida Statutes, as amended by chapter  
 18 2007-1, Laws of Florida, are amended, and paragraph (j) is  
 19 added to that subsection, to read:

20           215.5595 Insurance Capital Build-Up Incentive  
 21 Program.--

22           (2) The purpose of this section is to provide surplus  
 23 notes to new or existing authorized residential property  
 24 insurers under the Insurance Capital Build-Up Incentive  
 25 Program administered by the State Board of Administration,  
 26 under the following conditions:

27           (b) The insurer must contribute an amount of new  
 28 capital to its surplus which is at least equal to the amount  
 29 of the surplus note and must apply to the board by July 1,  
 30 2006. If an insurer applies after July 1, 2006, but before  
 31 June 1, 2007, the amount of the surplus note is limited to

1 one-half of the new capital that the insurer contributes to  
2 its surplus, except that an insurer writing only manufactured  
3 housing policies is eligible to receive a surplus note of up  
4 to \$7 million. For purposes of this section, new capital must  
5 be in the form of cash or cash equivalents as specified in s.  
6 625.012(1).

7 (g) The total amount of funds available for the  
8 program is limited to the amount appropriated by the  
9 Legislature for this purpose. If the amount of surplus notes  
10 requested by insurers exceeds the amount of funds available,  
11 the board may prioritize insurers that are eligible and  
12 approved, with priority for funding given to insurers writing  
13 only manufactured housing policies, regardless of the date of  
14 application, based on the financial strength of the insurer,  
15 the viability of its proposed business plan for writing  
16 additional residential property insurance in the state, and  
17 the effect on competition in the residential property  
18 insurance market. Between insurers writing residential  
19 property insurance covering manufactured housing, priority  
20 shall be given to the insurer writing the highest percentage  
21 of its policies covering manufactured housing.

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

24 1. A Florida domiciled insurer that begins writing  
25 personal lines residential manufactured housing policies in  
26 Florida after March 1, 2007, and that removes a minimum of  
27 50,000 policies from Citizens Property Insurance Corporation  
28 without accepting a bonus, provided at least 25 percent of its  
29 policies cover manufactured housing. Such an insurer may count  
30 any funds above the minimum capital and surplus requirement  
31

1 that were contributed into the insurer after March 1, 2007, as  
 2 new capital under this section.

3 2. A Florida domiciled insurer that writes at least 40  
 4 percent of its policies covering manufactured housing in  
 5 Florida.

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

9 624.407 Capital funds required; new insurers.--

10 (1) To receive authority to transact any one kind or  
 11 combinations of kinds of insurance, as defined in part V of  
 12 this chapter, an insurer applying for its original certificate  
 13 of authority in this state after the effective date of this  
 14 section shall possess surplus as to policyholders not less  
 15 than the greater of:

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

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

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

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

26  
 27 however, a domestic insurer that transacts residential  
 28 property insurance and is a wholly owned subsidiary of an  
 29 insurer domiciled ~~authorized to do business~~ in any other state  
 30 shall possess surplus as to policyholders of at least \$50  
 31 million, but no insurer shall be required under this



1 subsection to have surplus as to policyholders greater than  
2 \$100 million.

3 Section 5. Subsection (4) of section 626.914, Florida  
4 Statutes, is amended to read:

5 626.914 Definitions.--As used in this Surplus Lines  
6 Law, the term:

7 (4) "Diligent effort" means seeking coverage from and  
8 having been rejected by at least three authorized insurers  
9 currently writing this type of coverage and documenting these  
10 rejections. However, if the residential structure has a  
11 dwelling replacement cost of \$1 million or more, the term  
12 means seeking coverage from and having been rejected by at  
13 least one authorized insurer currently writing this type of  
14 coverage and documenting this rejection.

15 Section 6. Paragraph (e) is added to subsection (1) of  
16 section 626.916, Florida Statutes, to read:

17 626.916 Eligibility for export.--

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

20 (e) For personal residential property risks, the  
21 retail or producing agent must advise the insured in writing  
22 that coverage may be available and may be less expensive from  
23 Citizens Property Insurance Corporation. The notice must  
24 include other information that states that assessments by  
25 Citizens Property Insurance Corporation are higher and the  
26 coverage provided by Citizens Property Insurance Corporation  
27 may be less than the property's existing coverage. If the  
28 notice is signed by the insured, it is presumed that the  
29 insured has been informed and knows that policies from  
30 Citizens Property Insurance Corporation may be less expensive,

31

1 may provide less coverage, and will be accompanied by higher  
2 assessments.

3 Section 7. Subsection (2) of section 626.9201, Florida  
4 Statutes, is amended to read:

5 626.9201 Notice of cancellation or nonrenewal.--

6 (2) An insurer issuing a policy providing coverage for  
7 property, casualty, surety, or marine insurance shall give the  
8 named insured written notice of cancellation or termination  
9 other than nonrenewal at least 45 days prior to the effective  
10 date of the cancellation or termination, including in the  
11 written notice the reason or reasons for the cancellation or  
12 termination, except that:

13 (a) When cancellation is for nonpayment of premium, at  
14 least 10 days' written notice of cancellation accompanied by  
15 the reason therefor shall be given. As used in this paragraph,  
16 the term "nonpayment of premium" means the failure of the  
17 named insured to discharge when due any of his or her  
18 obligations in connection with the payment of premiums on a  
19 policy or an installment of such a premium, whether the  
20 premium or installment is payable directly to the insurer or  
21 its agent or indirectly under any plan for financing premiums  
22 or extension of credit or the failure of the named insured to  
23 maintain membership in an organization if such membership is a  
24 condition precedent to insurance coverage. The term also  
25 includes the failure of a financial institution to honor the  
26 check of an applicant for insurance which was delivered to a  
27 licensed agent for payment of a premium, even if the agent  
28 previously delivered or transferred the premium to the  
29 insurer. If a correctly dishonored check represents payment of  
30 the initial premium, the contract, and all contractual  
31 obligations are void ab initio unless the nonpayment is cured

1 within the earlier of 5 days after actual notice by certified  
2 mail is received by the applicant or 15 days after notice is  
3 sent to the applicant by certified mail or registered mail,  
4 and, if the contract is void, any premium received by the  
5 insurer from a third party shall be refunded to that party in  
6 full; and

7 (b) When such cancellation or termination occurs  
8 during the first 90 days during which the insurance is in  
9 force and the insurance is canceled or terminated for reasons  
10 other than nonpayment, at least 20 days' written notice of  
11 cancellation or termination accompanied by the reason therefor  
12 shall be given except where there has been a material  
13 misstatement or misrepresentation or failure to comply with  
14 the underwriting requirements established by the insurer.

15 Section 8. Subsection (4) of section 627.0613, Florida  
16 Statutes, as amended by chapter 2007-1, Laws of Florida, is  
17 amended to read:

18 627.0613 Consumer advocate.--The Chief Financial  
19 Officer must appoint a consumer advocate who must represent  
20 the general public of the state before the department and the  
21 office. The consumer advocate must report directly to the  
22 Chief Financial Officer, but is not otherwise under the  
23 authority of the department or of any employee of the  
24 department. The consumer advocate has such powers as are  
25 necessary to carry out the duties of the office of consumer  
26 advocate, including, but not limited to, the powers to:

27 (4) Prepare an annual report card for each authorized  
28 personal residential property insurer, on a form and using a  
29 letter-grade scale developed by the commission by rule, which  
30 grades each insurer based on the following factors:  
31

1           (a) The number and nature of consumer complaints, as a  
2 market share ratio, received by the department against the  
3 insurer.

4           (b) The disposition of all complaints received by the  
5 department.

6           (c) The average length of time for payment of claims  
7 by the insurer.

8           (d) Any other factors the commission identifies as  
9 assisting policyholders in making informed choices about  
10 homeowner's insurance.

11           Section 9. Paragraph (a) of subsection (2) of section  
12 627.062, Florida Statutes, as amended by chapter 2007-1, Laws  
13 of Florida, is amended, and subsection (11) is added to that  
14 section, to read:

15           627.062 Rate standards.--

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

17           (a) Insurers or rating organizations shall establish  
18 and use rates, rating schedules, or rating manuals to allow  
19 the insurer a reasonable rate of return on such classes of  
20 insurance written in this state. A copy of rates, rating  
21 schedules, rating manuals, premium credits or discount  
22 schedules, and surcharge schedules, and changes thereto, shall  
23 be filed with the office under one of the following procedures  
24 except as provided in subparagraph 3.:

25           1. If the filing is made at least 90 days before the  
26 proposed effective date and the filing is not implemented  
27 during the office's review of the filing and any proceeding  
28 and judicial review, then such filing shall be considered a  
29 "file and use" filing. In such case, the office shall finalize  
30 its review by issuance of a notice of intent to approve or a  
31 notice of intent to disapprove within 90 days after receipt of

1 | the filing. The notice of intent to approve and the notice of  
2 | intent to disapprove constitute agency action for purposes of  
3 | the Administrative Procedure Act. Requests for supporting  
4 | information, requests for mathematical or mechanical  
5 | corrections, or notification to the insurer by the office of  
6 | its preliminary findings shall not toll the 90-day period  
7 | during any such proceedings and subsequent judicial review.  
8 | The rate shall be deemed approved if the office does not issue  
9 | a notice of intent to approve or a notice of intent to  
10 | disapprove within 90 days after receipt of the filing.

11 |         2. If the filing is not made in accordance with the  
12 | provisions of subparagraph 1., such filing shall be made as  
13 | soon as practicable, but no later than 30 days after the  
14 | effective date, and shall be considered a "use and file"  
15 | filing. An insurer making a "use and file" filing is  
16 | potentially subject to an order by the office to return to  
17 | policyholders portions of rates found to be excessive, as  
18 | provided in paragraph (h).

19 |         3. For all filings made or submitted after January 25,  
20 | 2007, but ~~on or~~ before December 31, 2008, an insurer seeking a  
21 | rate that is greater than the rate most recently approved by  
22 | the office shall make a "file and use" filing. This  
23 | subparagraph applies to property insurance only. For purposes  
24 | of this subparagraph, motor vehicle collision and  
25 | comprehensive coverages are not considered to be property  
26 | coverages.

27 |  
28 | The provisions of this subsection shall not apply to workers'  
29 | compensation and employer's liability insurance and to motor  
30 | vehicle insurance.  
31 |

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

4           Section 10. Section 627.0655, Florida Statutes, as  
5 created by chapter 2007-1, Laws of Florida, is amended to  
6 read:

7           627.0655 Policyholder loss or expense-related premium  
8 discounts.--An insurer or person authorized to engage in the  
9 business of insurance in this state may include, in the  
10 premium charged an insured for any policy, contract, or  
11 certificate of insurance, a discount based on the fact that  
12 another policy, contract, or certificate of any type has been  
13 purchased by the insured from the same insurer or insurer  
14 group.

15           Section 11. Paragraphs (a), (b), (c), (d), (j), (m),  
16 and (r) of subsection (6) of section 627.351, Florida  
17 Statutes, as amended by chapter 2007-1, Laws of Florida, are  
18 amended, and paragraph (ff) is added to that subsection, to  
19 read:

20           627.351 Insurance risk apportionment plans.--

21           (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

22           (a)1. It is the public purpose of this subsection to  
23 ensure the existence of an orderly market for property  
24 insurance for Floridians and Florida businesses. The  
25 Legislature finds that private insurers are unwilling or  
26 unable to provide affordable property insurance coverage in  
27 this state to the extent sought and needed. The absence of  
28 affordable property insurance threatens the public health,  
29 safety, and welfare and likewise threatens the economic health  
30 of the state. The state therefore has a compelling public  
31 interest and a public purpose to assist in assuring that

1 property in the state is insured and that it is insured at  
2 affordable rates so as to facilitate the remediation,  
3 reconstruction, and replacement of damaged or destroyed  
4 property in order to reduce or avoid the negative effects  
5 otherwise resulting to the public health, safety, and welfare,  
6 to the economy of the state, and to the revenues of the state  
7 and local governments which are needed to provide for the  
8 public welfare. It is necessary, therefore, to provide  
9 affordable property insurance to applicants who are in good  
10 faith entitled to procure insurance through the voluntary  
11 market but are unable to do so. The Legislature intends by  
12 this subsection that affordable property insurance be provided  
13 and that it continue to be provided, as long as necessary,  
14 through Citizens Property Insurance Corporation, a government  
15 entity that is an integral part of the state, and that is not  
16 a private insurance company. To that end, Citizens Property  
17 Insurance Corporation shall strive to increase the  
18 availability of affordable property insurance in this state,  
19 while achieving efficiencies and economies, and while  
20 providing service to policyholders, applicants, and agents  
21 which is no less than the quality generally provided in the  
22 voluntary market, for the achievement of the foregoing public  
23 purposes. Because it is essential for this government entity  
24 to have the maximum financial resources to pay claims  
25 following a catastrophic hurricane, it is the intent of the  
26 Legislature that Citizens Property Insurance Corporation  
27 continue to be an integral part of the state and that the  
28 income of the corporation be exempt from federal income  
29 taxation and that interest on the debt obligations issued by  
30 the corporation be exempt from federal income taxation. The  
31 ~~Legislature finds that actual and threatened catastrophic~~

1 ~~losses to property in this state from hurricanes have caused~~  
2 ~~insurers to be unwilling or unable to provide property~~  
3 ~~insurance coverage to the extent sought and needed. It is in~~  
4 ~~the public interest and a public purpose to assist in assuring~~  
5 ~~that property in the state is insured so as to facilitate the~~  
6 ~~remediation, reconstruction, and replacement of damaged or~~  
7 ~~destroyed property in order to reduce or avoid the negative~~  
8 ~~effects otherwise resulting to the public health, safety, and~~  
9 ~~welfare; to the economy of the state; and to the revenues of~~  
10 ~~the state and local governments needed to provide for the~~  
11 ~~public welfare. It is necessary, therefore, to provide~~  
12 ~~property insurance to applicants who are in good faith~~  
13 ~~entitled to procure insurance through the voluntary market but~~  
14 ~~are unable to do so. The Legislature intends by this~~  
15 ~~subsection that property insurance be provided and that it~~  
16 ~~continues, as long as necessary, through an entity organized~~  
17 ~~to achieve efficiencies and economies, while providing service~~  
18 ~~to policyholders, applicants, and agents that is no less than~~  
19 ~~the quality generally provided in the voluntary market, all~~  
20 ~~toward the achievement of the foregoing public purposes.~~  
21 ~~Because it is essential for the corporation to have the~~  
22 ~~maximum financial resources to pay claims following a~~  
23 ~~catastrophic hurricane, it is the intent of the Legislature~~  
24 ~~that the income of the corporation be exempt from federal~~  
25 ~~income taxation and that interest on the debt obligations~~  
26 ~~issued by the corporation be exempt from federal income~~  
27 ~~taxation.~~

28         2. The Residential Property and Casualty Joint  
29 Underwriting Association originally created by this statute  
30 shall be known, as of July 1, 2002, as the Citizens Property  
31 Insurance Corporation. The corporation shall provide insurance



1 for residential and commercial property, for applicants who  
2 are in good faith entitled, but are unable, to procure  
3 insurance through the voluntary market. The corporation shall  
4 operate pursuant to a plan of operation approved by order of  
5 the Financial Services Commission. The plan is subject to  
6 continuous review by the commission. The commission may, by  
7 order, withdraw approval of all or part of a plan if the  
8 commission determines that conditions have changed since  
9 approval was granted and that the purposes of the plan require  
10 changes in the plan. The corporation shall continue to operate  
11 pursuant to the plan of operation approved by the Office of  
12 Insurance Regulation until October 1, 2006. For the purposes  
13 of this subsection, residential coverage includes both  
14 personal lines residential coverage, which consists of the  
15 type of coverage provided by homeowner's, mobile home owner's,  
16 dwelling, tenant's, condominium unit owner's, and similar  
17 policies, and commercial lines residential coverage, which  
18 consists of the type of coverage provided by condominium  
19 association, apartment building, and similar policies.

20           3. For the purposes of this subsection, the term  
21 "homestead property" means:

22           a. Property that has been granted a homestead  
23 exemption under chapter 196;

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

28           c. An owner-occupied mobile home or manufactured home,  
29 as defined in s. 320.01, which is permanently affixed to real  
30 property, is owned by a Florida resident, and has been granted  
31 a homestead exemption under chapter 196 or, if the owner does

1 not own the real property, the owner certifies that the mobile  
2 home or manufactured home is his or her principal place of  
3 residence;

4 d. Tenant's coverage;

5 e. Commercial lines residential property; or

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

12 4. For the purposes of this subsection, the term  
13 "nonhomestead property" means property that is not homestead  
14 property.

15 5. Effective January 1, 2009 ~~July 1, 2008~~, a personal  
16 lines residential structure that has a dwelling replacement  
17 cost of \$1 million or more, or a single condominium unit that  
18 has a combined dwelling and content replacement cost of \$1  
19 million or more is not eligible for coverage by the  
20 corporation. Such dwellings insured by the corporation on  
21 December 31, 2008 ~~June 30, 2008~~, may continue to be covered by  
22 the corporation until the end of the policy term. However,  
23 such dwellings that are insured by the corporation and become  
24 ineligible for coverage due to the provisions of this  
25 subparagraph may reapply and obtain coverage in the high-risk  
26 account and be considered "nonhomestead property" if the  
27 property owner provides the corporation with a sworn affidavit  
28 from one or more insurance agents, on a form provided by the  
29 corporation, stating that the agents have made their best  
30 efforts to obtain coverage and that the property has been  
31 rejected for coverage by at least one authorized insurer and

1 at least three surplus lines insurers. If such conditions are  
2 met, the dwelling may be insured by the corporation for up to  
3 3 years, after which time the dwelling is ineligible for  
4 coverage. The office shall approve the method used by the  
5 corporation for valuing the dwelling replacement cost for the  
6 purposes of this subparagraph. If a policyholder is insured by  
7 the corporation prior to being determined to be ineligible  
8 pursuant to this subparagraph and such policyholder files a  
9 lawsuit challenging the determination, the policyholder may  
10 remain insured by the corporation until the conclusion of the  
11 litigation.

12           6. For properties constructed on or after January 1,  
13 2009, the corporation may not insure any property located  
14 within 2,500 feet landward of the coastal construction control  
15 line created pursuant to s. 161.053 unless the property meets  
16 the requirements of the code-plus building standards developed  
17 by the Florida Building Commission.

18           7. It is the intent of the Legislature that  
19 policyholders, applicants, and agents of the corporation  
20 receive service and treatment of the highest possible level  
21 but never less than that generally provided in the voluntary  
22 market. It also is intended that the corporation be held to  
23 service standards no less than those applied to insurers in  
24 the voluntary market by the office with respect to  
25 responsiveness, timeliness, customer courtesy, and overall  
26 dealings with policyholders, applicants, or agents of the  
27 corporation.

28           (b)1. All insurers authorized to write one or more  
29 subject lines of business in this state are subject to  
30 assessment by the corporation and, for the purposes of this  
31 subsection, are referred to collectively as "assessable

1 insurers." Insurers writing one or more subject lines of  
2 business in this state pursuant to part VIII of chapter 626  
3 are not assessable insurers, but insureds who procure one or  
4 more subject lines of business in this state pursuant to part  
5 VIII of chapter 626 are subject to assessment by the  
6 corporation and are referred to collectively as "assessable  
7 insureds." An authorized insurer's assessment liability shall  
8 begin on the first day of the calendar year following the year  
9 in which the insurer was issued a certificate of authority to  
10 transact insurance for subject lines of business in this state  
11 and shall terminate 1 year after the end of the first calendar  
12 year during which the insurer no longer holds a certificate of  
13 authority to transact insurance for subject lines of business  
14 in this state.

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

18           (I) A personal lines account for personal residential  
19 policies issued by the corporation or issued by the  
20 Residential Property and Casualty Joint Underwriting  
21 Association and renewed by the corporation that provide  
22 comprehensive, multiperil coverage on risks that are not  
23 located in areas eligible for coverage in the Florida  
24 Windstorm Underwriting Association as those areas were defined  
25 on January 1, 2002, and for such policies that do not provide  
26 coverage for the peril of wind on risks that are located in  
27 such areas;

28           (II) A commercial lines account for commercial  
29 residential and commercial nonresidential policies issued by  
30 the corporation or issued by the Residential Property and  
31 Casualty Joint Underwriting Association and renewed by the

1 corporation that provide coverage for basic property perils on  
2 risks that are not located in areas eligible for coverage in  
3 the Florida Windstorm Underwriting Association as those areas  
4 were defined on January 1, 2002, and for such policies that do  
5 not provide coverage for the peril of wind on risks that are  
6 located in such areas; and

7 (III) A high-risk account for personal residential  
8 policies and commercial residential and commercial  
9 nonresidential property policies issued by the corporation or  
10 transferred to the corporation that provide coverage for the  
11 peril of wind on risks that are located in areas eligible for  
12 coverage in the Florida Windstorm Underwriting Association as  
13 those areas were defined on January 1, 2002. Subject to the  
14 approval of a business plan by the Financial Services  
15 Commission and Legislative Budget Commission as provided in  
16 this sub-sub-subparagraph, but no earlier than March 31, 2007,  
17 the corporation may offer policies that provide multiperil  
18 coverage and the corporation shall continue to offer policies  
19 that provide coverage only for the peril of wind for risks  
20 located in areas eligible for coverage in the high-risk  
21 account. In issuing multiperil coverage, the corporation may  
22 use its approved policy forms and rates for the personal lines  
23 account. An applicant or insured who is eligible to purchase a  
24 multiperil policy from the corporation may purchase a  
25 multiperil policy from an authorized insurer without prejudice  
26 to the applicant's or insured's eligibility to prospectively  
27 purchase a policy that provides coverage only for the peril of  
28 wind from the corporation. An applicant or insured who is  
29 eligible for a corporation policy that provides coverage only  
30 for the peril of wind may elect to purchase or retain such  
31 policy and also purchase or retain coverage excluding wind

1 from an authorized insurer without prejudice to the  
2 applicant's or insured's eligibility to prospectively purchase  
3 a policy that provides multiperil coverage from the  
4 corporation. It is the goal of the Legislature that there  
5 would be an overall average savings of 10 percent or more for  
6 a policyholder who currently has a wind-only policy with the  
7 corporation, and an ex-wind policy with a voluntary insurer or  
8 the corporation, and who then obtains a multiperil policy from  
9 the corporation. It is the intent of the Legislature that the  
10 offer of multiperil coverage in the high-risk account be made  
11 and implemented in a manner that does not adversely affect the  
12 tax-exempt status of the corporation or creditworthiness of or  
13 security for currently outstanding financing obligations or  
14 credit facilities of the high-risk account, the personal lines  
15 account, or the commercial lines account. By March 1, 2007,  
16 the corporation shall prepare and submit for approval by the  
17 Financial Services Commission and Legislative Budget  
18 Commission a report detailing the corporation's business plan  
19 for issuing multiperil coverage in the high-risk account. The  
20 business plan shall be approved or disapproved within 30 days  
21 after receipt, as submitted or modified and resubmitted by the  
22 corporation. The business plan must include: the impact of  
23 such multiperil coverage on the corporation's financial  
24 resources, the impact of such multiperil coverage on the  
25 corporation's tax-exempt status, the manner in which the  
26 corporation plans to implement the processing of applications  
27 and policy forms for new and existing policyholders, the  
28 impact of such multiperil coverage on the corporation's  
29 ability to deliver customer service at the high level required  
30 by this subsection, the ability of the corporation to process  
31 claims, the ability of the corporation to quote and issue

1 policies, the impact of such multiperil coverage on the  
2 corporation's agents, the impact of such multiperil coverage  
3 on the corporation's existing policyholders, and the impact of  
4 such multiperil coverage on rates and premium. The high-risk  
5 account must also include quota share primary insurance under  
6 subparagraph (c)2. The area eligible for coverage under the  
7 high-risk account also includes the area within Port  
8 Canaveral, which is bordered on the south by the City of Cape  
9 Canaveral, bordered on the west by the Banana River, and  
10 bordered on the north by Federal Government property.

11           b. The three separate accounts must be maintained as  
12 long as financing obligations entered into by the Florida  
13 Windstorm Underwriting Association or Residential Property and  
14 Casualty Joint Underwriting Association are outstanding, in  
15 accordance with the terms of the corresponding financing  
16 documents. When the financing obligations are no longer  
17 outstanding, in accordance with the terms of the corresponding  
18 financing documents, the corporation may use a single account  
19 for all revenues, assets, liabilities, losses, and expenses of  
20 the corporation. Consistent with the requirement of this  
21 subparagraph and prudent investment policies that minimize the  
22 cost of carrying debt, the board shall exercise its best  
23 efforts to retire existing debt or to obtain approval of  
24 necessary parties to amend the terms of existing debt, so as  
25 to structure the most efficient plan to consolidate the three  
26 separate accounts into a single account. By February 1, 2007,  
27 the board shall submit a report to the Financial Services  
28 Commission, the President of the Senate, and the Speaker of  
29 the House of Representatives which includes an analysis of  
30 consolidating the accounts, the actions the board has taken to  
31

1 minimize the cost of carrying debt, and its recommendations  
2 for executing the most efficient plan.

3 c. Creditors of the Residential Property and Casualty  
4 Joint Underwriting Association and of the accounts specified  
5 in sub-sub-subparagraphs a.(I) and (II) may ~~shall~~ have a claim  
6 against, and recourse to, the accounts referred to in  
7 sub-sub-subparagraphs a.(I) and (II) and shall have no claim  
8 against, or recourse to, the account referred to in  
9 sub-sub-subparagraph a.(III). Creditors of the Florida  
10 Windstorm Underwriting Association shall have a claim against,  
11 and recourse to, the account referred to in  
12 sub-sub-subparagraph a.(III) and shall have no claim against,  
13 or recourse to, the accounts referred to in  
14 sub-sub-subparagraphs a.(I) and (II).

15 d. Revenues, assets, liabilities, losses, and expenses  
16 not attributable to particular accounts shall be prorated  
17 among the accounts.

18 e. The Legislature finds that the revenues of the  
19 corporation are revenues that are necessary to meet the  
20 requirements set forth in documents authorizing the issuance  
21 of bonds under this subsection.

22 f. No part of the income of the corporation may inure  
23 to the benefit of any private person.

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

25 a. When the deficit incurred in a particular calendar  
26 year is not greater than 10 percent of the aggregate statewide  
27 direct written premium for the subject lines of business for  
28 the prior calendar year, the entire deficit shall be recovered  
29 through regular assessments of assessable insurers under  
30 paragraph (p) and assessable insureds.

31



1           b. When the deficit incurred in a particular calendar  
2 year exceeds 10 percent of the aggregate statewide direct  
3 written premium for the subject lines of business for the  
4 prior calendar year, the corporation shall levy regular  
5 assessments on assessable insurers under paragraph (p) and on  
6 assessable insureds in an amount equal to the greater of 10  
7 percent of the deficit or 10 percent of the aggregate  
8 statewide direct written premium for the subject lines of  
9 business for the prior calendar year. Any remaining deficit  
10 shall be recovered through emergency assessments under  
11 sub-subparagraph d.

12           c. Each assessable insurer's share of the amount being  
13 assessed under sub-subparagraph a. or sub-subparagraph b.  
14 shall be in the proportion that the assessable insurer's  
15 direct written premium for the subject lines of business for  
16 the year preceding the assessment bears to the aggregate  
17 statewide direct written premium for the subject lines of  
18 business for that year. The assessment percentage applicable  
19 to each assessable insured is the ratio of the amount being  
20 assessed under sub-subparagraph a. or sub-subparagraph b. to  
21 the aggregate statewide direct written premium for the subject  
22 lines of business for the prior year. Assessments levied by  
23 the corporation on assessable insurers under sub-subparagraphs  
24 a. and b. shall be paid as required by the corporation's plan  
25 of operation and paragraph (p). Notwithstanding any other  
26 provision of this subsection, the aggregate amount of a  
27 regular assessment for a deficit incurred in a particular  
28 calendar year shall be reduced by the estimated amount to be  
29 received by the corporation from the Citizens policyholder  
30 surcharge under subparagraph (c)10.11 and the amount  
31 collected or estimated to be collected from the assessment on

1 Citizens policyholders pursuant to sub-subparagraph i.  
2 Assessments levied by the corporation on assessable insureds  
3 under sub-subparagraphs a. and b. shall be collected by the  
4 surplus lines agent at the time the surplus lines agent  
5 collects the surplus lines tax required by s. 626.932 and  
6 shall be paid to the Florida Surplus Lines Service Office at  
7 the time the surplus lines agent pays the surplus lines tax to  
8 the Florida Surplus Lines Service Office. Upon receipt of  
9 regular assessments from surplus lines agents, the Florida  
10 Surplus Lines Service Office shall transfer the assessments  
11 directly to the corporation as determined by the corporation.

12 d. Upon a determination by the board of governors that  
13 a deficit in an account exceeds the amount that will be  
14 recovered through regular assessments under sub-subparagraph  
15 a. or sub-subparagraph b., the board shall levy, after  
16 verification by the office, emergency assessments, for as many  
17 years as necessary to cover the deficits, to be collected by  
18 assessable insurers and the corporation and collected from  
19 assessable insureds upon issuance or renewal of policies for  
20 subject lines of business, excluding National Flood Insurance  
21 policies. The amount of the emergency assessment collected in  
22 a particular year shall be a uniform percentage of that year's  
23 direct written premium for subject lines of business and all  
24 accounts of the corporation, excluding National Flood  
25 Insurance Program policy premiums, as annually determined by  
26 the board and verified by the office. The office shall verify  
27 the arithmetic calculations involved in the board's  
28 determination within 30 days after receipt of the information  
29 on which the determination was based. Notwithstanding any  
30 other provision of law, the corporation and each assessable  
31 insurer that writes subject lines of business shall collect

1 emergency assessments from its policyholders without such  
2 obligation being affected by any credit, limitation,  
3 exemption, or deferment. Emergency assessments levied by the  
4 corporation on assessable insureds shall be collected by the  
5 surplus lines agent at the time the surplus lines agent  
6 collects the surplus lines tax required by s. 626.932 and  
7 shall be paid to the Florida Surplus Lines Service Office at  
8 the time the surplus lines agent pays the surplus lines tax to  
9 the Florida Surplus Lines Service Office. The emergency  
10 assessments so collected shall be transferred directly to the  
11 corporation on a periodic basis as determined by the  
12 corporation and shall be held by the corporation solely in the  
13 applicable account. The aggregate amount of emergency  
14 assessments levied for an account under this sub-subparagraph  
15 in any calendar year may not exceed the greater of 10 percent  
16 of the amount needed to cover the original deficit, plus  
17 interest, fees, commissions, required reserves, and other  
18 costs associated with financing of the original deficit, or 10  
19 percent of the aggregate statewide direct written premium for  
20 subject lines of business and for all accounts of the  
21 corporation for the prior year, plus interest, fees,  
22 commissions, required reserves, and other costs associated  
23 with financing the original deficit.

24 e. The corporation may pledge the proceeds of  
25 assessments, projected recoveries from the Florida Hurricane  
26 Catastrophe Fund, other insurance and reinsurance  
27 recoverables, policyholder surcharges and other surcharges,  
28 and other funds available to the corporation as the source of  
29 revenue for and to secure bonds issued under paragraph (p),  
30 bonds or other indebtedness issued under subparagraph (c)3.,  
31 or lines of credit or other financing mechanisms issued or

1 created under this subsection, or to retire any other debt  
2 incurred as a result of deficits or events giving rise to  
3 deficits, or in any other way that the board determines will  
4 efficiently recover such deficits. The purpose of the lines of  
5 credit or other financing mechanisms is to provide additional  
6 resources to assist the corporation in covering claims and  
7 expenses attributable to a catastrophe. As used in this  
8 subsection, the term "assessments" includes regular  
9 assessments under sub-subparagraph a., sub-subparagraph b., or  
10 subparagraph (p)1. and emergency assessments under  
11 sub-subparagraph d. Emergency assessments collected under  
12 sub-subparagraph d. are not part of an insurer's rates, are  
13 not premium, and are not subject to premium tax, fees, or  
14 commissions; however, failure to pay the emergency assessment  
15 shall be treated as failure to pay premium. The emergency  
16 assessments under sub-subparagraph d. shall continue as long  
17 as any bonds issued or other indebtedness incurred with  
18 respect to a deficit for which the assessment was imposed  
19 remain outstanding, unless adequate provision has been made  
20 for the payment of such bonds or other indebtedness pursuant  
21 to the documents governing such bonds or other indebtedness.

22 f. As used in this subsection for purposes of any  
23 deficit incurred on or after January 25, 2007, the term  
24 "subject lines of business" means insurance written by  
25 assessable insurers or procured by assessable insureds for all  
26 property and casualty lines of business in this state, but not  
27 including workers' compensation or medical malpractice. As  
28 used in the sub-subparagraph, the term "property and casualty  
29 lines of business" includes all lines of business identified  
30 on Form 2, Exhibit of Premiums and Losses, in the annual  
31 statement required of authorized insurers by s. 624.424 and

1 any rule adopted under this section, except for those lines  
2 identified as accident and health insurance and except for  
3 policies written under the National Flood Insurance Program or  
4 the Federal Crop Insurance Program. For purposes of this  
5 sub-subparagraph, the term "workers' compensation" includes  
6 both workers' compensation insurance and excess workers'  
7 compensation insurance.

8 g. The Florida Surplus Lines Service Office shall  
9 determine annually the aggregate statewide written premium in  
10 subject lines of business procured by assessable insureds and  
11 shall report that information to the corporation in a form and  
12 at a time the corporation specifies to ensure that the  
13 corporation can meet the requirements of this subsection and  
14 the corporation's financing obligations.

15 h. The Florida Surplus Lines Service Office shall  
16 verify the proper application by surplus lines agents of  
17 assessment percentages for regular assessments and emergency  
18 assessments levied under this subparagraph on assessable  
19 insureds and shall assist the corporation in ensuring the  
20 accurate, timely collection and payment of assessments by  
21 surplus lines agents as required by the corporation.

22 i. If a deficit is incurred in any account in 2008 or  
23 thereafter, the board of governors shall levy an immediate  
24 assessment against the premium of each nonhomestead property  
25 policyholder in all accounts of the corporation, as a uniform  
26 percentage of the premium of the policy of up to 10 percent of  
27 such premium, which funds shall be used to offset the deficit.  
28 If this assessment is insufficient to eliminate the deficit,  
29 the board of governors shall levy an additional assessment  
30 against all policyholders of the corporation, which shall be  
31 collected at the time of issuance or renewal of a policy, as a

1 uniform percentage of the premium for the policy of up to 10  
2 percent of such premium, which funds shall be used to further  
3 offset the deficit.

4 j. The board of governors shall maintain separate  
5 accounting records that consolidate data for nonhomestead  
6 properties, including, but not limited to, number of policies,  
7 insured values, premiums written, and losses. The board of  
8 governors shall annually report to the office and the  
9 Legislature a summary of such data.

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

11 1. Must provide for adoption of residential property  
12 and casualty insurance policy forms and commercial residential  
13 and nonresidential property insurance forms, which forms must  
14 be approved by the office prior to use. The corporation shall  
15 adopt the following policy forms:

16 a. Standard personal lines policy forms that are  
17 comprehensive multiperil policies providing full coverage of a  
18 residential property equivalent to the coverage provided in  
19 the private insurance market under an HO-3, HO-4, or HO-6  
20 policy.

21 b. Basic personal lines policy forms that are policies  
22 similar to an HO-8 policy or a dwelling fire policy that  
23 provide coverage meeting the requirements of the secondary  
24 mortgage market, but which coverage is more limited than the  
25 coverage under a standard policy.

26 c. Commercial lines residential and nonresidential  
27 policy forms that are generally similar to the basic perils of  
28 full coverage obtainable for commercial residential structures  
29 and commercial nonresidential structures in the admitted  
30 voluntary market.

31

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

6           e. Commercial lines nonresidential property insurance  
7 forms that cover the peril of wind only. The forms are  
8 applicable only to nonresidential properties located in areas  
9 eligible for coverage under the high-risk account referred to  
10 in sub-subparagraph (b)2.a.

11           f. The corporation may adopt variations of the policy  
12 forms listed in sub-subparagraphs a.-e. that contain more  
13 restrictive coverage.

14           2.a. Must provide that the corporation adopt a program  
15 in which the corporation and authorized insurers enter into  
16 quota share primary insurance agreements for hurricane  
17 coverage, as defined in s. 627.4025(2)(a), for eligible risks,  
18 and adopt property insurance forms for eligible risks which  
19 cover the peril of wind only. As used in this subsection, the  
20 term:

21           (I) "Quota share primary insurance" means an  
22 arrangement in which the primary hurricane coverage of an  
23 eligible risk is provided in specified percentages by the  
24 corporation and an authorized insurer. The corporation and  
25 authorized insurer are each solely responsible for a specified  
26 percentage of hurricane coverage of an eligible risk as set  
27 forth in a quota share primary insurance agreement between the  
28 corporation and an authorized insurer and the insurance  
29 contract. The responsibility of the corporation or authorized  
30 insurer to pay its specified percentage of hurricane losses of  
31 an eligible risk, as set forth in the quota share primary

1 insurance agreement, may not be altered by the inability of  
2 the other party to the agreement to pay its specified  
3 percentage of hurricane losses. Eligible risks that are  
4 provided hurricane coverage through a quota share primary  
5 insurance arrangement must be provided policy forms that set  
6 forth the obligations of the corporation and authorized  
7 insurer under the arrangement, clearly specify the percentages  
8 of quota share primary insurance provided by the corporation  
9 and authorized insurer, and conspicuously and clearly state  
10 that neither the authorized insurer nor the corporation may be  
11 held responsible beyond its specified percentage of coverage  
12 of hurricane losses.

13 (II) "Eligible risks" means personal lines residential  
14 and commercial lines residential risks that meet the  
15 underwriting criteria of the corporation and are located in  
16 areas that were eligible for coverage by the Florida Windstorm  
17 Underwriting Association on January 1, 2002.

18 b. The corporation may enter into quota share primary  
19 insurance agreements with authorized insurers at corporation  
20 coverage levels of 90 percent and 50 percent.

21 c. If the corporation determines that additional  
22 coverage levels are necessary to maximize participation in  
23 quota share primary insurance agreements by authorized  
24 insurers, the corporation may establish additional coverage  
25 levels. However, the corporation's quota share primary  
26 insurance coverage level may not exceed 90 percent.

27 d. Any quota share primary insurance agreement entered  
28 into between an authorized insurer and the corporation must  
29 provide for a uniform specified percentage of coverage of  
30 hurricane losses, by county or territory as set forth by the  
31 corporation board, for all eligible risks of the authorized



1 insurer covered under the quota share primary insurance  
2 agreement.

3 e. Any quota share primary insurance agreement entered  
4 into between an authorized insurer and the corporation is  
5 subject to review and approval by the office. However, such  
6 agreement shall be authorized only as to insurance contracts  
7 entered into between an authorized insurer and an insured who  
8 is already insured by the corporation for wind coverage.

9 f. For all eligible risks covered under quota share  
10 primary insurance agreements, the exposure and coverage levels  
11 for both the corporation and authorized insurers shall be  
12 reported by the corporation to the Florida Hurricane  
13 Catastrophe Fund. For all policies of eligible risks covered  
14 under quota share primary insurance agreements, the  
15 corporation and the authorized insurer shall maintain complete  
16 and accurate records for the purpose of exposure and loss  
17 reimbursement audits as required by Florida Hurricane  
18 Catastrophe Fund rules. The corporation and the authorized  
19 insurer shall each maintain duplicate copies of policy  
20 declaration pages and supporting claims documents.

21 g. The corporation board shall establish in its plan  
22 of operation standards for quota share agreements which ensure  
23 that there is no discriminatory application among insurers as  
24 to the terms of quota share agreements, pricing of quota share  
25 agreements, incentive provisions if any, and consideration  
26 paid for servicing policies or adjusting claims.

27 h. The quota share primary insurance agreement between  
28 the corporation and an authorized insurer must set forth the  
29 specific terms under which coverage is provided, including,  
30 but not limited to, the sale and servicing of policies issued  
31 under the agreement by the insurance agent of the authorized

1 insurer producing the business, the reporting of information  
2 concerning eligible risks, the payment of premium to the  
3 corporation, and arrangements for the adjustment and payment  
4 of hurricane claims incurred on eligible risks by the claims  
5 adjuster and personnel of the authorized insurer. Entering  
6 into a quota sharing insurance agreement between the  
7 corporation and an authorized insurer shall be voluntary and  
8 at the discretion of the authorized insurer.

9           3. May provide that the corporation may employ or  
10 otherwise contract with individuals or other entities to  
11 provide administrative or professional services that may be  
12 appropriate to effectuate the plan. The corporation shall have  
13 the power to borrow funds, by issuing bonds or by incurring  
14 other indebtedness, and shall have other powers reasonably  
15 necessary to effectuate the requirements of this subsection,  
16 including, without limitation, the power to issue bonds and  
17 incur other indebtedness in order to refinance outstanding  
18 bonds or other indebtedness. The corporation may, but is not  
19 required to, seek judicial validation of its bonds or other  
20 indebtedness under chapter 75. The corporation may issue bonds  
21 or incur other indebtedness, or have bonds issued on its  
22 behalf by a unit of local government pursuant to subparagraph  
23 (p)2.(g)2-, in the absence of a hurricane or other  
24 weather-related event, upon a determination by the  
25 corporation, subject to approval by the office, that such  
26 action would enable it to efficiently meet the financial  
27 obligations of the corporation and that such financings are  
28 reasonably necessary to effectuate the requirements of this  
29 subsection. The corporation is authorized to take all actions  
30 needed to facilitate tax-free status for any such bonds or  
31 indebtedness, including formation of trusts or other

1 affiliated entities. The corporation shall have the authority  
2 to pledge assessments, projected recoveries from the Florida  
3 Hurricane Catastrophe Fund, other reinsurance recoverables,  
4 market equalization and other surcharges, and other funds  
5 available to the corporation as security for bonds or other  
6 indebtedness. In recognition of s. 10, Art. I of the State  
7 Constitution, prohibiting the impairment of obligations of  
8 contracts, it is the intent of the Legislature that no action  
9 be taken whose purpose is to impair any bond indenture or  
10 financing agreement or any revenue source committed by  
11 contract to such bond or other indebtedness.

12       4.a. Must require that the corporation operate subject  
13 to the supervision and approval of a board of governors  
14 consisting of eight individuals who are residents of this  
15 state, from different geographical areas of this state. The  
16 Governor, the Chief Financial Officer, the President of the  
17 Senate, and the Speaker of the House of Representatives shall  
18 each appoint two members of the board. At least one of the two  
19 members appointed by each appointing officer must have  
20 demonstrated expertise in insurance. The Chief Financial  
21 Officer shall designate one of the appointees as chair. All  
22 board members serve at the pleasure of the appointing officer.  
23 All members of the board of governors are subject to removal  
24 at will by the officers who appointed them. All board members,  
25 including the chair, must be appointed to serve for 3-year  
26 terms beginning annually on a date designated by the plan. Any  
27 board vacancy shall be filled for the unexpired term by the  
28 appointing officer. The Chief Financial Officer shall appoint  
29 a technical advisory group to provide information and advice  
30 to the board of governors in connection with the board's  
31 duties under this subsection. The executive director and

1 senior managers of the corporation shall be engaged by the  
2 board and serve at the pleasure of the board. Any executive  
3 director appointed on or after July 1, 2006, is subject to  
4 confirmation by the Senate. The executive director is  
5 responsible for employing other staff as the corporation may  
6 require, subject to review and concurrence by the board.

7           b. The board shall create a Market Accountability  
8 Advisory Committee to assist the corporation in developing  
9 awareness of its rates and its customer and agent service  
10 levels in relationship to the voluntary market insurers  
11 writing similar coverage. The members of the advisory  
12 committee shall consist of the following 11 persons, one of  
13 whom must be elected chair by the members of the committee:  
14 four representatives, one appointed by the Florida Association  
15 of Insurance Agents, one by the Florida Association of  
16 Insurance and Financial Advisors, one by the Professional  
17 Insurance Agents of Florida, and one by the Latin American  
18 Association of Insurance Agencies; three representatives  
19 appointed by the insurers with the three highest voluntary  
20 market share of residential property insurance business in the  
21 state; one representative from the Office of Insurance  
22 Regulation; one consumer appointed by the board who is insured  
23 by the corporation at the time of appointment to the  
24 committee; one representative appointed by the Florida  
25 Association of Realtors; and one representative appointed by  
26 the Florida Bankers Association. All members must serve for  
27 3-year terms and may serve for consecutive terms. The  
28 committee shall report to the corporation at each board  
29 meeting on insurance market issues which may include rates and  
30 rate competition with the voluntary market; service, including  
31 policy issuance, claims processing, and general responsiveness

1 to policyholders, applicants, and agents; and matters relating  
2 to depopulation.

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

5 a. Subject to the provisions of s. 627.3517, with  
6 respect to personal lines residential risks, if the risk is  
7 offered coverage from an authorized insurer at the insurer's  
8 approved rate under either a standard policy including wind  
9 coverage or, if consistent with the insurer's underwriting  
10 rules as filed with the office, a basic policy including wind  
11 coverage, for a new application to the corporation for  
12 coverage, the risk is not eligible for any policy issued by  
13 the corporation unless the premium for coverage from the  
14 authorized insurer is more than 15 ~~25~~ percent greater than the  
15 premium for comparable coverage from the corporation. If the  
16 risk is not able to obtain any such offer, the risk is  
17 eligible for either a standard policy including wind coverage  
18 or a basic policy including wind coverage issued by the  
19 corporation; however, if the risk could not be insured under a  
20 standard policy including wind coverage regardless of market  
21 conditions, the risk shall be eligible for a basic policy  
22 including wind coverage unless rejected under subparagraph 9.  
23 ~~8.~~ However, with regard to a policyholder of the corporation  
24 or a policyholder removed from the corporation through an  
25 assumption agreement until the end of the assumption period,  
26 the policyholder remains eligible for coverage from the  
27 corporation regardless of any offer of coverage from an  
28 authorized insurer or surplus lines insurer. The corporation  
29 shall determine the type of policy to be provided on the basis  
30 of objective standards specified in the underwriting manual  
31 and based on generally accepted underwriting practices.

1 (I) If the risk accepts an offer of coverage through  
2 the market assistance plan or an offer of coverage through a  
3 mechanism established by the corporation before a policy is  
4 issued to the risk by the corporation or during the first 30  
5 days of coverage by the corporation, and the producing agent  
6 who submitted the application to the plan or to the  
7 corporation is not currently appointed by the insurer, the  
8 insurer shall:

9 (A) Pay to the producing agent of record of the  
10 policy, for the first year, an amount that is the greater of  
11 the insurer's usual and customary commission for the type of  
12 policy written or a fee equal to the usual and customary  
13 commission of the corporation; or

14 (B) Offer to allow the producing agent of record of  
15 the policy to continue servicing the policy for a period of  
16 not less than 1 year and offer to pay the agent the greater of  
17 the insurer's or the corporation's usual and customary  
18 commission for the type of policy written.

19  
20 If the producing agent is unwilling or unable to accept  
21 appointment, the new insurer shall pay the agent in accordance  
22 with sub-sub-sub-subparagraph (A).

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

27 (A) Pay to the producing agent of record of the  
28 corporation policy, for the first year, an amount that is the  
29 greater of the insurer's usual and customary commission for  
30 the type of policy written or a fee equal to the usual and  
31 customary commission of the corporation; or

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

6  
7 If the producing agent is unwilling or unable to accept  
8 appointment, the new insurer shall pay the agent in accordance  
9 with sub-sub-sub-subparagraph (A).

10 b. With respect to commercial lines residential risks,  
11 for a new application to the corporation for coverage, if the  
12 risk is offered coverage under a policy including wind  
13 coverage from an authorized insurer at its approved rate, the  
14 risk is not eligible for any policy issued by the corporation  
15 unless the premium for coverage from the authorized insurer is  
16 more than 15 ~~25~~ percent greater than the premium for  
17 comparable coverage from the corporation. If the risk is not  
18 able to obtain any such offer, the risk is eligible for a  
19 policy including wind coverage issued by the corporation.  
20 However, with regard to a policyholder of the corporation or a  
21 policyholder removed from the corporation through an  
22 assumption agreement until the end of the assumption period,  
23 the policyholder remains eligible for coverage from the  
24 corporation regardless of any offer of coverage from an  
25 authorized insurer or surplus lines insurer.

26 (I) If the risk accepts an offer of coverage through  
27 the market assistance plan or an offer of coverage through a  
28 mechanism established by the corporation before a policy is  
29 issued to the risk by the corporation or during the first 30  
30 days of coverage by the corporation, and the producing agent  
31

1 who submitted the application to the plan or the corporation  
2 is not currently appointed by the insurer, the insurer shall:

3 (A) Pay to the producing agent of record of the  
4 policy, for the first year, an amount that is the greater of  
5 the insurer's usual and customary commission for the type of  
6 policy written or a fee equal to the usual and customary  
7 commission of the corporation; or

8 (B) Offer to allow the producing agent of record of  
9 the policy to continue servicing the policy for a period of  
10 not less than 1 year and offer to pay the agent the greater of  
11 the insurer's or the corporation's usual and customary  
12 commission for the type of policy written.

13  
14 If the producing agent is unwilling or unable to accept  
15 appointment, the new insurer shall pay the agent in accordance  
16 with sub-sub-sub-subparagraph (A).

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

21 (A) Pay to the producing agent of record of the  
22 corporation policy, for the first year, an amount that is the  
23 greater of the insurer's usual and customary commission for  
24 the type of policy written or a fee equal to the usual and  
25 customary commission of the corporation; or

26 (B) Offer to allow the producing agent of record of  
27 the corporation policy to continue servicing the policy for a  
28 period of not less than 1 year and offer to pay the agent the  
29 greater of the insurer's or the corporation's usual and  
30 customary commission for the type of policy written.

31



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

4 c. For purposes of determining comparable coverage  
5 under sub-subparagraphs a. and b., the comparison shall be  
6 based on those forms and coverages that are reasonably  
7 comparable. The corporation may rely on a determination of  
8 comparable coverage and premium made by the producing agent  
9 who submits the application to the corporation, made in the  
10 agent's capacity as the corporation's agent. A comparison may  
11 be made solely of the premium with respect to the main  
12 building or structure only on the following basis: the same  
13 coverage A or other building limits; the same percentage  
14 hurricane deductible that applies on an annual basis or that  
15 applies to each hurricane for commercial residential property;  
16 the same percentage of ordinance and law coverage, if the same  
17 limit is offered by both the corporation and the authorized  
18 insurer; the same mitigation credits, to the extent the same  
19 types of credits are offered both by the corporation and the  
20 authorized insurer; the same method for loss payment, such as  
21 replacement cost or actual cash value, if the same method is  
22 offered both by the corporation and the authorized insurer in  
23 accordance with underwriting rules; and any other form or  
24 coverage that is reasonably comparable as determined by the  
25 board. If an application is submitted to the corporation for  
26 wind-only coverage in the high-risk account, the premium for  
27 the corporation's wind-only policy plus the premium for the  
28 ex-wind policy that is offered by an authorized insurer to the  
29 applicant shall be compared to the premium for multiperil  
30 coverage offered by an authorized insurer, subject to the  
31 standards for comparison specified in this subparagraph. If

1 the corporation or the applicant requests from the authorized  
2 insurer a breakdown of the premium of the offer by types of  
3 coverage so that a comparison may be made by the corporation  
4 or its agent and the authorized insurer refuses or is unable  
5 to provide such information, the corporation may treat the  
6 offer as not being an offer of coverage from an authorized  
7 insurer at the insurer's approved rate.

8 ~~6. Must provide by July 1, 2007, that an application~~  
9 ~~for coverage for a new policy is subject to a waiting period~~  
10 ~~of 10 days before coverage is effective, during which time the~~  
11 ~~corporation shall make such application available for review~~  
12 ~~by general lines agents and authorized property and casualty~~  
13 ~~insurers. The board shall approve an exception that allows for~~  
14 ~~coverage to be effective before the end of the 10 day waiting~~  
15 ~~period, for coverage issued in conjunction with a real estate~~  
16 ~~closing. The board may approve such other exceptions as the~~  
17 ~~board determines are necessary to prevent lapses in coverage.~~

18 ~~6.7. Must include rules for classifications of risks~~  
19 ~~and rates therefor.~~

20 ~~7.8. Must provide that if premium and investment~~  
21 ~~income for an account attributable to a particular calendar~~  
22 ~~year are in excess of projected losses and expenses for the~~  
23 ~~account attributable to that year, such excess shall be held~~  
24 ~~in surplus in the account. Such surplus shall be available to~~  
25 ~~defray deficits in that account as to future years and shall~~  
26 ~~be used for that purpose prior to assessing assessable~~  
27 ~~insurers and assessable insureds as to any calendar year.~~

28 ~~8.9. Must provide objective criteria and procedures to~~  
29 ~~be uniformly applied for all applicants in determining whether~~  
30 ~~an individual risk is so hazardous as to be uninsurable. In~~  
31

1 making this determination and in establishing the criteria and  
2 procedures, the following shall be considered:

3 a. Whether the likelihood of a loss for the individual  
4 risk is substantially higher than for other risks of the same  
5 class; and

6 b. Whether the uncertainty associated with the  
7 individual risk is such that an appropriate premium cannot be  
8 determined.

9  
10 The acceptance or rejection of a risk by the corporation shall  
11 be construed as the private placement of insurance, and the  
12 provisions of chapter 120 shall not apply.

13 ~~9.10.~~ Must provide that the corporation shall make its  
14 best efforts to procure catastrophe reinsurance at reasonable  
15 rates, to cover its projected 100-year probable maximum loss  
16 as determined by the board of governors.

17 ~~10.11.~~ Must provide that in the event of regular  
18 deficit assessments under sub-subparagraph (b)3.a. or  
19 sub-subparagraph (b)3.b., in the personal lines account, the  
20 commercial lines residential account, or the high-risk  
21 account, the corporation shall levy upon corporation  
22 policyholders in its next rate filing, or by a separate rate  
23 filing solely for this purpose, a Citizens policyholder  
24 surcharge arising from a regular assessment in such account in  
25 a percentage equal to the total amount of such regular  
26 assessments divided by the aggregate statewide direct written  
27 premium for subject lines of business for the prior calendar  
28 year. For purposes of calculating the Citizens policyholder  
29 surcharge to be levied under this subparagraph, the total  
30 amount of the regular assessment to which this surcharge is  
31 related shall be determined as set forth in subparagraph

1 (b)3., without deducting the estimated Citizens policyholder  
2 surcharge. Citizens policyholder surcharges under this  
3 subparagraph are not considered premium and are not subject to  
4 commissions, fees, or premium taxes; however, failure to pay a  
5 market equalization surcharge shall be treated as failure to  
6 pay premium.

7 ~~11.12.~~ The policies issued by the corporation must  
8 provide that, if the corporation or the market assistance plan  
9 obtains an offer from an authorized insurer to cover the risk  
10 at its approved rates, the risk is no longer eligible for  
11 renewal through the corporation, except as otherwise provided  
12 in this subsection.

13 ~~12.13.~~ Corporation policies and applications must  
14 include a notice that the corporation policy could, under this  
15 section, be replaced with a policy issued by an authorized  
16 insurer that does not provide coverage identical to the  
17 coverage provided by the corporation. The notice shall also  
18 specify that acceptance of corporation coverage creates a  
19 conclusive presumption that the applicant or policyholder is  
20 aware of this potential.

21 ~~13.14.~~ May establish, subject to approval by the  
22 office, different eligibility requirements and operational  
23 procedures for any line or type of coverage for any specified  
24 county or area if the board determines that such changes to  
25 the eligibility requirements and operational procedures are  
26 justified due to the voluntary market being sufficiently  
27 stable and competitive in such area or for such line or type  
28 of coverage and that consumers who, in good faith, are unable  
29 to obtain insurance through the voluntary market through  
30 ordinary methods would continue to have access to coverage  
31 from the corporation. When coverage is sought in connection

1 with a real property transfer, such requirements and  
2 procedures shall not provide for an effective date of coverage  
3 later than the date of the closing of the transfer as  
4 established by the transferor, the transferee, and, if  
5 applicable, the lender.

6 ~~14.15-~~ Must provide that, with respect to the  
7 high-risk account, any assessable insurer with a surplus as to  
8 policyholders of \$25 million or less writing 25 percent or  
9 more of its total countrywide property insurance premiums in  
10 this state may petition the office, within the first 90 days  
11 of each calendar year, to qualify as a limited apportionment  
12 company. A regular assessment levied by the corporation on a  
13 limited apportionment company for a deficit incurred by the  
14 corporation for the high-risk account in 2006 or thereafter  
15 may be paid to the corporation on a monthly basis as the  
16 assessments are collected by the limited apportionment company  
17 from its insureds pursuant to s. 627.3512, but the regular  
18 assessment must be paid in full within 12 months after being  
19 levied by the corporation. A limited apportionment company  
20 shall collect from its policyholders any emergency assessment  
21 imposed under sub-subparagraph (b)3.d. The plan shall provide  
22 that, if the office determines that any regular assessment  
23 will result in an impairment of the surplus of a limited  
24 apportionment company, the office may direct that all or part  
25 of such assessment be deferred as provided in subparagraph  
26 ~~(p)4.(g)4-~~ However, there shall be no limitation or deferment  
27 of an emergency assessment to be collected from policyholders  
28 under sub-subparagraph (b)3.d.

29 ~~15.16-~~ Must provide that the corporation appoint as  
30 its licensed agents only those agents who also hold an  
31 appointment as defined in s. 626.015(3) with an insurer who at

1 the time of the agent's initial appointment by the corporation  
2 is authorized to write and is actually writing personal lines  
3 residential property coverage, commercial residential property  
4 coverage, or commercial nonresidential property coverage  
5 within the state.

6 ~~16.17.~~ Must provide, by July 1, 2007, a premium  
7 payment plan option to its policyholders which allows at a  
8 minimum for quarterly and semiannual payment of premiums. A  
9 monthly payment plan may, but is not required to, be offered.

10 ~~18.~~ ~~Must provide, effective June 1, 2007, that the~~  
11 ~~corporation contract with each insurer providing the non wind~~  
12 ~~coverage for risks insured by the corporation in the high risk~~  
13 ~~account, requiring that the insurer provide claims adjusting~~  
14 ~~services for the wind coverage provided by the corporation for~~  
15 ~~such risks. An insurer is required to enter into this contract~~  
16 ~~as a condition of providing non wind coverage for a risk that~~  
17 ~~is insured by the corporation in the high risk account unless~~  
18 ~~the board finds, after a hearing, that the insurer is not~~  
19 ~~capable of providing adjusting services at an acceptable level~~  
20 ~~of quality to corporation policyholders. The terms and~~  
21 ~~conditions of such contracts must be substantially the same as~~  
22 ~~the contracts that the corporation executed with insurers~~  
23 ~~under the "adjust your own" program in 2006, except as may be~~  
24 ~~mutually agreed to by the parties and except for such changes~~  
25 ~~that the board determines are necessary to ensure that claims~~  
26 ~~are adjusted appropriately. The corporation shall provide a~~  
27 ~~process for neutral arbitration of any dispute between the~~  
28 ~~corporation and the insurer regarding the terms of the~~  
29 ~~contract. The corporation shall review and monitor the~~  
30 ~~performance of insurers under these contracts.~~

31

1           ~~17.19.~~ Must limit coverage on mobile homes or  
2 manufactured homes built prior to 1994 to actual cash value of  
3 the dwelling rather than replacement costs of the dwelling.

4           ~~18.20.~~ May provide such limits of coverage as the  
5 board determines, consistent with the requirements of this  
6 subsection.

7           ~~19.21.~~ May require commercial property to meet  
8 specified hurricane mitigation construction features as a  
9 condition of eligibility for coverage.

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

15           2. On or before July 1 of each year, employees of the  
16 corporation are required to sign and submit a statement  
17 attesting that they do not have a conflict of interest, as  
18 defined in part III of chapter 112. As a condition of  
19 employment, all prospective employees are required to sign and  
20 submit to the corporation a conflict-of-interest statement.

21           3. Senior managers and members of the board of  
22 governors are subject to the provisions of part III of chapter  
23 112, including, but not limited to, the code of ethics and  
24 public disclosure and reporting of financial interests,  
25 pursuant to s. 112.3145. Senior managers and board members are  
26 also required to file such disclosures with the Commission on  
27 Ethics and the Office of Insurance Regulation. The executive  
28 director of the corporation or his or her designee shall  
29 notify each newly appointed and existing appointed member of  
30 the board of governors and senior managers of their duty to  
31 comply with the reporting requirements of part III of chapter

1 112. At least quarterly, the executive director or his or her  
2 designee shall submit to the Commission on Ethics a list of  
3 names of the senior managers and members of the board of  
4 governors who are subject to the public disclosure  
5 requirements under s. 112.3145.

6 4. Notwithstanding s. 112.3148 or s. 112.3149, or any  
7 other provision of law, an employee or board member may not  
8 knowingly accept, directly or indirectly, any gift or  
9 expenditure from a person or entity, or an employee or  
10 representative of such person or entity, that has a  
11 contractual relationship with the corporation or who is under  
12 consideration for a contract. An employee or board member who  
13 fails to comply with subparagraph 3. or this subparagraph is  
14 subject to penalties provided under ss. 112.317 and 112.3173.

15 5. Any senior manager of the corporation who is  
16 employed on or after January 1, 2007, regardless of the date  
17 of hire, who subsequently retires or terminates employment is  
18 prohibited from representing another person or entity before  
19 the corporation for 2 years after retirement or termination of  
20 employment from the corporation.

21 6. Any senior manager ~~employee~~ of the corporation who  
22 is employed on or after January 1, 2007, regardless of the  
23 date of hire, who subsequently retires or terminates  
24 employment is prohibited from having any employment or  
25 contractual relationship for 2 years with an insurer that has  
26 entered into ~~received~~ a take-out bonus agreement with ~~from~~ the  
27 corporation.

28 (j)1. The corporation shall establish and maintain a  
29 unit or division to investigate possible fraudulent claims by  
30 insureds or by persons making claims for services or repairs  
31 against policies held by insureds; or it may contract with



1 others to investigate possible fraudulent claims for services  
2 or repairs against policies held by the corporation pursuant  
3 to s. 626.9891. The corporation must comply with reporting  
4 requirements of s. 626.9891. An employee of the corporation  
5 shall notify the corporation's Office of the Internal Auditor  
6 and the Division of Insurance Fraud within 48 hours after  
7 having information that would lead a reasonable person to  
8 suspect that fraud may have been committed by any employee of  
9 the corporation.

10 2. The corporation shall establish a unit or division  
11 responsible for receiving and responding to consumer  
12 complaints, which unit or division is the sole responsibility  
13 of a senior manager of the corporation.

14 (m)1. Rates for coverage provided by the corporation  
15 shall be actuarially sound and subject to the requirements of  
16 s. 627.062, except as otherwise provided in this paragraph.  
17 The corporation shall file its recommended rates with the  
18 office at least annually. The corporation shall provide any  
19 additional information regarding the rates which the office  
20 requires. The office shall consider the recommendations of the  
21 board and issue a final order establishing the rates for the  
22 corporation within 45 days after the recommended rates are  
23 filed. The corporation may not pursue an administrative  
24 challenge or judicial review of the final order of the office.

25 2. In addition to the rates otherwise determined  
26 pursuant to this paragraph, the corporation shall impose and  
27 collect an amount equal to the premium tax provided for in s.  
28 624.509 to augment the financial resources of the corporation.

29 3. After the public hurricane loss-projection model  
30 under s. 627.06281 has been found to be accurate and reliable  
31 by the Florida Commission on Hurricane Loss Projection

1 Methodology, that model shall serve as the minimum benchmark  
2 for determining the windstorm portion of the corporation's  
3 rates. This subparagraph does not require or allow the  
4 corporation to adopt rates lower than the rates otherwise  
5 required or allowed by this paragraph.

6 4. The rate filings for the corporation which were  
7 approved by the office and which took effect January 1, 2007,  
8 are rescinded, except for those rates that were lowered. As  
9 soon as possible, the corporation shall begin using the lower  
10 rates that were in effect on December 31, 2006, and shall  
11 provide refunds to policyholders who have paid higher rates as  
12 a result of that rate filing. The rates in effect on December  
13 31, 2006, shall remain in effect for the 2007 and 2008  
14 calendar years ~~year~~ except for any rate change that results in  
15 a lower rate. The next rate change that may increase rates  
16 shall take effect January 1, 2009 ~~2008~~, pursuant to a new rate  
17 filing recommended by the corporation and established by the  
18 office, subject to the requirements of this paragraph.

19 (r)1. There shall be no liability on the part of, and  
20 no cause of action of any nature shall arise against, any  
21 assessable insurer or its agents or employees, the corporation  
22 or its agents or employees, members of the board of governors  
23 or their respective designees at a board meeting, corporation  
24 committee members, or the office or its representatives, for  
25 any action taken by them in the performance of their duties or  
26 responsibilities under this subsection. Such immunity does not  
27 apply to:

28 a.1 Any of the foregoing persons or entities for any  
29 willful tort;  
30  
31

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

4           ~~c.3.~~ The corporation with respect to issuance or  
5 payment of debt; ~~or~~

6           ~~d.4.~~ Any assessable insurer with respect to any action  
7 to enforce an assessable insurer's obligations to the  
8 corporation under this subsection; ~~or~~

9           e. The corporation in any pending or future action for  
10 breach of contract or for benefits under a policy issued by  
11 the corporation; in any such action, the corporation shall be  
12 liable to the policyholders and beneficiaries for attorney's  
13 fees under s. 627.428.

14           2. The corporation shall manage its claim employees,  
15 independent adjusters, and others who handle claims to ensure  
16 they carry out the corporation's duty to its policyholders to  
17 handle claims carefully, timely, diligently, and in good  
18 faith, balanced against the corporation's duty to the state to  
19 manage its assets responsibly to minimize its assessment  
20 potential.

21           (ff) The office may establish a pilot program to offer  
22 optional sinkhole coverage in one or more counties or other  
23 territories of the corporation for the purpose of implementing  
24 s. 627.706, as amended by s. 30 of chapter 2007-1, Laws of  
25 Florida. Under the pilot program, the corporation is not  
26 required to issue a notice of nonrenewal to exclude sinkhole  
27 coverage upon the renewal of existing policies, but may  
28 exclude such coverage using a notice of coverage change.

29           Section 12. Subsection (4) of section 627.3511,  
30 Florida Statutes, is amended to read:

31

1           627.3511 Depopulation of Citizens Property Insurance  
2 Corporation.--

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

8           (a) Pay to the producing agent of record of the  
9 association policy, for the first year, an amount that is the  
10 greater of the insurer's usual and customary commission for  
11 the type of policy written or a fee equal to the usual and  
12 customary commission of the corporation; or

13           (b) Offer to allow the producing agent of record of  
14 the corporation policy to continue servicing the policy for a  
15 period of not less than 1 year and offer to pay the agent the  
16 greater of the insurer's or the corporation's usual and  
17 customary commission for the type of policy written.

18  
19 If the producing agent is unwilling or unable to accept  
20 appointment, the new insurer shall pay the agent in accordance  
21 with paragraph (a). The requirement of this subsection that  
22 the producing agent of record is entitled to retain the  
23 unearned commission on an association policy does not apply to  
24 a policy for which coverage has been provided in the  
25 association for 30 days or less or for which a cancellation  
26 notice has been issued pursuant to s. 627.351(6)(c)~~10.11~~.  
27 during the first 30 days of coverage.

28           Section 13. Paragraph (a) of subsection (3) of section  
29 627.3515, Florida Statutes, as amended by chapter 2007-1, Laws  
30 of Florida, is amended to read:

31

1           627.3515 Market assistance plan; property and casualty  
2 risks.--

3           (3)(a) The plan and the corporation shall develop a  
4 business plan and present it to the Financial Services  
5 Commission for approval by September 1, 2007, to provide for  
6 the implementation of an electronic database for the purpose  
7 of confirming eligibility pursuant to s. 627.351(6). The  
8 business plan may provide that authorized insurers or agents  
9 of authorized insurers may submit to the plan or the  
10 corporation in electronic form, as determined by the plan or  
11 the corporation, information determined necessary by the plan  
12 or the corporation to deny coverage to risks ineligible for  
13 coverage by the corporation. Any authorized insurer submitting  
14 such information that results in a risk being denied coverage  
15 by the corporation is required to offer coverage to the risk  
16 at its approved rates, for the coverage and premium quoted,  
17 for at least 1 year.

18           Section 14. Section 627.3517, Florida Statutes, is  
19 amended to read:

20           627.3517 Consumer choice.--

21           ~~(1) Except as provided in subsection (2),~~ No provision  
22 of s. 627.351, s. 627.3511, or s. 627.3515 shall be construed  
23 to impair the right of any insurance risk apportionment plan  
24 policyholder, upon receipt of any keepout or take-out offer,  
25 to retain his or her current agent, so long as that agent is  
26 duly licensed and appointed by the insurance risk  
27 apportionment plan or otherwise authorized to place business  
28 with the insurance risk apportionment plan. This right shall  
29 not be canceled, suspended, impeded, abridged, or otherwise  
30 compromised by any rule, plan of operation, or depopulation  
31 plan, whether through keepout, take-out, midterm assumption,

1 or any other means, of any insurance risk apportionment plan  
2 or depopulation plan, including, but not limited to, those  
3 described in s. 627.351, s. 627.3511, or s. 627.3515. The  
4 commission shall adopt any rules necessary to cause any  
5 insurance risk apportionment plan or market assistance plan  
6 under such sections to demonstrate that the operations of the  
7 plan do not interfere with, promote, or allow interference  
8 with the rights created under this section. If the  
9 policyholder's current agent is unable or unwilling to be  
10 appointed with the insurer making the take-out or keepout  
11 offer, the policyholder shall not be disqualified from  
12 participation in the appropriate insurance risk apportionment  
13 plan because of an offer of coverage in the voluntary market.  
14 An offer of full property insurance coverage by the insurer  
15 currently insuring either the ex-wind or wind-only coverage on  
16 the policy to which the offer applies shall not be considered  
17 a take-out or keepout offer. Any rule, plan of operation, or  
18 plan of depopulation, through keepout, take-out, midterm  
19 assumption, or any other means, of any property insurance risk  
20 apportionment plan under s. 627.351(2) or (6) is subject to  
21 ss. 627.351(2)(b) and (6)(c) and 627.3511(4).

22 ~~(2) This section does not apply during the first 10~~  
23 ~~days after a new application for coverage has been submitted~~  
24 ~~to Citizens Property Insurance Corporation under s.~~  
25 ~~627.351(6), whether or not coverage is bound during this~~  
26 ~~period.~~

27 Section 15. Subsection (1) of section 627.4035,  
28 Florida Statutes, as amended by chapter 2007-1, Laws of  
29 Florida, is amended to read:

30 627.4035 Cash payment of premiums; claims.--

31

1           (1) The premiums for insurance contracts issued in  
2 this state or covering risk located in this state shall be  
3 paid in cash consisting of coins, currency, checks, or money  
4 orders or by using a debit card, credit card, automatic  
5 electronic funds transfer, or payroll deduction plan. By July  
6 1, 2007, insurers issuing personal lines residential and  
7 commercial property policies shall provide a premium payment  
8 plan option to their policyholders which allows for a minimum  
9 of quarterly and semiannual payment of premiums. Insurers may,  
10 but are not required to, offer monthly payment plans. Insurers  
11 issuing such policies must submit their premium payment plan  
12 option to the office for approval before use.

13           Section 16. Paragraph (b) of subsection (2) of section  
14 627.4133, Florida Statutes, is amended, and subsection (7) is  
15 added to that section, to read:

16           627.4133 Notice of cancellation, nonrenewal, or  
17 renewal premium.--

18           (2) With respect to any personal lines or commercial  
19 residential property insurance policy, including, but not  
20 limited to, any homeowner's, mobile home owner's, farmowner's,  
21 condominium association, condominium unit owner's, apartment  
22 building, or other policy covering a residential structure or  
23 its contents:

24           (b) The insurer shall give the named insured written  
25 notice of nonrenewal, cancellation, or termination at least  
26 100 days prior to the effective date of the nonrenewal,  
27 cancellation, or termination. However, the insurer shall give  
28 at least 100 days' written notice, or written notice by June  
29 1, whichever is earlier, for any nonrenewal, cancellation, or  
30 termination that would be effective between June 1 and  
31

1 November 30. The notice must include the reason or reasons for  
2 the nonrenewal, cancellation, or termination, except that:

3         1. When cancellation is for nonpayment of premium, at  
4 least 10 days' written notice of cancellation accompanied by  
5 the reason therefor shall be given. As used in this  
6 subparagraph, the term "nonpayment of premium" means failure  
7 of the named insured to discharge when due any of her or his  
8 obligations in connection with the payment of premiums on a  
9 policy or any installment of such premium, whether the premium  
10 is payable directly to the insurer or its agent or indirectly  
11 under any premium finance plan or extension of credit, or  
12 failure to maintain membership in an organization if such  
13 membership is a condition precedent to insurance coverage.

14 "Nonpayment of premium" also means the failure of a financial  
15 institution to honor an insurance applicant's check after  
16 delivery to a licensed agent for payment of a premium, even if  
17 the agent has previously delivered or transferred the premium  
18 to the insurer. If a dishonored check represents the initial  
19 premium payment, the contract and all contractual obligations  
20 shall be void ab initio unless the nonpayment is cured within  
21 the earlier of 5 days after actual notice by certified mail is  
22 received by the applicant or 15 days after notice is sent to  
23 the applicant by certified mail or registered mail, and if the  
24 contract is void, any premium received by the insurer from a  
25 third party shall be refunded to that party in full.

26         2. When such cancellation or termination occurs during  
27 the first 90 days during which the insurance is in force and  
28 the insurance is canceled or terminated for reasons other than  
29 nonpayment of premium, at least 20 days' written notice of  
30 cancellation or termination accompanied by the reason therefor  
31 shall be given except where there has been a material



1 misstatement or misrepresentation or failure to comply with  
2 the underwriting requirements established by the insurer.

3 3. The requirement for providing written notice of  
4 nonrenewal by June 1 of any nonrenewal that would be effective  
5 between June 1 and November 30 does not apply to the following  
6 situations, but the insurer remains subject to the requirement  
7 to provide such notice at least 100 days prior to the  
8 effective date of nonrenewal:

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

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

17  
18 After the policy has been in effect for 90 days, the policy  
19 shall not be canceled by the insurer except when there has  
20 been a material misstatement, a nonpayment of premium, a  
21 failure to comply with underwriting requirements established  
22 by the insurer within 90 days of the date of effectuation of  
23 coverage, or a substantial change in the risk covered by the  
24 policy or when the cancellation is for all insureds under such  
25 policies for a given class of insureds. This paragraph does  
26 not apply to individually rated risks having a policy term of  
27 less than 90 days.

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

31

1           1. The dollar amounts recouped for assessments by the  
2 Florida Hurricane Catastrophe Fund, the Citizens Property  
3 Insurance Corporation, and the Florida Insurance Guaranty  
4 Association. The actual names of the entities must appear next  
5 to the dollar amounts.

6           2. The dollar amount of any premium increase that is  
7 due to an approved rate increase and the total dollar amount  
8 that is due to coverage changes.

9           (b) The Financial Services Commission may adopt rules  
10 pursuant to ss. 120.536(1) and 120.54 to implement this  
11 subsection.

12           Section 17. Paragraphs (a) and (c) of subsection (3)  
13 and paragraph (d) of subsection (4) of section 627.701,  
14 Florida Statutes, as amended by chapter 2007-1, Laws of  
15 Florida, are amended to read:

16           627.701 Liability of insureds; coinsurance;  
17 deductibles.--

18           (3)(a) Except as otherwise provided in this  
19 subsection, prior to issuing a personal lines residential  
20 property insurance policy, the insurer must offer alternative  
21 deductible amounts applicable to hurricane losses equal to  
22 \$500, 2 percent, 5 percent, and 10 percent of the policy  
23 dwelling limits, unless the specific percentage deductible is  
24 less than \$500. The written notice of the offer shall specify  
25 the hurricane ~~or wind~~ deductible to be applied in the event  
26 that the applicant or policyholder fails to affirmatively  
27 choose a hurricane deductible. The insurer must provide such  
28 policyholder with notice of the availability of the deductible  
29 amounts specified in this paragraph in a form approved by the  
30 office in conjunction with each renewal of the policy. The  
31 failure to provide such notice constitutes a violation of this

1 code but does not affect the coverage provided under the  
2 policy.

3 (c) With respect to a policy covering a risk with  
4 dwelling limits of at least \$100,000, but less than \$250,000,  
5 the insurer may, in lieu of offering a policy with a \$500  
6 hurricane ~~or wind~~ deductible as required by paragraph (a),  
7 offer a policy that the insurer guarantees it will not  
8 nonrenew for reasons of reducing hurricane loss for one  
9 renewal period and that contains up to a 2 percent hurricane  
10 ~~or wind~~ deductible as required by paragraph (a).

11 (4)

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

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

24 b. If the structure insured by the policy is subject  
25 to a mortgage or lien, the policyholder must provide the  
26 insurer with a written statement from the mortgageholder or  
27 lienholder indicating that the mortgageholder or lienholder  
28 approves the policyholder electing to have the specified  
29 deductible.

30 2. A deductible subject to the requirements of this  
31 paragraph applies for the term of the policy and for each

1 renewal ~~thereafter unless the policyholder elects otherwise.~~  
2 Changes to the deductible percentage may be implemented only  
3 as of the date of renewal.

4           3. An insurer shall keep the original copy of the  
5 signed statement required by this paragraph, electronically or  
6 otherwise, and provide a copy to the policyholder providing  
7 the signed statement. A signed statement meeting the  
8 requirements of this paragraph creates a presumption that  
9 there was an informed, knowing election of coverage.

10           4. The commission shall adopt rules providing  
11 appropriate alternative methods for providing the statements  
12 required by this section for policyholders who have a  
13 handicapping or disabling condition that prevents them from  
14 providing a handwritten statement.

15           Section 18. Subsection (5) of section 627.70131,  
16 Florida Statutes, as amended by chapter 2007-1, Laws of  
17 Florida, is amended to read:

18           627.70131 Insurer's duty to acknowledge communications  
19 regarding claims; investigation.--

20           (5)(a) Within 90 days after an insurer receives notice  
21 of a property insurance claim from a policyholder, the insurer  
22 shall pay or deny such claim or a portion of the claim unless  
23 the failure to pay such claim or a portion of the claim is  
24 caused by factors beyond the control of the insurer which  
25 reasonably prevent such payment. Any payment of a claim or  
26 portion of a claim paid 90 days after the insurer receives  
27 notice of the claim, or paid more than 15 days after there are  
28 no longer factors beyond the control of the insurer which  
29 reasonably prevented such payment, whichever is later, shall  
30 bear interest at the rate set forth in s. 55.03. Interest  
31 begins to accrue from the date the insurer receives notice of

1 the claim. The provisions of this subsection may not be  
 2 waived, voided, or nullified by the terms of the insurance  
 3 policy. If there is a right to prejudgment interest, the  
 4 insured shall select whether to receive prejudgment interest  
 5 or interest under this subsection. Interest is payable when  
 6 the claim or portion of the claim is paid. Failure to comply  
 7 with this subsection constitutes a violation of this code.  
 8 However, failure to comply with this subsection shall not form  
 9 the sole basis for a private cause of action.

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

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

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

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

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

23 Section 19. Subsections (1), (2), (3), (4), and (5) of  
 24 section 627.712, Florida Statutes, as created by chapter  
 25 2007-1, Laws of Florida, are amended to read:

26 627.712 Residential windstorm ~~hurricane~~ coverage  
 27 required; availability of exclusions for windstorm or  
 28 contents.--

29 (1) An insurer issuing a residential property  
 30 insurance policy must provide ~~hurricane~~ or windstorm coverage  
 31 ~~as defined in s. 627.4025~~. This subsection does not apply with

1 respect to risks that are eligible for wind-only coverage from  
 2 Citizens Property Insurance Corporation under s. 627.351(6).

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

7 (a) 1. When the policyholder is a natural person, the  
 8 policyholder personally writes and provides to the insurer the  
 9 following statement in his or her own handwriting and signs  
 10 his or her name, which must also be signed by every other  
 11 named insured on the policy, and dated: "I do not want the  
 12 insurance on my (home/mobile home/condominium unit) to pay for  
 13 damage from windstorms or hurricanes. I will pay those costs.  
 14 My insurance will not."

15 2. When the policyholder is other than a natural  
 16 person, the policyholder provides to the insurer on the  
 17 policyholder's letterhead the following statement that must be  
 18 signed by the policyholder's authorized representative and  
 19 dated: "(Name of entity) does not want the insurance on its  
 20 (type of structure) to pay for damage from windstorms. (Name  
 21 of entity) will be responsible for these costs. (Name of  
 22 entity)'s insurance will not."

23 (b) If the structure insured by the policy is subject  
 24 to a mortgage or lien, the policyholder must provide the  
 25 insurer with a written statement from the mortgageholder or  
 26 lienholder indicating that the mortgageholder or lienholder  
 27 approves the policyholder electing to exclude windstorm  
 28 coverage or hurricane coverage from his or her or its  
 29 ~~residential~~ property insurance policy.

30 (3) An insurer issuing a residential property  
 31 insurance policy, except for a condominium unit owner's policy

1 or a tenant's policy, must make available, at the option of  
 2 the policyholder, an exclusion of coverage for the contents.  
 3 The coverage may be excluded only if the policyholder  
 4 personally writes and provides to the insurer the following  
 5 statement in his or her own handwriting and signs his or her  
 6 signature, which must also be signed by every other named  
 7 insured on the policy, and dated: "I do not want the insurance  
 8 on my (home/mobile home) to pay for the costs to repair or  
 9 replace any contents that are damaged. I will pay those costs.  
 10 My insurance will not."

11 (4) An insurer shall keep the original copy of a  
 12 signed statement required by this section, electronically or  
 13 otherwise, and provide a copy to the policyholder providing  
 14 the signed statement. A signed statement meeting the  
 15 requirements of this section creates a presumption that there  
 16 was an informed, knowing rejection of coverage.

17 (5) The exclusions authorized by this section apply  
 18 for the term of the policy and for each renewal thereafter.  
 19 Changes to the exclusions authorized by this section may be  
 20 implemented only as of the date of renewal. The exclusions  
 21 authorized by this section are valid for the term of the  
 22 contract and for each renewal unless the policyholder elects  
 23 otherwise.

24 Section 20. Subsections (4) and (5) of section  
 25 627.7277, Florida Statutes, as amended by chapter 2007-1, Laws  
 26 of Florida, are amended to read:

27 627.7277 Notice of renewal premium.--

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

29 ~~(a) The dollar amounts recouped for assessments by the~~  
 30 ~~Florida Hurricane Catastrophe Fund, the Citizens Property~~  
 31 ~~Insurance Corporation, and the Florida Insurance Guaranty~~

1 ~~Association. The actual names of the entities must appear next~~  
 2 ~~to the dollar amounts.~~

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

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

9 Section 21. Subsection (11) of section 631.52, Florida  
 10 Statutes, is amended to read:

11 631.52 Scope.--This part shall apply to all kinds of  
 12 direct insurance, except:

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

15 Section 22. Paragraph (e) of subsection (3) of section  
 16 631.57, Florida Statutes, as amended by chapter 2007-1, Laws  
 17 of Florida, is amended to read:

18 631.57 Powers and duties of the association.--

19 (3)

20 (e)1.a. In addition to assessments otherwise  
 21 authorized in paragraph (a) and to the extent necessary to  
 22 secure the funds for the account specified in s. 631.55(2)(c)  
 23 for the direct payment of covered claims of insurers rendered  
 24 insolvent by the effects of a hurricane ~~homeowners' insurers~~  
 25 and to pay the reasonable costs to administer such claims, or  
 26 to retire indebtedness, including, without limitation, the  
 27 principal, redemption premium, if any, and interest on, and  
 28 related costs of issuance of, bonds issued under s. 631.695  
 29 and the funding of any reserves and other payments required  
 30 under the bond resolution or trust indenture pursuant to which  
 31 such bonds have been issued, the office, upon certification of



1 the board of directors, shall levy emergency assessments upon  
2 insurers holding a certificate of authority. The emergency  
3 assessments payable under this paragraph by any insurer shall  
4 not exceed in any single year more than 2 percent of that  
5 insurer's direct written premiums, net of refunds, in this  
6 state during the preceding calendar year for the kinds of  
7 insurance within the account specified in s. 631.55(2)(c).

8       b. Any emergency assessments authorized under this  
9 paragraph shall be levied by the office upon insurers referred  
10 to in sub-subparagraph a., upon certification as to the need  
11 for such assessments by the board of directors. In the event  
12 the board of directors participates in the issuance of bonds  
13 in accordance with s. 631.695, emergency assessments shall be  
14 levied in each year that bonds issued under s. 631.695 and  
15 secured by such emergency assessments are outstanding, in such  
16 amounts up to such 2-percent limit as required in order to  
17 provide for the full and timely payment of the principal of,  
18 redemption premium, if any, and interest on, and related costs  
19 of issuance of, such bonds. The emergency assessments provided  
20 for in this paragraph are assigned and pledged to the  
21 municipality, county, or legal entity issuing bonds under s.  
22 631.695 for the benefit of the holders of such bonds, in order  
23 to enable such municipality, county, or legal entity to  
24 provide for the payment of the principal of, redemption  
25 premium, if any, and interest on such bonds, the cost of  
26 issuance of such bonds, and the funding of any reserves and  
27 other payments required under the bond resolution or trust  
28 indenture pursuant to which such bonds have been issued,  
29 without the necessity of any further action by the  
30 association, the office, or any other party. To the extent  
31 bonds are issued under s. 631.695 and the association

1 determines to secure such bonds by a pledge of revenues  
2 received from the emergency assessments, such bonds, upon such  
3 pledge of revenues, shall be secured by and payable from the  
4 proceeds of such emergency assessments, and the proceeds of  
5 emergency assessments levied under this paragraph shall be  
6 remitted directly to and administered by the trustee or  
7 custodian appointed for such bonds.

8 c. Emergency assessments under this paragraph may be  
9 payable in a single payment or, at the option of the  
10 association, may be payable in 12 monthly installments with  
11 the first installment being due and payable at the end of the  
12 month after an emergency assessment is levied and subsequent  
13 installments being due not later than the end of each  
14 succeeding month.

15 d. If emergency assessments are imposed, the report  
16 required by s. 631.695(7) shall include an analysis of the  
17 revenues generated from the emergency assessments imposed  
18 under this paragraph.

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

23 2. In order to ensure that insurers paying emergency  
24 assessments levied under this paragraph continue to charge  
25 rates that are neither inadequate nor excessive, within 90  
26 days after being notified of such assessments, each insurer  
27 that is to be assessed pursuant to this paragraph shall submit  
28 a rate filing for coverage included within the account  
29 specified in s. 631.55(2)(c) and for which rates are required  
30 to be filed under s. 627.062. If the filing reflects a rate  
31 change that, as a percentage, is equal to the difference

1 between the rate of such assessment and the rate of the  
2 previous year's assessment under this paragraph, the filing  
3 shall consist of a certification so stating and shall be  
4 deemed approved when made. Any rate change of a different  
5 percentage shall be subject to the standards and procedures of  
6 s. 627.062.

7           3. In the event the board of directors participates in  
8 the issuance of bonds in accordance with s. 631.695, an annual  
9 assessment under this paragraph shall continue while the bonds  
10 issued with respect to which the assessment was imposed are  
11 outstanding, including any bonds the proceeds of which were  
12 used to refund bonds issued pursuant to s. 631.695, unless  
13 adequate provision has been made for the payment of the bonds  
14 in the documents authorizing the issuance of such bonds.

15           4. Emergency assessments under this paragraph are not  
16 premium and are not subject to the premium tax, to any fees,  
17 or to any commissions. An insurer is liable for all emergency  
18 assessments that the insurer collects and shall treat the  
19 failure of an insured to pay an emergency assessment as a  
20 failure to pay the premium. An insurer is not liable for  
21 uncollectible emergency assessments.

22           Section 23. Paragraphs (g), (h), and (i) of subsection  
23 (1) and subsections (2) and (6) of section 631.695, Florida  
24 Statutes, are amended to read:

25           631.695 Revenue bond issuance through counties or  
26 municipalities.--

27           (1) The Legislature finds:

28           (g) To achieve the foregoing purposes, it is proper to  
29 authorize municipalities and counties of this state  
30 ~~substantially affected by the landfall of a hurricane~~ to issue  
31 bonds to assist the Florida Insurance Guaranty Association in

1 expediting the handling and payment of covered claims of  
2 insolvent insurers.

3 (h) In order to avoid the needless and indiscriminate  
4 proliferation, duplication, and fragmentation of such  
5 assistance programs, it is in the best interests of the  
6 residents of this state to authorize municipalities and  
7 counties ~~severely affected by a hurricane~~ to provide for the  
8 payment of covered claims beyond their territorial limits in  
9 the implementation of such programs.

10 (i) It is a paramount public purpose for  
11 municipalities and counties ~~substantially affected by the~~  
12 ~~landfall of a hurricane~~ to be able to issue bonds for the  
13 purposes described in this section. Such issuance shall  
14 provide assistance to residents of those municipalities and  
15 counties as well as to other residents of this state.

16 (2) The governing body of any municipality or county<sup>7</sup>  
17 ~~the residents of which have been substantially affected by a~~  
18 ~~hurricane~~, may issue bonds to fund an assistance program in  
19 conjunction with, and with the consent of, the Florida  
20 Insurance Guaranty Association for the purpose of paying  
21 claimants' or policyholders' covered claims, as defined in s.  
22 631.54, arising through the insolvency of an insurer, which  
23 insolvency is determined by the Florida Insurance Guaranty  
24 Association to have been a result of a hurricane, regardless  
25 of whether the claimants or policyholders are residents of  
26 such municipality or county or the property to which the claim  
27 relates is located within or outside the territorial  
28 jurisdiction of the municipality or county. The power of a  
29 municipality or county to issue bonds, as described in this  
30 section, is in addition to any powers granted by law and may  
31 not be abrogated or restricted by any provisions in such

1 municipality's or county's charter. A municipality or county  
 2 issuing bonds for this purpose shall enter into such contracts  
 3 with the Florida Insurance Guaranty Association or any entity  
 4 acting on behalf of the Florida Insurance Guaranty Association  
 5 as are necessary to implement the assistance program. Any  
 6 bonds issued by a municipality or county or a combination  
 7 thereof under this subsection shall be payable from and  
 8 secured by moneys received by or on behalf of the municipality  
 9 or county from assessments levied under s. 631.57(3)(a) and  
 10 assigned and pledged to or on behalf of the municipality or  
 11 county for the benefit of the holders of the bonds in  
 12 connection with the assistance program. The funds, credit,  
 13 property, and taxing power of the state or any municipality or  
 14 county shall not be pledged for the payment of such bonds.

15 (6) Two or more municipalities or counties, ~~the~~  
 16 ~~residents of which have been substantially affected by a~~  
 17 ~~hurricane~~, may create a legal entity pursuant to s.  
 18 163.01(7)(g) to exercise the powers described in this section  
 19 as well as those powers granted in s. 163.01(7)(g). References  
 20 in this section to a municipality or county includes such  
 21 legal entity.

22 Section 24. Section 1004.647, Florida Statutes, is  
 23 created to read:

24 1004.647 Florida Catastrophic Storm Risk Management  
 25 Center.--The Florida Catastrophic Storm Risk Management  
 26 Center is created at the Florida State University, College of  
 27 Business, Department of Risk Management. The purpose of the  
 28 center is to promote and disseminate research on issues  
 29 related to catastrophic storm loss and to assist in  
 30 identifying and developing education and research grant  
 31 funding opportunities among higher education institutions in

1 this state and the private sector. The purpose of the  
 2 activities of the center is to support the state's ability to  
 3 prepare for, respond to, and recover from catastrophic storms.

4 The center shall:

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

8 (2) Coordinate and disseminate information related to  
 9 catastrophic storm risk management, including, but not limited  
 10 to, research and information that would benefit businesses,  
 11 consumers, and public policy makers. Areas of interest may  
 12 include storm forecasting, loss modeling, building  
 13 construction and mitigation, and risk management strategies.

14 Through its efforts, the center shall facilitate Florida's  
 15 preparedness for and responsiveness to catastrophic storms and  
 16 collaborate with other public and private institutions.

17 (3) Create and promote studies that enhance the  
 18 educational options available to risk management and insurance  
 19 students.

20 (4) Publish and disseminate findings.

21 (5) Organize and sponsor conferences, symposia, and  
 22 workshops to educate consumers and policymakers.

23 Section 25. Effective December 31, 2008, and  
 24 notwithstanding any other provision of law:

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

30 (2) The rate filings of any insurer domiciled in this  
 31 state that is a wholly owned subsidiary of an insurer

1 authorized to do business in any other state shall include  
2 information relating to the profits of the parent company of  
3 the insurer domiciled in this state.

4 Section 26. (1) Notwithstanding section 9 of chapter  
5 2007-1, Laws of Florida, the internal design option provided  
6 in Section 1609.1.4.1, Florida Building Code, Building Volume,  
7 and Section R301.2.1.2, Florida Building Code, Residential  
8 Volume, shall remain in effect until June 1, 2007, for a  
9 building permit application made before that date.

10 (2) Subsection (1) shall take effect upon becoming a  
11 law and shall apply retroactively to January 25, 2007.  
12 Subsection (1) applies to any action taken with respect to a  
13 building permit affected by section 9 of chapter 2007-1, Laws  
14 of Florida, including any actions, legal or ministerial,  
15 pertaining to the issuance, revocation, or modifications of  
16 any building permit initiated or issued before, on, or after  
17 January 25, 2007, or pending as of January 25, 2007.

18 (3) If the retroactivity of any provision of  
19 subsection (1) or its retroactive application to any person or  
20 circumstance is held invalid, the invalidity shall not affect  
21 the retroactivity or retroactive application of other  
22 provisions of subsection (1).

23 Section 27. (1) The Citizens Property Insurance  
24 Corporation Mission Review Task Force is created to analyze  
25 and compile available data and to develop a report setting  
26 forth the statutory and operational changes needed to return  
27 Citizens Property Insurance Corporation to its former role as  
28 a state-created, noncompetitive residual market mechanism that  
29 provides property insurance coverage to risks that are  
30 otherwise entitled but unable to obtain such coverage in the  
31 private insurance market. The task force shall submit a report

1 to the Governor, the President of the Senate, and the Speaker  
2 of the House of Representatives by January 31, 2008. At a  
3 minimum, the task force shall analyze and evaluate relevant  
4 and applicable information and data and develop  
5 recommendations concerning:

6 (a) The nature of Citizens Property Insurance  
7 Corporation's role in providing property insurance coverage  
8 when and only if such coverage is not available from private  
9 insurers.

10 (b) The ability of the admitted market to offer  
11 policies to those consumers formerly insured through Citizens  
12 Property Insurance Corporation. This consideration shall  
13 include, but not be limited to, the availability of private  
14 market reinsurance and coverage through the Florida Hurricane  
15 Catastrophe Fund, the general adequacy of the admitted  
16 market's current rates, and the capacity of the industry to  
17 offer policies to former Citizens Property Insurance  
18 Corporation policyholders within existing writing ratio  
19 limitations.

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

24 (d) The relationships between the exposure of Citizens  
25 Property Insurance Corporation to catastrophic hurricane  
26 losses, the corporation's history of purchasing inadequate or  
27 no reinsurance coverage, and the corporation's lack of  
28 adequate capital to meet its potential claim obligations  
29 without incurring large deficits.

30 (e) The adverse effects on the people and the economy  
31 of this state of the large, multiyear deficit assessments by



1 Citizens Property Insurance Corporation that may be levied on  
2 businesses and households in this state, and steps that can be  
3 taken to reduce those effects.

4 (f) The operational implications of the variation in  
5 the number of policies in force over time in Citizens Property  
6 Insurance Corporation and the merits of outsourcing some or  
7 all of its operational responsibilities.

8 (g) Changes in the mission and operations of Citizens  
9 Property Insurance Corporation to reduce or eliminate any  
10 adverse effect such mission and operations may be having on  
11 the promotion of sound and economic growth and development of  
12 the coastal areas of this state.

13 (2) The task force shall be composed of 19 members as  
14 follows:

15 (a) Three members appointed by the Speaker of the  
16 House of Representatives.

17 (b) Three members appointed by the President of the  
18 Senate.

19 (c) Four members appointed by the Governor who are not  
20 employed by or professionally affiliated with an insurance  
21 company or a subsidiary of an insurance company, at least two  
22 of whom must be a consumer advocate or a member of a consumer  
23 advocacy organization or agency.

24 (d) Nine members appointed as representatives of  
25 private insurance companies as follows:

26 1. Two members representing two separate insurance  
27 companies in this state that each provide at least 300,000  
28 property insurance policies statewide at the time of the  
29 creation of the task force.

30 2. Two members representing two separate insurance  
31 companies in this state that each provide at least 100,000 but

1 no more than 299,000 property insurance policies statewide at  
2 the time of the creation of the task force.

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

7 4. Three members appointed by the Chief Financial  
8 Officer representing insurance agents in this state, at least  
9 one of whom represents the largest property and casualty  
10 insurance agent's association in this state.

11  
12 Of each pair of members appointed under subparagraphs 1., 2.,  
13 and 3., one shall be appointed by the President of the Senate  
14 and one by the Speaker of the House of Representatives.

15 (3) The task force shall conduct research, hold public  
16 meetings, receive testimony, employ consultants and  
17 administrative staff, and undertake other activities  
18 determined by its members to be necessary to complete its  
19 responsibilities. Citizens Property Insurance Corporation  
20 shall have appropriate senior staff attend task force  
21 meetings, shall respond to requests for testimony and data by  
22 the task force, and shall otherwise cooperate with the task  
23 force.

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

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

30 (6) The appointments to the task force must be  
31 completed within 30 calendar days after the effective date of

1 this act, and the task force must hold its initial meeting  
2 within 1 month after appointment of all members. The task  
3 force shall expire no later than 60 calendar days after  
4 submission of the report required in subsection (1).

5 (7) The Department of Financial Services and other  
6 agencies of this state shall supply any information,  
7 assistance, and facilities that are considered necessary to  
8 the task force to carry out its duties under this section. The  
9 department shall provide staff assistance as necessary in  
10 order to carry out the required clerical and administrative  
11 functions of the task force.

12 Section 28. For the 2007-2008 fiscal year, the  
13 nonrecurring sum of \$600,000 is appropriated from the  
14 Insurance Regulatory Trust Fund to the Department of Financial  
15 Services for the purposes set forth in this act relating to  
16 the Citizens Property Insurance Corporation Mission Review  
17 Task Force.

18 Section 29. Except as otherwise expressly provided in  
19 this act, this act shall take effect upon becoming a law.

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