

1
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)(~~c~~), 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~~

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.

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 ~~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:

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:

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:

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,
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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