

By Senator Deutch

30-1231-07

See HB 949

1 A bill to be entitled

2 An act relating to property insurance;

3 authorizing the State Board of Administration

4 to sell reinsurance to private insurance

5 companies taking insurance policies from

6 Citizens Property Insurance Corporation under

7 certain circumstances; providing for a discount

8 to policyholders of Citizens Property Insurance

9 Corporation; authorizing the State Board of

10 Administration to offer discounted reinsurance

11 rates to private insurance companies under

12 certain circumstances; authorizing the State

13 Board of Administration to determine the number

14 of policies taken from Citizens Property

15 Insurance Corporation to get discounted

16 reinsurance; providing requirements for private

17 insurance companies to get a discounted

18 reinsurance rate; providing an effective date.

19

20 WHEREAS, in the 2007A Special Session, the Legislature

21 enacted HB 1A, which will result in only modest rate

22 reductions for Citizens Property Insurance Corporation's

23 customers on a short-term, nonpermanent basis, and the

24 corporation was not relieved of its overly large population,

25 and

26 WHEREAS, more reforms must be enacted using market

27 forces by providing incentives to private carriers to offer

28 affordable insurance to the corporation's customers in return

29 for inexpensive reinsurance from the state, so that the

30 corporation would return to being an insurance company of last

31 resort, NOW, THEREFORE,

1 Be It Enacted by the Legislature of the State of Florida:

2
3 Section 1. (1) The State Board of Administration may
4 sell reinsurance below the \$6 billion retention level in the
5 Florida Hurricane Catastrophe Fund within the range of 30 to
6 60 percent online to private insurance companies that agree to
7 take out of Citizens Property Insurance Corporation a
8 specified number of individual policies held by Citizens
9 Property Insurance Corporation on a geographically diverse
10 basis.

11 (2) Policyholders of Citizens Property Insurance
12 Corporation must receive a discount no less than a rate
13 specified by the State Board of Administration, which must be
14 no less than 10 percent.

15 (3) The State Board of Administration may offer
16 discounted reinsurance rates to private insurance companies
17 through offers to negotiate via auction, individual
18 negotiation, or any method designed to achieve the best
19 discounted rate for policyholders of Citizens Property
20 Insurance Corporation.

21 (4) The State Board of Administration may determine
22 how many policies a private company must assume from Citizens
23 Property Insurance Corporation in order to purchase
24 reinsurance from the state at the discounted rate.

25 (5) Private insurance companies must assume 100
26 percent of each policy taken from Citizens Property Insurance
27 Corporation in exchange for the discounted reinsurance rate.

28 Section 2. This act shall take effect upon becoming a
29 law.

30
31