

1 | property insurance to applicants who are in good faith
2 | entitled to procure insurance through the voluntary market but
3 | are unable to do so. The Legislature intends by this
4 | subsection that property insurance be provided and that it
5 | continues, as long as necessary, through an entity organized
6 | to achieve efficiencies and economies, while providing service
7 | to policyholders, applicants, and agents that is no less than
8 | the quality generally provided in the voluntary market, all
9 | toward the achievement of the foregoing public purposes.
10 | Because it is essential for the corporation to have the
11 | maximum financial resources to pay claims following a
12 | catastrophic hurricane, it is the intent of the Legislature
13 | that the income of the corporation be exempt from federal
14 | income taxation and that interest on the debt obligations
15 | issued by the corporation be exempt from federal income
16 | taxation.

17 | b. The Legislature finds that private insurers are
18 | unwilling or unable to provide affordable property insurance
19 | coverage in this state to the extent sought and needed. The
20 | absence of affordable property insurance threatens the public
21 | health, safety, and welfare and likewise threatens the
22 | economic health of this state. The state therefore has a
23 | compelling public interest and a public purpose to assist in
24 | assuring that property in the state is insured and that it is
25 | insured at affordable rates so as to facilitate the
26 | remediation, reconstruction, and replacement of damaged or
27 | destroyed property in order to reduce or avoid the negative
28 | effects otherwise resulting to the public health, safety, and
29 | welfare; to the economy of the state; and to the revenues of
30 | the state and local governments needed to provide for the
31 | public welfare. It is necessary, therefore, to provide

1 affordable property insurance to applicants who are in good
2 faith entitled to procure insurance through the voluntary
3 market but are unable to do so. The Legislature intends by
4 this subsection that affordable property insurance be provided
5 and that it continue, as long as necessary, through an entity
6 not devoted to private profitmaking pursuits which is
7 organized to achieve efficiencies and economies, while
8 providing service to policyholders, applicants, and agents
9 which equals or exceeds the quality generally provided in the
10 voluntary market, all toward the achievement of the foregoing
11 public purposes. To that end, such entity shall strive to
12 increase the availability of affordable property insurance in
13 this state and shall offer the lowest rates possible
14 consistent with sound business practices. Because it is
15 essential for the corporation to have the maximum financial
16 resources to pay claims following a catastrophic hurricane, it
17 is the intent of the Legislature that the income of the
18 corporation be exempt from federal income taxation and that
19 interest on the debt obligations issued by the corporation be
20 exempt from federal income taxation.

21 2. The Residential Property and Casualty Joint
22 Underwriting Association originally created by this statute
23 shall be known, as of July 1, 2002, as the Citizens Property
24 Insurance Corporation. The corporation shall provide insurance
25 for residential and commercial property, for applicants who
26 are in good faith entitled, but are unable, to procure
27 insurance through the voluntary market. The corporation shall
28 operate pursuant to a plan of operation approved by order of
29 the Financial Services Commission. The plan is subject to
30 continuous review by the commission. The commission may, by
31 order, withdraw approval of all or part of a plan if the

1 | commission determines that conditions have changed since
2 | approval was granted and that the purposes of the plan require
3 | changes in the plan. The corporation shall continue to operate
4 | pursuant to the plan of operation approved by the Office of
5 | Insurance Regulation until October 1, 2006. For the purposes
6 | of this subsection, residential coverage includes both
7 | personal lines residential coverage, which consists of the
8 | type of coverage provided by homeowner's, mobile home owner's,
9 | dwelling, tenant's, condominium unit owner's, and similar
10 | policies, and commercial lines residential coverage, which
11 | consists of the type of coverage provided by condominium
12 | association, apartment building, and similar policies.

13 | 3. For the purposes of this subsection, the term
14 | "homestead property" means:

15 | a. Property that has been granted a homestead
16 | exemption under chapter 196;

17 | b. Property for which the owner has a current, written
18 | lease with a renter for a term of at least 7 months and for
19 | which the dwelling is insured by the corporation for \$200,000
20 | or less;

21 | c. An owner-occupied mobile home or manufactured home,
22 | as defined in s. 320.01, which is permanently affixed to real
23 | property, is owned by a Florida resident, and has been granted
24 | a homestead exemption under chapter 196 or, if the owner does
25 | not own the real property, the owner certifies that the mobile
26 | home or manufactured home is his or her principal place of
27 | residence;

28 | d. Tenant's coverage;

29 | e. Commercial lines residential property; or

30 | f. Any county, district, or municipal hospital; a
31 | hospital licensed by any not-for-profit corporation qualified

1 | under s. 501(c)(3) of the United States Internal Revenue Code;
2 | or a continuing care retirement community that is certified
3 | under chapter 651 and that receives an exemption from ad
4 | valorem taxes under chapter 196.

5 | 4. For the purposes of this subsection, the term
6 | "nonhomestead property" means property that is not homestead
7 | property.

8 | 5. Effective July 1, 2008, a personal lines
9 | residential structure that has a dwelling replacement cost of
10 | \$1 million or more, or a single condominium unit that has a
11 | combined dwelling and content replacement cost of \$1 million
12 | or more is not eligible for coverage by the corporation. Such
13 | dwellings insured by the corporation on June 30, 2008, may
14 | continue to be covered by the corporation until the end of the
15 | policy term. However, such dwellings that are insured by the
16 | corporation and become ineligible for coverage due to the
17 | provisions of this subparagraph may reapply and obtain
18 | coverage in the high-risk account and be considered
19 | "nonhomestead property" if the property owner provides the
20 | corporation with a sworn affidavit from one or more insurance
21 | agents, on a form provided by the corporation, stating that
22 | the agents have made their best efforts to obtain coverage and
23 | that the property has been rejected for coverage by at least
24 | one authorized insurer and at least three surplus lines
25 | insurers. If such conditions are met, the dwelling may be
26 | insured by the corporation for up to 3 years, after which time
27 | the dwelling is ineligible for coverage. The office shall
28 | approve the method used by the corporation for valuing the
29 | dwelling replacement cost for the purposes of this
30 | subparagraph. If a policyholder is insured by the corporation
31 | prior to being determined to be ineligible pursuant to this

1 subparagraph and such policyholder files a lawsuit challenging
2 the determination, the policyholder may remain insured by the
3 corporation until the conclusion of the litigation.

4 6. For properties constructed on or after January 1,
5 2009, the corporation may not insure any property located
6 within 2,500 feet landward of the coastal construction control
7 line created pursuant to s. 161.053 unless the property meets
8 the requirements of the code-plus building standards developed
9 by the Florida Building Commission.

10 7. It is the intent of the Legislature that
11 policyholders, applicants, and agents of the corporation
12 receive service and treatment of the highest possible level
13 but never less than that generally provided in the voluntary
14 market. It also is intended that the corporation be held to
15 service standards no less than those applied to insurers in
16 the voluntary market by the office with respect to
17 responsiveness, timeliness, customer courtesy, and overall
18 dealings with policyholders, applicants, or agents of the
19 corporation.

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

25 2. On or before July 1 of each year, employees of the
26 corporation are required to sign and submit a statement
27 attesting that they do not have a conflict of interest, as
28 defined in part III of chapter 112. As a condition of
29 employment, all prospective employees are required to sign and
30 submit to the corporation a conflict-of-interest statement.

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1 3. Senior managers and members of the board of
2 governors are subject to the provisions of part III of chapter
3 112, including, but not limited to, the code of ethics and
4 public disclosure and reporting of financial interests,
5 pursuant to s. 112.3145. Senior managers and board members are
6 also required to file such disclosures with the Office of
7 Insurance Regulation. The executive director of the
8 corporation or his or her designee shall notify each newly
9 appointed and existing appointed member of the board of
10 governors and senior managers of their duty to comply with the
11 reporting requirements of part III of chapter 112. At least
12 quarterly, the executive director or his or her designee shall
13 submit to the Commission on Ethics a list of names of the
14 senior managers and members of the board of governors who are
15 subject to the public disclosure requirements under s.
16 112.3145.

17 4. Notwithstanding s. 112.3148 or s. 112.3149, or any
18 other provision of law, an employee or board member may not
19 knowingly accept, directly or indirectly, any gift, ~~or~~
20 expenditure, or thing of value from a person or entity, or an
21 employee or representative of such person or entity, that has
22 a contractual relationship with the corporation or who is
23 under consideration for a contract. In addition to all other
24 penalties provided by law, a violation of this subparagraph
25 constitutes a felony of the third degree, punishable as
26 provided in s. 775.082, s. 775.083, or s. 775.084. ~~An employee~~
27 ~~or board member who fails to comply with this subparagraph is~~
28 ~~subject to penalties provided under ss. 112.317 and 112.3173.~~

29 5. Any senior manager of the corporation who is
30 employed on or after January 1, 2007, regardless of the date
31 of hire, who subsequently retires or terminates employment is

1 prohibited from representing another person or entity before
2 the corporation for 2 years after retirement or termination of
3 employment from the corporation.

4 6. Any employee of the corporation who is employed on
5 or after January 1, 2007, regardless of the date of hire, who
6 subsequently retires or terminates employment is prohibited
7 from having any employment or contractual relationship for 2
8 years with an insurer that has received a take-out bonus from
9 the corporation.

10 Section 2. This act shall take effect July 1, 2007.

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SENATE SUMMARY

Provides additional legislative intent with respect to
the Citizens Property Insurance Corporation. Prohibits an
employee or board member of the corporation from
accepting any thing of value from a person or entity, or
the person's or entity's employee or representative,
having a contractual relationship or under consideration
for a contractual relationship with the corporation.
Provides penalties.