

HB 949

2007

1 A bill to be entitled

2 An act relating to property insurance; authorizing the  
3 State Board of Administration to sell reinsurance to  
4 private insurance companies taking insurance policies from  
5 Citizens Property Insurance Corporation under certain  
6 circumstances; providing for a discount to policyholders  
7 of Citizens Property Insurance Corporation; authorizing  
8 the State Board of Administration to offer discounted  
9 reinsurance rates to private insurance companies under  
10 certain circumstances; authorizing the State Board of  
11 Administration to determine the number of policies taken  
12 from Citizens Property Insurance Corporation to get  
13 discounted reinsurance; providing requirements for private  
14 insurance companies to get a discounted reinsurance rate;  
15 providing an effective date.

16  
17 WHEREAS, in the 2007A Special Session, the Legislature  
18 enacted HB 1A, which will result in only modest rate reductions  
19 for Citizens Property Insurance Corporation's customers on a  
20 short-term, nonpermanent basis, and the corporation was not  
21 relieved of its overly large population, and

22 WHEREAS, more reforms must be enacted using market forces  
23 by providing incentives to private carriers to offer affordable  
24 insurance to the corporation's customers in return for  
25 inexpensive reinsurance from the state, so that the corporation  
26 would return to being an insurance company of last resort, NOW,  
27 THEREFORE,

28

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

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 31 Section 1. (1) The State Board of Administration may sell  
 32 reinsurance below the \$6 billion retention level in the Florida  
 33 Hurricane Catastrophe Fund within the range of 30 to 60 percent  
 34 online to private insurance companies that agree to take out of  
 35 Citizens Property Insurance Corporation a specified number of  
 36 individual policies held by Citizens Property Insurance  
 37 Corporation on a geographically diverse basis.

38 (2) Policyholders of Citizens Property Insurance  
 39 Corporation must receive a discount no less than a rate  
 40 specified by the State Board of Administration, which must be no  
 41 less than 10 percent.

42 (3) The State Board of Administration may offer discounted  
 43 reinsurance rates to private insurance companies through offers  
 44 to negotiate via auction, individual negotiation, or any method  
 45 designed to achieve the best discounted rate for policyholders  
 46 of Citizens Property Insurance Corporation.

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

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

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