

1 A bill to be entitled

2 An act relating to hurricane preparedness and insurance;  
3 providing a short title; amending s. 215.5586, F.S.;  
4 revising criteria for wind certification and hurricane  
5 mitigation inspectors; requiring a level 2 background  
6 check for wind certification and hurricane mitigation  
7 inspectors; revising certain financial wind certification  
8 and mitigation grant criteria and use provisions;  
9 providing additional uses for grant funding for certain  
10 homeowners; authorizing the Department of Financial  
11 Services to contract with a not-for-profit corporation to  
12 conduct the Florida Comprehensive Hurricane Damage  
13 Mitigation Program and enhance awareness of the benefits  
14 of mitigation; requiring the department to develop and  
15 maintain a list of wind certification and hurricane  
16 mitigation inspectors; amending s. 626.2815, F.S.;  
17 requiring continuing education for certain agents and  
18 customer representatives on the subject of premium  
19 discounts for hurricane mitigation options; amending s.  
20 627.062, F.S.; requiring certain rate filings to account  
21 for certain mitigation measures; amending s. 627.0629,  
22 F.S.; providing for reductions in deductibles for  
23 mitigation measures; amending s. 627.701, F.S.; requiring  
24 insurers to provide insureds options for certain  
25 deductibles, credits, or rate differentials; amending s.  
26 627.711, F.S.; requiring the Financial Services Commission  
27 to develop uniform mitigation verification inspection  
28 forms; providing duties of the commission; creating the

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29 Windstorm Mitigation Study Committee for the purpose of  
30 analyzing solutions and programs that could address the  
31 state's need to mitigate the effects of windstorms on  
32 structures; providing for membership and qualifications;  
33 providing that the members are entitled to reimbursement  
34 for expenses incurred in connection with their duties;  
35 providing for reimbursement of travel expenses; requiring  
36 the Department of Financial Services, the Office of  
37 Insurance Regulation, the Citizens Property Insurance  
38 Corporation, and other state agencies to supply  
39 information, assistance, and facilities to the committee;  
40 requiring the department to provide staff assistance;  
41 specifying duties of the committee; requiring the  
42 committee to report to the Governor, the Legislature, the  
43 Chief Financial Officer, and the Commissioner of Insurance  
44 Regulation by a specified date; providing for expiration  
45 of the committee; requiring the Financial Services  
46 Commission to adopt a uniform home grading scale for  
47 certain purposes; providing criteria; providing an  
48 appropriation to the Department of Community Affairs for  
49 certain purposes; specifying use of funds; providing  
50 appropriations; providing effective dates.

51  
52 Be It Enacted by the Legislature of the State of Florida:

53  
54 Section 1. This act may be cited as the "Home Enhancement  
55 and Loss Prevention Act."

56 Section 2. Paragraph (b) of subsection (1) and subsection

57 (2) of section 215.5586, Florida Statutes, are amended,  
58 paragraph (c) is added to subsection (1), and subsections (7)  
59 and (8) are added to that section, to read:

60 215.5586 Florida Comprehensive Hurricane Damage Mitigation  
61 Program.--There is established within the Department of  
62 Financial Services the Florida Comprehensive Hurricane Damage  
63 Mitigation Program. This section does not create an entitlement  
64 for property owners or obligate the state in any way to fund the  
65 inspection or retrofitting of residential property in this  
66 state. Implementation of this program is subject to annual  
67 legislative appropriations. The program shall be administered by  
68 an individual with prior executive experience in the private  
69 sector in the areas of insurance, business, or construction. The  
70 program shall develop and implement a comprehensive and  
71 coordinated approach for hurricane damage mitigation that shall  
72 include the following:

73 (1) WIND CERTIFICATION AND HURRICANE MITIGATION  
74 INSPECTIONS.--

75 (b) To qualify for selection by the department as a  
76 provider of wind certification and hurricane mitigation  
77 inspections, the entity shall, at a minimum:

78 1. Use wind certification and hurricane mitigation  
79 inspectors who:

80 a. Have prior experience in residential construction or  
81 inspection and have received specialized training in hurricane  
82 mitigation procedures.

83 b. Have undergone drug testing and level 2 background  
84 checks pursuant to s. 435.04.

85 c. Have been certified, in a manner satisfactory to the  
 86 department, to conduct the inspections.

87 2. Provide a quality assurance program including a  
 88 reinspection component.

89 (2) GRANTS.--Financial grants shall be used to encourage  
 90 single-family, site-built, owner-occupied, residential property  
 91 owners to retrofit their properties to make them less vulnerable  
 92 to hurricane damage.

93 (a) To be eligible for a grant, a residential property  
 94 must:

95 1. Have been granted a homestead exemption under chapter  
 96 196.

97 2. Be a dwelling structure with an assessed ~~insured~~ value  
 98 of \$500,000 or less.

99 3. Have undergone an acceptable wind certification and  
 100 hurricane mitigation inspection, if the property is an existing  
 101 structure.

102  
 103 A residential property which is part of a multifamily  
 104 residential unit may receive a grant only if all homeowners  
 105 participate and the total number of units does not exceed four.

106 (b) All grants must be matched on a dollar-for-dollar  
 107 basis for a total of \$10,000 for the mitigation project with the  
 108 state's contribution not to exceed \$5,000.

109 (c) The program shall create a process in which mitigation  
 110 contractors agree to participate and seek reimbursement from the  
 111 state and homeowners select from a list of participating  
 112 contractors. All mitigation must be based upon the securing of

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113 all required local permits and inspections. Mitigation projects  
114 are subject to random reinspection of up to at least 10 percent  
115 of all projects.

116 (d) Matching fund grants shall also be made available to  
117 local governments and nonprofit entities for projects that will  
118 reduce hurricane damage to single-family, site-built, owner-  
119 occupied, residential property.

120 (e) Grants may be used for the following improvements:

- 121 1. Roof deck attachment~~.\_~~
- 122 2. Secondary water barrier~~.\_~~
- 123 3. Roof covering~~.\_~~
- 124 4. Brace gable ends~~.\_~~
- 125 5. Reinforce roof-to-wall connections~~.\_~~
- 126 6. Opening protection~~.\_~~ and
- 127 7. Exterior doors, including garage doors.

128 (f) Grants may be used on a previously inspected existing  
129 structure or on a rebuild. A rebuild is defined as a site-built,  
130 single-family dwelling under construction to replace a home that  
131 was destroyed or significantly damaged by a hurricane and deemed  
132 unlivable by a regulatory authority. The homeowner must have had  
133 a homestead exemption prior to the hurricane and maintained the  
134 homestead exemption.

135 (g)~~(f)~~ Low-income homeowners, as defined in s.  
136 420.0004~~(10)~~~~(9)~~, who otherwise meet the requirements of  
137 paragraphs (a), ~~and~~ (c), (e), and (f) are eligible for a grant  
138 of up to \$5,000 and are not required to provide a matching  
139 amount to receive the grant. Additionally, for low-income  
140 homeowners, grant funding may be used for repair to existing

141 structures leading to any of the mitigation improvements  
 142 provided in paragraph (e), limited to 20 percent of the grant  
 143 value. ~~Such grants shall be used to retrofit single family,~~  
 144 ~~site built, owner occupied, residential properties in order to~~  
 145 ~~make them less vulnerable to hurricane damage.~~

146 (7) CONTRACT WITH NOT-FOR-PROFIT CORPORATION.--The  
 147 Department of Financial Services is authorized to contract with  
 148 a not-for-profit corporation to conduct all or portions of the  
 149 program and to increase the awareness of the benefits of  
 150 mitigation among homeowners in this state. The department shall  
 151 consider the not-for-profit corporation's ability to raise funds  
 152 from the private sector to provide for mitigation grants, as  
 153 well as administrative capabilities for conducting other  
 154 business related to the program.

155 (8) WIND CERTIFICATION AND HURRICANE MITIGATION INSPECTOR  
 156 LIST.--The department shall develop and maintain as a public  
 157 record a current list of wind certification and hurricane  
 158 mitigation inspectors authorized to conduct wind certification  
 159 and hurricane mitigation inspections pursuant to this section.

160 Section 3. Paragraph (a) of subsection (3) of section  
 161 626.2815, Florida Statutes, is amended to read:

162 626.2815 Continuing education required; application;  
 163 exceptions; requirements; penalties.--

164 (3) (a) Each person subject to the provisions of this  
 165 section must, except as set forth in paragraphs (b), (c), and  
 166 (d), complete a minimum of 24 hours of continuing education  
 167 courses every 2 years in basic or higher-level courses  
 168 prescribed by this section or in other courses approved by the

169 department. Each person subject to the provisions of this  
170 section must complete, as part of his or her required number of  
171 continuing education hours, 3 hours of continuing education,  
172 approved by the department, every 2 years on the subject matter  
173 of ethics. Each licensed general lines agent and customer  
174 representative subject to this section must complete, as part of  
175 his or her required number of continuing education hours, 1 hour  
176 of continuing education, approved by the department, every 2  
177 years on the subject matter of premium discounts available on  
178 property insurance policies based on various hurricane  
179 mitigation options and the means for obtaining the discounts.

180 Section 4. Paragraph (k) is added to subsection (2) of  
181 section 627.062, Florida Statutes, to read:

182 627.062 Rate standards.--

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

184 (k) With respect to residential property insurance rate  
185 filings, the rate filing must account for mitigation measures  
186 undertaken by policyholders to reduce hurricane losses.

187

188 The provisions of this subsection shall not apply to workers'  
189 compensation and employer's liability insurance and to motor  
190 vehicle insurance.

191 Section 5. Effective October 1, 2007, subsection (1) of  
192 section 627.0629, Florida Statutes, is amended to read:

193 627.0629 Residential property insurance; rate filings.--

194 (1) Effective June 1, 2002, a rate filing for residential  
195 property insurance must include actuarially reasonable  
196 discounts, credits, or other rate differentials, and, exclusive

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197 of discounts, credits, or other rate differentials, subject to  
198 deductible minimums set forth in s. 627.701, ~~or~~ appropriate  
199 reductions in deductibles, for properties on which fixtures or  
200 construction techniques demonstrated to reduce the amount of  
201 loss in a windstorm have been installed or implemented. The  
202 fixtures or construction techniques shall include, but not be  
203 limited to, fixtures or construction techniques which enhance  
204 roof strength, roof covering performance, roof-to-wall strength,  
205 wall-to-floor-to-foundation strength, opening protection, and  
206 window, door, and skylight strength. Credits, discounts, or  
207 other rate differentials, or appropriate reductions in  
208 deductibles, for fixtures and construction techniques which meet  
209 the minimum requirements of the Florida Building Code must be  
210 included in the rate filing. All insurance companies must make a  
211 rate filing which includes the credits, discounts, or other rate  
212 differentials or reductions in deductibles by February 28, 2003.  
213 By July 1, 2007, the office shall reevaluate the discounts,  
214 credits, other rate differentials, and appropriate reductions in  
215 deductibles for fixtures and construction techniques that meet  
216 the minimum requirements of the Florida Building Code, based  
217 upon actual experience or any other loss relativity studies  
218 available to the office. The office shall determine the  
219 discounts, credits, other rate differentials, and appropriate  
220 reductions in deductibles that reflect the full actuarial value  
221 of such revaluation, which may be used by insurers in rate  
222 filings.

223 Section 6. Subsection (9) of section 627.701, Florida  
224 Statutes, is amended to read:



225           627.701 Liability of insureds; coinsurance; deductibles.--

226           (9) With respect to hurricane coverage provided in a  
 227 policy of residential coverage, when the policyholder has taken  
 228 appropriate hurricane mitigation measures regarding the  
 229 residence covered under the policy, the insurer shall ~~may~~  
 230 provide the insured the option of selecting an appropriate  
 231 reduction in the policy's hurricane deductible or ~~in lieu of~~  
 232 selecting the appropriate discount credit or other rate  
 233 differential as provided in s. 627.0629. ~~If made available by~~  
 234 ~~the insurer,~~ The insurer must provide the policyholder with  
 235 notice of the options available under this subsection on a form  
 236 approved by the office.

237           Section 7. Section 627.711, Florida Statutes, is amended  
 238 to read:

239           627.711 Notice of premium discounts for hurricane loss  
 240 mitigation; uniform mitigation verification inspection form.--

241           (1) Using a form prescribed by the Office of Insurance  
 242 Regulation, the insurer shall clearly notify the applicant or  
 243 policyholder of any personal lines residential property  
 244 insurance policy, at the time of the issuance of the policy and  
 245 at each renewal, of the availability and the range of each  
 246 premium discount, credit, other rate differential, or reduction  
 247 in deductibles for properties on which fixtures or construction  
 248 techniques demonstrated to reduce the amount of loss in a  
 249 windstorm can be or have been installed or implemented. The  
 250 prescribed form shall describe generally what actions the  
 251 policyholders may be able to take to reduce their windstorm  
 252 premium. The prescribed form and a list of such ranges approved

253 by the office for each insurer licensed in the state and  
254 providing such discounts, credits, other rate differentials, or  
255 reductions in deductibles for properties described in this  
256 subsection shall be available for electronic viewing and  
257 download from the Department of Financial Services' or the  
258 Office of Insurance Regulation's Internet website. The Financial  
259 Services Commission may adopt rules to implement this  
260 subsection.

261 (2) The Financial Services Commission shall develop by  
262 rule a uniform mitigation verification inspection form that  
263 shall be used by all insurers when factoring discounts for wind  
264 insurance. In developing the form, the commission shall seek  
265 input from insurance, construction, and building code  
266 representatives. Further, the commission shall provide guidance  
267 as to the length of time the inspection results are valid.

268 Section 8. Windstorm Mitigation Study Committee.--

269 (1) (a) The Windstorm Mitigation Study Commission is  
270 created and shall be composed of eight members as follows:

271 1. Two members shall be appointed by the Governor, with  
272 one designated by the Governor to serve as chair.

273 2. Two members shall be appointed by the Chief Financial  
274 Officer.

275 3. Two members shall be appointed by the President of the  
276 Senate.

277 4. Two members shall be appointed by the Speaker of the  
278 House of Representatives.

279 (b) Each member must be knowledgeable of issues concerning  
280 the mitigation of the effects of windstorms on structures in

281 this state and at least one member must represent primarily the  
 282 interests of homeowners.

283 (2) (a) The members of the committee shall serve without  
 284 compensation, but are entitled to reimbursement for all  
 285 necessary expenses incurred in performing their duties,  
 286 including travel expenses, in accordance with s. 112.061,  
 287 Florida Statutes. Reimbursements for travel shall be paid by the  
 288 appointing entity.

289 (b) The committee shall meet as necessary, at the call of  
 290 the chair, and at the time and place designated by the chair.  
 291 The committee may conduct its meetings through teleconferences  
 292 or other similar means. The first meeting of the committee shall  
 293 occur no later than February 9, 2007.

294 (3) The Department of Financial Services, the Office of  
 295 Insurance Regulation, the Citizens Property Insurance  
 296 Corporation, and other agencies of this state shall supply any  
 297 information, assistance, and facilities that are considered  
 298 necessary by the committee to carry out its duties under this  
 299 section. The department shall provide staff assistance as  
 300 necessary in order to carry out the required clerical and  
 301 administrative functions of the committee.

302 (4) The committee shall analyze those solutions and  
 303 programs that address the state's acute need to mitigate the  
 304 effects of windstorms on structures, especially residential  
 305 property that is located in areas at greatest risk of windstorm  
 306 damage, including programs or proposals that provide for:

307 (a) The availability of home inspections for windstorm  
 308 resistance.

309 (b) Grants to assist homeowners, and possibly other groups  
310 of property owners, to harden their property against windstorm  
311 damage.

312 (c) The full actuarial value to be reflected in premium  
313 credits for windstorm mitigation.

314 (d) The most effective way to inform policyholders of the  
315 availability of and means by which to obtain premium credits for  
316 windstorm mitigation.

317 (e) Coordination among federal, local, and private  
318 initiatives.

319 (f) Streamlining or strengthening applicable state,  
320 regional, and local regulations.

321 (g) The stimulation of public and private efforts to  
322 mitigate against windstorm injury and damage.

323 (h) The discovery and assessment of funding sources for  
324 windstorm mitigation.

325 (i) Tax incentives for windstorm mitigation.

326 (j) Consumer information concerning the benefits of  
327 windstorm mitigation, including personal safety as well as  
328 property security.

329 (k) Research on windstorm mitigation.

330

331 The committee may develop any other solutions and programs that  
332 it considers appropriate.

333 (5) In performing its analysis, the committee shall  
334 consider both the safety of the residents of this state and the  
335 protection of real property, especially residential. In  
336 addition, the committee shall consider both short-term and long-

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337 term solutions and programs.

338 (6) The committee shall review, evaluate, and make  
339 recommendations regarding existing and proposed programs and  
340 initiatives for mitigating windstorm damage.

341 (7) The committee shall provide recommendations, including  
342 proposed legislation, to the Governor, the President of the  
343 Senate, the Speaker of the House of Representatives, the Chief  
344 Financial Officer, and the Commissioner of Insurance Regulation  
345 by March 6, 2007.

346 (8) The committee shall expire on May 15, 2007.

347 Section 9. The Financial Services Commission shall adopt a  
348 uniform home grading scale to grade the ability of a home to  
349 withstand the wind load from a sustained severe tropical storm  
350 or hurricane. The commission shall coordinate with the Office of  
351 Insurance Regulation, the Department of Financial Services, and  
352 the Department of Community Affairs in developing the grading  
353 scale, which must be based upon and consistent with the rating  
354 system required by chapter 2006-12, Laws of Florida. The  
355 commission shall adopt the uniform grading scale by rule no  
356 later than June 30, 2007.

357 Section 10. For fiscal year 2006-2007, the sum of  
358 \$100,066,518 is appropriated in fixed capital outlay from the  
359 Florida Small Cities Community Development Block Grant Program  
360 Fund to the Department of Community Affairs. These funds shall  
361 be used consistent with The Federal Register, Vol. 71, No. 209,  
362 Docket No. FR-5089-N-01, and the Action Plan for Disaster  
363 Recovery Approved by the United States Department of Housing and  
364 Urban Development. This funding shall be used to harden single-

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365 family and multifamily housing to ensure that affordable  
366 housing can withstand the effects of hurricane force winds and  
367 to mitigate against the increasing costs of insurance. Funds may  
368 also be used to support housing rehabilitation or repair and  
369 infrastructure development or improvement in accordance with the  
370 approved action plan.

371 Section 11. For fiscal year 2006-2007, there is  
372 appropriated \$2,000,000 from the Department of Financial  
373 Services' Insurance Regulatory Trust Fund to the Department of  
374 Financial Services for the purposes of implementing section 9 of  
375 this act.

376 Section 12. Except as otherwise expressly provided in this  
377 act, this act shall take effect upon becoming a law.