

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 with an insured value of \$500,000 or
98 less. Homeowners who are low-income persons, as defined in s.
99 420.0004(10), are exempt from this requirement.

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

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

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

110 (c) The program shall create a process in which mitigation
111 contractors agree to participate and seek reimbursement from the
112 state and homeowners select from a list of participating

113 contractors. All mitigation must be based upon the securing of
 114 all required local permits and inspections. Mitigation projects
 115 are subject to random reinspection of up to at least 10 percent
 116 of all projects.

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

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

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

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

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

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

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

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

161 Section 3. Paragraph (a) of subsection (3) of section
 162 626.2815, Florida Statutes, is amended to read:

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

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

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

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

183 627.062 Rate standards.--

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

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

188

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

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

194 627.0629 Residential property insurance; rate filings.--

195 (1) Effective June 1, 2002, a rate filing for residential
196 property insurance must include actuarially reasonable

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

224 Section 6. Subsection (9) of section 627.701, Florida

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225 Statutes, is amended to read:

226 627.701 Liability of insureds; coinsurance; deductibles.--

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

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

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

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

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

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

269 Section 8. Windstorm Mitigation Study Committee.--

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

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

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

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

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

280 (b) Each member must be knowledgeable of issues concerning

281 the mitigation of the effects of windstorms on structures in
282 this state and at least one member must represent primarily the
283 interests of homeowners.

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

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

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

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

308 (a) The availability of home inspections for windstorm

309 resistance.

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

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

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

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

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

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

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

326 (i) Tax incentives for windstorm mitigation.

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

330 (k) Research on windstorm mitigation.

331

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

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

337 addition, the committee shall consider both short-term and long-
338 term solutions and programs.

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

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

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

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

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

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

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

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