

cβ20070005ATe

CS/CS/HB 5A, Engrossed 1

2007

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

Page 1 of 14

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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cβ20070005ATe

CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

57 (2) of section 215.5586, Florida Statutes, are amended, and
58 subsections (7) and (8) are added to that section, to read:

59 215.5586 Florida Comprehensive Hurricane Damage Mitigation
60 Program.--There is established within the Department of
61 Financial Services the Florida Comprehensive Hurricane Damage
62 Mitigation Program. This section does not create an entitlement
63 for property owners or obligate the state in any way to fund the
64 inspection or retrofitting of residential property in this
65 state. Implementation of this program is subject to annual
66 legislative appropriations. The program shall be administered by
67 an individual with prior executive experience in the private
68 sector in the areas of insurance, business, or construction. The
69 program shall develop and implement a comprehensive and
70 coordinated approach for hurricane damage mitigation that shall
71 include the following:

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

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

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

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

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

84 c. Have been certified, in a manner satisfactory to the

CS/CS/HB 5A, Engrossed 1

2007

85 department, to conduct the inspections.

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

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

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

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

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

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

CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

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:

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CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

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

CS/CS/HB 5A, Engrossed 1

2007

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.

cβ20070005ATe

CS/CS/HB 5A, Engrossed 1

2007

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-

cβ20070005ATe

CS/CS/HB 5A, Engrossed 1

2007

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-

cβ20070005ATe

CS/CS/HB 5A, Engrossed 1

2007

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.