

By the Committees on General Government Appropriations; Banking and Insurance; and Senator Bennett

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1 A bill to be entitled

2 An act relating to commercial property insurance; amending  
3 s. 215.555, F.S.; excluding nonassessable commercial  
4 property insurance from emergency assessments for the  
5 Florida Hurricane Catastrophe Fund; amending s. 627.041,  
6 F.S.; defining the terms "assessable commercial property  
7 insurance" and "nonassessable commercial property  
8 insurance"; amending s. 627.062, F.S.; providing rate  
9 standards regarding nonassessable commercial property  
10 insurance; providing that nonassessable commercial  
11 property insurance is not subject to a determination that  
12 the rate is excessive or unfairly discriminatory;  
13 providing an exception; amending s. 627.351, F.S.;  
14 excluding nonassessable commercial property insurance from  
15 the definition of "subject lines of business"; providing  
16 that insurers issuing nonassessable commercial property  
17 insurance policies are not assessable for the portion of  
18 the assessment from which the nonassessable commercial  
19 property insurance policy is exempt; creating s. 627.7031,  
20 F.S.; authorizing insurers offering assessable commercial  
21 property insurance policies to offer nonassessable  
22 commercial property insurance policies; authorizing an  
23 owner of a commercial property to purchase a nonassessable  
24 commercial property insurance policy if such a policy is  
25 offered by the insurer; requiring that an application for  
26 a nonassessable commercial property policy contain a  
27 specified disclaimer; requiring that the declarations page  
28 of a nonassessable commercial property policy contain a  
29 specified disclaimer; providing an effective date.

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

Section 1. Paragraph (b) of subsection (6) of section 215.555, Florida Statutes, is amended to read:

215.555 Florida Hurricane Catastrophe Fund.--

(6) REVENUE BONDS.--

(b) Emergency assessments.--

1. If the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an emergency assessment on direct premiums for all property and casualty lines of business in this state, including property and casualty business of surplus lines insurers regulated under part VIII of chapter 626, but not including any workers' compensation premiums, ~~or~~ medical malpractice premiums, or nonassessable commercial property insurance as defined in s. 627.041(11). As used in this subsection, the term "property and casualty business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by s. 624.424 and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance Program. The assessment shall be specified as a percentage of direct written premium and is subject to annual adjustments by the board in order to meet debt

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59 obligations. The same percentage shall apply to all policies in  
60 lines of business subject to the assessment issued or renewed  
61 during the 12-month period beginning on the effective date of the  
62 assessment.

63 2. A premium is not subject to an annual assessment under  
64 this paragraph in excess of 6 percent of premium with respect to  
65 obligations arising out of losses attributable to any one  
66 contract year, and a premium is not subject to an aggregate  
67 annual assessment under this paragraph in excess of 10 percent of  
68 premium. An annual assessment under this paragraph shall continue  
69 as long as the revenue bonds issued with respect to which the  
70 assessment was imposed are outstanding, including any bonds the  
71 proceeds of which were used to refund the revenue bonds, unless  
72 adequate provision has been made for the payment of the bonds  
73 under the documents authorizing issuance of the bonds.

74 3. Emergency assessments shall be collected from  
75 policyholders. Emergency assessments shall be remitted by  
76 insurers as a percentage of direct written premium for the  
77 preceding calendar quarter as specified in the order from the  
78 Office of Insurance Regulation. The office shall verify the  
79 accurate and timely collection and remittance of emergency  
80 assessments and shall report the information to the board in a  
81 form and at a time specified by the board. Each insurer  
82 collecting assessments shall provide the information with respect  
83 to premiums and collections as may be required by the office to  
84 enable the office to monitor and verify compliance with this  
85 paragraph.

86 4. With respect to assessments of surplus lines premiums,  
87 each surplus lines agent shall collect the assessment at the same

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88 | time as the agent collects the surplus lines tax required by s.  
89 | 626.932, and the surplus lines agent shall remit the assessment  
90 | to the Florida Surplus Lines Service Office created by s. 626.921  
91 | at the same time as the agent remits the surplus lines tax to the  
92 | Florida Surplus Lines Service Office. The emergency assessment on  
93 | each insured procuring coverage and filing under s. 626.938 shall  
94 | be remitted by the insured to the Florida Surplus Lines Service  
95 | Office at the time the insured pays the surplus lines tax to the  
96 | Florida Surplus Lines Service Office. The Florida Surplus Lines  
97 | Service Office shall remit the collected assessments to the fund  
98 | or corporation as provided in the order levied by the Office of  
99 | Insurance Regulation. The Florida Surplus Lines Service Office  
100 | shall verify the proper application of such emergency assessments  
101 | and shall assist the board in ensuring the accurate and timely  
102 | collection and remittance of assessments as required by the  
103 | board. The Florida Surplus Lines Service Office shall annually  
104 | calculate the aggregate written premium on property and casualty  
105 | business, other than workers' compensation and medical  
106 | malpractice, procured through surplus lines agents and insureds  
107 | procuring coverage and filing under s. 626.938 and shall report  
108 | the information to the board in a form and at a time specified by  
109 | the board.

110 |       5. Any assessment authority not used for a particular  
111 | contract year may be used for a subsequent contract year. If, for  
112 | a subsequent contract year, the board determines that the amount  
113 | of revenue produced under subsection (5) is insufficient to fund  
114 | the obligations, costs, and expenses of the fund and the  
115 | corporation, including repayment of revenue bonds and that  
116 | portion of the debt service coverage not met by reimbursement

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117 premiums, the board shall direct the Office of Insurance  
118 Regulation to levy an emergency assessment up to an amount not  
119 exceeding the amount of unused assessment authority from a  
120 previous contract year or years, plus an additional 4 percent  
121 provided that the assessments in the aggregate do not exceed the  
122 limits specified in subparagraph 2.

123 6. The assessments otherwise payable to the corporation  
124 under this paragraph shall be paid to the fund unless and until  
125 the Office of Insurance Regulation and the Florida Surplus Lines  
126 Service Office have received from the corporation and the fund a  
127 notice, which shall be conclusive and upon which they may rely  
128 without further inquiry, that the corporation has issued bonds  
129 and the fund has no agreements in effect with local governments  
130 under paragraph (c). On or after the date of the notice and until  
131 the date the corporation has no bonds outstanding, the fund shall  
132 have no right, title, or interest in or to the assessments,  
133 except as provided in the fund's agreement with the corporation.

134 7. Emergency assessments are not premium and are not  
135 subject to the premium tax, to the surplus lines tax, to any  
136 fees, or to any commissions. An insurer is liable for all  
137 assessments that it collects and must treat the failure of an  
138 insured to pay an assessment as a failure to pay the premium. An  
139 insurer is not liable for uncollectible assessments.

140 8. When an insurer is required to return an unearned  
141 premium, it shall also return any collected assessment  
142 attributable to the unearned premium. A credit adjustment to the  
143 collected assessment may be made by the insurer with regard to  
144 future remittances that are payable to the fund or corporation,  
145 but the insurer is not entitled to a refund.

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146 9. When a surplus lines insured or an insured who has  
147 procured coverage and filed under s. 626.938 is entitled to the  
148 return of an unearned premium, the Florida Surplus Lines Service  
149 Office shall provide a credit or refund to the agent or such  
150 insured for the collected assessment attributable to the unearned  
151 premium prior to remitting the emergency assessment collected to  
152 the fund or corporation.

153 10. The exemption of medical malpractice insurance premiums  
154 from emergency assessments under this paragraph is repealed May  
155 31, 2010, and medical malpractice insurance premiums shall be  
156 subject to emergency assessments attributable to loss events  
157 occurring in the contract years commencing on June 1, 2010.

158 Section 2. Subsections (10) and (11) are added to section  
159 627.041, Florida Statutes, to read:

160 627.041 Definitions.--As used in this part:

161 (10) "Assessable commercial property insurance" means  
162 insurance on commercial property of every kind, as well as every  
163 interest therein, whether such property is on land, water, or in  
164 the air, against loss or damage from any and all hazard or cause,  
165 and against loss consequential upon such loss or damage, other  
166 than noncontractual legal liability for any such loss or damage  
167 that is subject to the rate standards set forth in s. 627.062 and  
168 deficit assessments by Citizens Property Insurance Corporation  
169 pursuant to s. 627.351(6) or emergency assessments levied for the  
170 Florida Hurricane Catastrophe Fund pursuant to s. 215.555.  
171 Assessable commercial property insurance may contain a provision  
172 for accidental death or injury as part of a multiple peril  
173 policy.

174 (11) "Nonassessable commercial property insurance" means

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175 insurance on commercial property of every kind, as well as every  
176 interest therein, whether such property is on land, water, or in  
177 the air, against loss or damage from any and all hazard or cause,  
178 and against loss consequential upon such loss or damage, other  
179 than noncontractual legal liability for any such loss or damage  
180 that is not subject to the rate standards set forth in s.  
181 627.062, except as provided in s. 627.062(2)(k), or deficit  
182 assessments by Citizens Property Insurance Corporation pursuant  
183 to s. 627.351(6) or emergency assessments levied for the Florida  
184 Hurricane Catastrophe Fund pursuant to s. 215.555. Nonassessable  
185 commercial property insurance may contain a provision for  
186 accidental death or injury as part of a multiple peril policy.

187 Section 3. Paragraph (k) is added to subsection (2) of  
188 section 627.062, Florida Statutes, to read:

189 627.062 Rate standards.--

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

191 (k)1. Notwithstanding any other provisions of this section,  
192 nonassessable commercial property insurance is not subject to a  
193 determination that the rate is excessive or unfairly  
194 discriminatory, except as provided in subparagraph 3.

195 2. This paragraph does not apply to filings for commercial  
196 lines residential insurance or assessable commercial property  
197 insurance.

198 3. This paragraph does not affect the power of the office  
199 to disapprove rates as inadequate or to disapprove a rate filing  
200 for the use of a rating factor that is unlawful under Florida  
201 law.

202  
203 The provisions of this subsection shall not apply to workers'

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204 compensation and employer's liability insurance and to motor  
205 vehicle insurance.

206 Section 4. Paragraph (b) of subsection (6) of section  
207 627.351, Florida Statutes, is amended to read:

208 627.351 Insurance risk apportionment plans.--

209 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

210 (b)1. All insurers authorized to write one or more subject  
211 lines of business in this state are subject to assessment by the  
212 corporation and, for the purposes of this subsection, are  
213 referred to collectively as "assessable insurers." Insurers  
214 writing one or more subject lines of business in this state  
215 pursuant to part VIII of chapter 626 are not assessable insurers,  
216 but insureds who procure one or more subject lines of business in  
217 this state pursuant to part VIII of chapter 626 are subject to  
218 assessment by the corporation and are referred to collectively as  
219 "assessable insureds." An authorized insurer's assessment  
220 liability shall begin on the first day of the calendar year  
221 following the year in which the insurer was issued a certificate  
222 of authority to transact insurance for subject lines of business  
223 in this state and shall terminate 1 year after the end of the  
224 first calendar year during which the insurer no longer holds a  
225 certificate of authority to transact insurance for subject lines  
226 of business in this state.

227 2.a. All revenues, assets, liabilities, losses, and  
228 expenses of the corporation shall be divided into three separate  
229 accounts as follows:

230 (I) A personal lines account for personal residential  
231 policies issued by the corporation or issued by the Residential  
232 Property and Casualty Joint Underwriting Association and renewed



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233 | by the corporation that provide comprehensive, multiperil  
234 | coverage on risks that are not located in areas eligible for  
235 | coverage in the Florida Windstorm Underwriting Association as  
236 | those areas were defined on January 1, 2002, and for such  
237 | policies that do not provide coverage for the peril of wind on  
238 | risks that are located in such areas;

239 |       (II) A commercial lines account for commercial residential  
240 | and commercial nonresidential policies issued by the corporation  
241 | or issued by the Residential Property and Casualty Joint  
242 | Underwriting Association and renewed by the corporation that  
243 | provide coverage for basic property perils on risks that are not  
244 | located in areas eligible for coverage in the Florida Windstorm  
245 | Underwriting Association as those areas were defined on January  
246 | 1, 2002, and for such policies that do not provide coverage for  
247 | the peril of wind on risks that are located in such areas; and

248 |       (III) A high-risk account for personal residential policies  
249 | and commercial residential and commercial nonresidential property  
250 | policies issued by the corporation or transferred to the  
251 | corporation that provide coverage for the peril of wind on risks  
252 | that are located in areas eligible for coverage in the Florida  
253 | Windstorm Underwriting Association as those areas were defined on  
254 | January 1, 2002. Subject to the approval of a business plan by  
255 | the Financial Services Commission and Legislative Budget  
256 | Commission as provided in this sub-sub-subparagraph, but no  
257 | earlier than March 31, 2007, the corporation may offer policies  
258 | that provide multiperil coverage and the corporation shall  
259 | continue to offer policies that provide coverage only for the  
260 | peril of wind for risks located in areas eligible for coverage in  
261 | the high-risk account. In issuing multiperil coverage, the

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262 corporation may use its approved policy forms and rates for the  
263 personal lines account. An applicant or insured who is eligible  
264 to purchase a multiperil policy from the corporation may purchase  
265 a multiperil policy from an authorized insurer without prejudice  
266 to the applicant's or insured's eligibility to prospectively  
267 purchase a policy that provides coverage only for the peril of  
268 wind from the corporation. An applicant or insured who is  
269 eligible for a corporation policy that provides coverage only for  
270 the peril of wind may elect to purchase or retain such policy and  
271 also purchase or retain coverage excluding wind from an  
272 authorized insurer without prejudice to the applicant's or  
273 insured's eligibility to prospectively purchase a policy that  
274 provides multiperil coverage from the corporation. It is the goal  
275 of the Legislature that there would be an overall average savings  
276 of 10 percent or more for a policyholder who currently has a  
277 wind-only policy with the corporation, and an ex-wind policy with  
278 a voluntary insurer or the corporation, and who then obtains a  
279 multiperil policy from the corporation. It is the intent of the  
280 Legislature that the offer of multiperil coverage in the high-  
281 risk account be made and implemented in a manner that does not  
282 adversely affect the tax-exempt status of the corporation or  
283 creditworthiness of or security for currently outstanding  
284 financing obligations or credit facilities of the high-risk  
285 account, the personal lines account, or the commercial lines  
286 account. By March 1, 2007, the corporation shall prepare and  
287 submit for approval by the Financial Services Commission and  
288 Legislative Budget Commission a report detailing the  
289 corporation's business plan for issuing multiperil coverage in  
290 the high-risk account. The business plan shall be approved or

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291 | disapproved within 30 days after receipt, as submitted or  
292 | modified and resubmitted by the corporation. The business plan  
293 | must include: the impact of such multiperil coverage on the  
294 | corporation's financial resources, the impact of such multiperil  
295 | coverage on the corporation's tax-exempt status, the manner in  
296 | which the corporation plans to implement the processing of  
297 | applications and policy forms for new and existing policyholders,  
298 | the impact of such multiperil coverage on the corporation's  
299 | ability to deliver customer service at the high level required by  
300 | this subsection, the ability of the corporation to process  
301 | claims, the ability of the corporation to quote and issue  
302 | policies, the impact of such multiperil coverage on the  
303 | corporation's agents, the impact of such multiperil coverage on  
304 | the corporation's existing policyholders, and the impact of such  
305 | multiperil coverage on rates and premium. The high-risk account  
306 | must also include quota share primary insurance under  
307 | subparagraph (c)2. The area eligible for coverage under the high-  
308 | risk account also includes the area within Port Canaveral, which  
309 | is bordered on the south by the City of Cape Canaveral, bordered  
310 | on the west by the Banana River, and bordered on the north by  
311 | Federal Government property.

312 |       b. The three separate accounts must be maintained as long  
313 | as financing obligations entered into by the Florida Windstorm  
314 | Underwriting Association or Residential Property and Casualty  
315 | Joint Underwriting Association are outstanding, in accordance  
316 | with the terms of the corresponding financing documents. When the  
317 | financing obligations are no longer outstanding, in accordance  
318 | with the terms of the corresponding financing documents, the  
319 | corporation may use a single account for all revenues, assets,

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320 liabilities, losses, and expenses of the corporation. Consistent  
321 with the requirement of this subparagraph and prudent investment  
322 policies that minimize the cost of carrying debt, the board shall  
323 exercise its best efforts to retire existing debt or to obtain  
324 approval of necessary parties to amend the terms of existing  
325 debt, so as to structure the most efficient plan to consolidate  
326 the three separate accounts into a single account. By February 1,  
327 2007, the board shall submit a report to the Financial Services  
328 Commission, the President of the Senate, and the Speaker of the  
329 House of Representatives which includes an analysis of  
330 consolidating the accounts, the actions the board has taken to  
331 minimize the cost of carrying debt, and its recommendations for  
332 executing the most efficient plan.

333 c. Creditors of the Residential Property and Casualty Joint  
334 Underwriting Association and of the accounts specified in sub-  
335 sub-subparagraphs a.(I) and (II) may have a claim against, and  
336 recourse to, the accounts referred to in sub-sub-subparagraphs  
337 a.(I) and (II) and shall have no claim against, or recourse to,  
338 the account referred to in sub-sub-subparagraph a.(III).  
339 Creditors of the Florida Windstorm Underwriting Association shall  
340 have a claim against, and recourse to, the account referred to in  
341 sub-sub-subparagraph a.(III) and shall have no claim against, or  
342 recourse to, the accounts referred to in sub-sub-subparagraphs  
343 a.(I) and (II).

344 d. Revenues, assets, liabilities, losses, and expenses not  
345 attributable to particular accounts shall be prorated among the  
346 accounts.

347 e. The Legislature finds that the revenues of the  
348 corporation are revenues that are necessary to meet the

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349 requirements set forth in documents authorizing the issuance of  
350 bonds under this subsection.

351 f. No part of the income of the corporation may inure to  
352 the benefit of any private person.

353 3. With respect to a deficit in an account:

354 a. When the deficit incurred in a particular calendar year  
355 is not greater than 10 percent of the aggregate statewide direct  
356 written premium for the subject lines of business for the prior  
357 calendar year, the entire deficit shall be recovered through  
358 regular assessments of assessable insurers under paragraph (p)  
359 and assessable insureds.

360 b. When the deficit incurred in a particular calendar year  
361 exceeds 10 percent of the aggregate statewide direct written  
362 premium for the subject lines of business for the prior calendar  
363 year, the corporation shall levy regular assessments on  
364 assessable insurers under paragraph (p) and on assessable  
365 insureds in an amount equal to the greater of 10 percent of the  
366 deficit or 10 percent of the aggregate statewide direct written  
367 premium for the subject lines of business for the prior calendar  
368 year. Any remaining deficit shall be recovered through emergency  
369 assessments under sub-subparagraph d.

370 c. Each assessable insurer's share of the amount being  
371 assessed under sub-subparagraph a. or sub-subparagraph b. shall  
372 be in the proportion that the assessable insurer's direct written  
373 premium for the subject lines of business for the year preceding  
374 the assessment bears to the aggregate statewide direct written  
375 premium for the subject lines of business for that year. The  
376 assessment percentage applicable to each assessable insured is  
377 the ratio of the amount being assessed under sub-subparagraph a.

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378 or sub-subparagraph b. to the aggregate statewide direct written  
379 premium for the subject lines of business for the prior year.  
380 Assessments levied by the corporation on assessable insurers  
381 under sub-subparagraphs a. and b. shall be paid as required by  
382 the corporation's plan of operation and paragraph (p).  
383 Notwithstanding any other provision of this subsection, the  
384 aggregate amount of a regular assessment for a deficit incurred  
385 in a particular calendar year shall be reduced by the estimated  
386 amount to be received by the corporation from the Citizens  
387 policyholder surcharge under subparagraph (c)10. and the amount  
388 collected or estimated to be collected from the assessment on  
389 Citizens policyholders pursuant to sub-subparagraph i.  
390 Assessments levied by the corporation on assessable insureds  
391 under sub-subparagraphs a. and b. shall be collected by the  
392 surplus lines agent at the time the surplus lines agent collects  
393 the surplus lines tax required by s. 626.932 and shall be paid to  
394 the Florida Surplus Lines Service Office at the time the surplus  
395 lines agent pays the surplus lines tax to the Florida Surplus  
396 Lines Service Office. Upon receipt of regular assessments from  
397 surplus lines agents, the Florida Surplus Lines Service Office  
398 shall transfer the assessments directly to the corporation as  
399 determined by the corporation.

400 d. Upon a determination by the board of governors that a  
401 deficit in an account exceeds the amount that will be recovered  
402 through regular assessments under sub-subparagraph a. or sub-  
403 subparagraph b., the board shall levy, after verification by the  
404 office, emergency assessments, for as many years as necessary to  
405 cover the deficits, to be collected by assessable insurers and  
406 the corporation and collected from assessable insureds upon

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407 | issuance or renewal of policies for subject lines of business,  
408 | excluding National Flood Insurance policies. The amount of the  
409 | emergency assessment collected in a particular year shall be a  
410 | uniform percentage of that year's direct written premium for  
411 | subject lines of business and all accounts of the corporation,  
412 | excluding National Flood Insurance Program policy premiums, as  
413 | annually determined by the board and verified by the office. The  
414 | office shall verify the arithmetic calculations involved in the  
415 | board's determination within 30 days after receipt of the  
416 | information on which the determination was based. Notwithstanding  
417 | any other provision of law, the corporation and each assessable  
418 | insurer that writes subject lines of business shall collect  
419 | emergency assessments from its policyholders without such  
420 | obligation being affected by any credit, limitation, exemption,  
421 | or deferment. Emergency assessments levied by the corporation on  
422 | assessable insureds shall be collected by the surplus lines agent  
423 | at the time the surplus lines agent collects the surplus lines  
424 | tax required by s. 626.932 and shall be paid to the Florida  
425 | Surplus Lines Service Office at the time the surplus lines agent  
426 | pays the surplus lines tax to the Florida Surplus Lines Service  
427 | Office. The emergency assessments so collected shall be  
428 | transferred directly to the corporation on a periodic basis as  
429 | determined by the corporation and shall be held by the  
430 | corporation solely in the applicable account. The aggregate  
431 | amount of emergency assessments levied for an account under this  
432 | sub-subparagraph in any calendar year may not exceed the greater  
433 | of 10 percent of the amount needed to cover the original deficit,  
434 | plus interest, fees, commissions, required reserves, and other  
435 | costs associated with financing of the original deficit, or 10

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436 percent of the aggregate statewide direct written premium for  
437 subject lines of business and for all accounts of the corporation  
438 for the prior year, plus interest, fees, commissions, required  
439 reserves, and other costs associated with financing the original  
440 deficit.

441 e. The corporation may pledge the proceeds of assessments,  
442 projected recoveries from the Florida Hurricane Catastrophe Fund,  
443 other insurance and reinsurance recoverables, policyholder  
444 surcharges and other surcharges, and other funds available to the  
445 corporation as the source of revenue for and to secure bonds  
446 issued under paragraph (p), bonds or other indebtedness issued  
447 under subparagraph (c)3., or lines of credit or other financing  
448 mechanisms issued or created under this subsection, or to retire  
449 any other debt incurred as a result of deficits or events giving  
450 rise to deficits, or in any other way that the board determines  
451 will efficiently recover such deficits. The purpose of the lines  
452 of credit or other financing mechanisms is to provide additional  
453 resources to assist the corporation in covering claims and  
454 expenses attributable to a catastrophe. As used in this  
455 subsection, the term "assessments" includes regular assessments  
456 under sub-subparagraph a., sub-subparagraph b., or subparagraph  
457 (p)1. and emergency assessments under sub-subparagraph d.  
458 Emergency assessments collected under sub-subparagraph d. are not  
459 part of an insurer's rates, are not premium, and are not subject  
460 to premium tax, fees, or commissions; however, failure to pay the  
461 emergency assessment shall be treated as failure to pay premium.  
462 The emergency assessments under sub-subparagraph d. shall  
463 continue as long as any bonds issued or other indebtedness  
464 incurred with respect to a deficit for which the assessment was



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465 imposed remain outstanding, unless adequate provision has been  
466 made for the payment of such bonds or other indebtedness pursuant  
467 to the documents governing such bonds or other indebtedness.

468 f. As used in this subsection for purposes of any deficit  
469 incurred on or after January 25, 2007, the term "subject lines of  
470 business" means insurance written by assessable insurers or  
471 procured by assessable insureds for all property and casualty  
472 lines of business in this state, but not including workers'  
473 compensation, or medical malpractice, or nonassessable commercial  
474 property insurance as defined in s. 627.041(11). As used in the  
475 sub-subparagraph, the term "property and casualty lines of  
476 business" includes all lines of business identified on Form 2,  
477 Exhibit of Premiums and Losses, in the annual statement required  
478 of authorized insurers by s. 624.424 and any rule adopted under  
479 this section, except for those lines identified as accident and  
480 health insurance and except for policies written under the  
481 National Flood Insurance Program or the Federal Crop Insurance  
482 Program. For purposes of this sub-subparagraph, the term  
483 "workers' compensation" includes both workers' compensation  
484 insurance and excess workers' compensation insurance. Insurers  
485 issuing nonassessable commercial property insurance policies are  
486 not assessable for the portion of the assessment from which the  
487 nonassessable commercial property insurance policy is exempt.

488 g. The Florida Surplus Lines Service Office shall determine  
489 annually the aggregate statewide written premium in subject lines  
490 of business procured by assessable insureds and shall report that  
491 information to the corporation in a form and at a time the  
492 corporation specifies to ensure that the corporation can meet the  
493 requirements of this subsection and the corporation's financing

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494 obligations.

495 h. The Florida Surplus Lines Service Office shall verify  
496 the proper application by surplus lines agents of assessment  
497 percentages for regular assessments and emergency assessments  
498 levied under this subparagraph on assessable insureds and shall  
499 assist the corporation in ensuring the accurate, timely  
500 collection and payment of assessments by surplus lines agents as  
501 required by the corporation.

502 i. If a deficit is incurred in any account in 2008 or  
503 thereafter, the board of governors shall levy an immediate  
504 assessment against the premium of each nonhomestead property  
505 policyholder in all accounts of the corporation, as a uniform  
506 percentage of the premium of the policy of up to 10 percent of  
507 such premium, which funds shall be used to offset the deficit. If  
508 this assessment is insufficient to eliminate the deficit, the  
509 board of governors shall levy an additional assessment against  
510 all policyholders of the corporation, which shall be collected at  
511 the time of issuance or renewal of a policy, as a uniform  
512 percentage of the premium for the policy of up to 10 percent of  
513 such premium, which funds shall be used to further offset the  
514 deficit.

515 j. The board of governors shall maintain separate  
516 accounting records that consolidate data for nonhomestead  
517 properties, including, but not limited to, number of policies,  
518 insured values, premiums written, and losses. The board of  
519 governors shall annually report to the office and the Legislature  
520 a summary of such data.

521 Section 5. Section 627.7031, Florida Statutes, is created  
522 to read:

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523 627.7031 Commercial property insurance.--

524 (1) Insurers offering assessable commercial property  
525 insurance policies as defined in s. 627.041(10) may offer  
526 nonassessable commercial property insurance policies as defined  
527 in s. 627.041(11).

528 (2) An owner of commercial property may purchase a  
529 nonassessable commercial property insurance policy if such a  
530 policy is offered by the insurer.

531 (3) The application for a nonassessable commercial property  
532 insurance policy shall contain the following disclaimer printed  
533 in at least 12-point boldfaced type:

534  
535 THIS APPLICATION IS FOR A COMMERCIAL PROPERTY POLICY THAT IS  
536 SUBJECT TO LIMITED RATE REGULATION REQUIREMENTS OF FLORIDA LAW  
537 AND IS NOT SUBJECT TO DEFICIT ASSESSMENTS BY CITIZENS PROPERTY  
538 INSURANCE CORPORATION OR THE FLORIDA HURRICANE CATASTROPHE FUND.  
539 A COMMERCIAL PROPERTY POLICY THAT IS SUBJECT TO RATE REGULATION  
540 REQUIREMENTS AND DEFICIT ASSESSMENT BY CITIZENS PROPERTY  
541 INSURANCE CORPORATION AND THE FLORIDA HURRICANE CATASTROPHE FUND  
542 IS AVAILABLE. PLEASE DISCUSS YOUR POLICY OPTIONS WITH YOUR  
543 INSURANCE AGENT.

544  
545 (4) The declarations page of a nonassessable commercial  
546 property insurance policy shall contain the following disclaimer  
547 printed in at least 12-point boldfaced type:

548  
549 THIS COMMERCIAL PROPERTY POLICY IS SUBJECT TO LIMITED RATE  
550 REGULATION REQUIREMENTS OF FLORIDA LAW AND IS NOT SUBJECT TO  
551 DEFICIT ASSESSMENTS BY CITIZENS PROPERTY INSURANCE CORPORATION OR

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552 THE FLORIDA HURRICANE CATASTROPHE FUND. A COMMERCIAL PROPERTY  
553 POLICY THAT IS SUBJECT TO RATE REGULATION REQUIREMENTS AND  
554 DEFICIT ASSESSMENT BY CITIZENS PROPERTY INSURANCE CORPORATION AND  
555 THE FLORIDA HURRICANE CATASTROPHE FUND IS AVAILABLE. PLEASE  
556 DISCUSS YOUR POLICY OPTIONS WITH YOUR INSURANCE AGENT.

557

558 Section 6. This act shall take effect July 1, 2008.