

By Senator Atwater

25-03730D-08

20082878__

1 A bill to be entitled
2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; deleting
4 provisions defining the terms "homestead property" and
5 "nonhomestead property"; deleting a provision providing
6 for the classification of certain dwellings as
7 "nonhomestead property"; revising threshold amounts of
8 deficits incurred in a calendar year on which the decision
9 to levy assessments and the types of such assessments are
10 based; revising the formula used to calculate shares of
11 assessments owed by certain assessable insureds; requiring
12 that the board of governors make certain determinations
13 before levying emergency assessments; providing the board
14 of governors with discretion to set the amount of an
15 emergency assessment within specified limits; requiring
16 the board of governors to levy a Citizens policyholder
17 surcharge under certain conditions; deleting a provision
18 requiring the levy of an immediate assessment against
19 certain policyholders under such conditions; requiring
20 that funds collected from the levy of such surcharges be
21 used for certain purposes; providing that such surcharges
22 are not considered premium and are not subject to
23 commissions, fees, or premium taxes; requiring that the
24 failure to pay such surcharges be treated as failure to
25 pay premium; requiring that the amount of any assessment
26 or surcharge which exceeds the amount of deficits be
27 remitted to and used by the corporation for specified
28 purposes; deleting provisions requiring that the plan of
29 operation of the corporation provide for the levy of a

25-03730D-08

20082878__

30 Citizens policyholder surcharge if regular deficit
31 assessments are levied as a result of deficits in certain
32 accounts; deleting provisions related to the calculation,
33 classification, and nonpayment of such surcharge;
34 providing legislative findings; requiring that the
35 corporation make an annual filing for each personal or
36 commercial line of business it writes, beginning on a
37 specified date; limiting the overall average statewide
38 premium increase and the increase for an individual
39 policyholder to a specified amount for rates established
40 for certain policies during a specified period; requiring
41 that the corporation cease issuance of new wind-only
42 coverage beginning on a specified date; requiring that the
43 corporation issue comprehensive multiperil coverage
44 instead of wind-only coverage; requiring that the
45 corporation offer only comprehensive multiperil coverage
46 beginning on a specified date; providing legislative
47 intent; providing an effective date.

48
49 Be It Enacted by the Legislature of the State of Florida:

50
51 Section 1. Paragraphs (a), (b), (c), and (m) of subsection
52 (6) of section 627.351, Florida Statutes, are amended, and
53 paragraph (gg) is added to that subsection, to read:

54 627.351 Insurance risk apportionment plans.--

55 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

56 (a)1. It is the public purpose of this subsection to ensure
57 the existence of an orderly market for property insurance for
58 Floridians and Florida businesses. The Legislature finds that

25-03730D-08

20082878__

59 private insurers are unwilling or unable to provide affordable
60 property insurance coverage in this state to the extent sought
61 and needed. The absence of affordable property insurance
62 threatens the public health, safety, and welfare and likewise
63 threatens the economic health of the state. The state therefore
64 has a compelling public interest and a public purpose to assist
65 in assuring that property in the state is insured and that it is
66 insured at affordable rates so as to facilitate the remediation,
67 reconstruction, and replacement of damaged or destroyed property
68 in order to reduce or avoid the negative effects otherwise
69 resulting to the public health, safety, and welfare, to the
70 economy of the state, and to the revenues of the state and local
71 governments which are needed to provide for the public welfare.
72 It is necessary, therefore, to provide affordable property
73 insurance to applicants who are in good faith entitled to procure
74 insurance through the voluntary market but are unable to do so.
75 The Legislature intends by this subsection that affordable
76 property insurance be provided and that it continue to be
77 provided, as long as necessary, through Citizens Property
78 Insurance Corporation, a government entity that is an integral
79 part of the state, and that is not a private insurance company.
80 To that end, Citizens Property Insurance Corporation shall strive
81 to increase the availability of affordable property insurance in
82 this state, while achieving efficiencies and economies, and while
83 providing service to policyholders, applicants, and agents which
84 is no less than the quality generally provided in the voluntary
85 market, for the achievement of the foregoing public purposes.
86 Because it is essential for this government entity to have the
87 maximum financial resources to pay claims following a

25-03730D-08

20082878__

88 catastrophic hurricane, it is the intent of the Legislature that
89 Citizens Property Insurance Corporation continue to be an
90 integral part of the state and that the income of the corporation
91 be exempt from federal income taxation and that interest on the
92 debt obligations issued by the corporation be exempt from federal
93 income taxation.

94 2. The Residential Property and Casualty Joint Underwriting
95 Association originally created by this statute shall be known, as
96 of July 1, 2002, as the Citizens Property Insurance Corporation.
97 The corporation shall provide insurance for residential and
98 commercial property, for applicants who are in good faith
99 entitled, but are unable, to procure insurance through the
100 voluntary market. The corporation shall operate pursuant to a
101 plan of operation approved by order of the Financial Services
102 Commission. The plan is subject to continuous review by the
103 commission. The commission may, by order, withdraw approval of
104 all or part of a plan if the commission determines that
105 conditions have changed since approval was granted and that the
106 purposes of the plan require changes in the plan. The corporation
107 shall continue to operate pursuant to the plan of operation
108 approved by the Office of Insurance Regulation until October 1,
109 2006. For the purposes of this subsection, residential coverage
110 includes both personal lines residential coverage, which consists
111 of the type of coverage provided by homeowner's, mobile home
112 owner's, dwelling, tenant's, condominium unit owner's, and
113 similar policies, and commercial lines residential coverage,
114 which consists of the type of coverage provided by condominium
115 association, apartment building, and similar policies.

25-03730D-08

20082878__

116 ~~3. For the purposes of this subsection, the term "homestead~~
117 ~~property" means:~~

118 ~~a. Property that has been granted a homestead exemption~~
119 ~~under chapter 196;~~

120 ~~b. Property for which the owner has a current, written~~
121 ~~lease with a renter for a term of at least 7 months and for which~~
122 ~~the dwelling is insured by the corporation for \$200,000 or less;~~

123 ~~e. An owner-occupied mobile home or manufactured home, as~~
124 ~~defined in s. 320.01, which is permanently affixed to real~~
125 ~~property, is owned by a Florida resident, and has been granted a~~
126 ~~homestead exemption under chapter 196 or, if the owner does not~~
127 ~~own the real property, the owner certifies that the mobile home~~
128 ~~or manufactured home is his or her principal place of residence;~~

129 ~~d. Tenant's coverage;~~

130 ~~e. Commercial lines residential property; or~~

131 ~~f. Any county, district, or municipal hospital; a hospital~~
132 ~~licensed by any not-for-profit corporation qualified under s.~~
133 ~~501(c) (3) of the United States Internal Revenue Code; or a~~
134 ~~continuing care retirement community that is certified under~~
135 ~~chapter 651 and that receives an exemption from ad valorem taxes~~
136 ~~under chapter 196.~~

137 ~~4. For the purposes of this subsection, the term~~
138 ~~"nonhomestead property" means property that is not homestead~~
139 ~~property.~~

140 ~~3.5. Effective January 1, 2010, ~~January 1, 2009~~, a personal~~
141 ~~lines residential structure that has a dwelling replacement cost~~
142 ~~of \$1 million or more, or a single condominium unit that has a~~
143 ~~combined dwelling and content replacement cost of \$1 million or~~
144 ~~more is not eligible for coverage by the corporation. Such~~

25-03730D-08

20082878__

145 dwellings insured by the corporation on December 31, 2008, may
146 continue to be covered by the corporation until the end of the
147 policy term. ~~However, such dwellings that are insured by the~~
148 ~~corporation and become ineligible for coverage due to the~~
149 ~~provisions of this subparagraph may reapply and obtain coverage~~
150 ~~in the high-risk account and be considered "nonhomestead~~
151 ~~property"~~ If the property owner provides the corporation with a
152 sworn affidavit from one or more insurance agents, on a form
153 provided by the corporation, stating that the agents have made
154 their best efforts to obtain coverage and that the property has
155 been rejected for coverage by at least one authorized insurer and
156 at least three surplus lines insurers. ~~If such conditions are~~
157 ~~met,~~ The dwelling may be insured by the corporation for up to 3
158 years, after which time the dwelling is ineligible for coverage.
159 The office shall approve the method used by the corporation for
160 valuing the dwelling replacement cost for the purposes of this
161 subparagraph. If a policyholder is insured by the corporation
162 prior to being determined to be ineligible pursuant to this
163 subparagraph and such policyholder files a lawsuit challenging
164 the determination, the policyholder may remain insured by the
165 corporation until the conclusion of the litigation.

166 4.6. For properties constructed on or after January 1,
167 2009, the corporation may not insure any property located within
168 2,500 feet landward of the coastal construction control line
169 created pursuant to s. 161.053 unless the property meets the
170 requirements of the code-plus building standards developed by the
171 Florida Building Commission.

172 5.7. It is the intent of the Legislature that
173 policyholders, applicants, and agents of the corporation receive

25-03730D-08

20082878__

174 service and treatment of the highest possible level but never
175 less than that generally provided in the voluntary market. It
176 also is intended that the corporation be held to service
177 standards no less than those applied to insurers in the voluntary
178 market by the office with respect to responsiveness, timeliness,
179 customer courtesy, and overall dealings with policyholders,
180 applicants, or agents of the corporation.

181 ~~6.8.~~ Effective January 1, 2009, a personal lines
182 residential structure that is located in the "wind-borne debris
183 region," as defined in s. 1609.2, International Building Code
184 (2006), and that has an insured value on the structure of
185 \$750,000 or more is not eligible for coverage by the corporation
186 unless the structure has opening protections as required under
187 the Florida Building Code for a newly constructed residential
188 structure in that area. A residential structure shall be deemed
189 to comply with the requirements of this subparagraph if it has
190 shutters or opening protections on all openings and if such
191 opening protections complied with the Florida Building Code at
192 the time they were installed.

193 (b)1. All insurers authorized to write one or more subject
194 lines of business in this state are subject to assessment by the
195 corporation and, for the purposes of this subsection, are
196 referred to collectively as "assessable insurers." Insurers
197 writing one or more subject lines of business in this state
198 pursuant to part VIII of chapter 626 are not assessable insurers,
199 but insureds who procure one or more subject lines of business in
200 this state pursuant to part VIII of chapter 626 are subject to
201 assessment by the corporation and are referred to collectively as
202 "assessable insureds." An authorized insurer's assessment

25-03730D-08

20082878__

203 liability shall begin on the first day of the calendar year
204 following the year in which the insurer was issued a certificate
205 of authority to transact insurance for subject lines of business
206 in this state and shall terminate 1 year after the end of the
207 first calendar year during which the insurer no longer holds a
208 certificate of authority to transact insurance for subject lines
209 of business in this state.

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

213 (I) A personal lines account for personal residential
214 policies issued by the corporation or issued by the Residential
215 Property and Casualty Joint Underwriting Association and renewed
216 by the corporation that provide comprehensive, multiperil
217 coverage on risks that are not located in areas eligible for
218 coverage in the Florida Windstorm Underwriting Association as
219 those areas were defined on January 1, 2002, and for such
220 policies that do not provide coverage for the peril of wind on
221 risks that are located in such areas;

222 (II) A commercial lines account for commercial residential
223 and commercial nonresidential policies issued by the corporation
224 or issued by the Residential Property and Casualty Joint
225 Underwriting Association and renewed by the corporation that
226 provide coverage for basic property perils on risks that are not
227 located in areas eligible for coverage in the Florida Windstorm
228 Underwriting Association as those areas were defined on January
229 1, 2002, and for such policies that do not provide coverage for
230 the peril of wind on risks that are located in such areas; and

25-03730D-08

20082878__

231 (III) A high-risk account for personal residential policies
232 and commercial residential and commercial nonresidential property
233 policies issued by the corporation or transferred to the
234 corporation that provide coverage for the peril of wind on risks
235 that are located in areas eligible for coverage in the Florida
236 Windstorm Underwriting Association as those areas were defined on
237 January 1, 2002. Subject to the approval of a business plan by
238 the Financial Services Commission and Legislative Budget
239 Commission as provided in this sub-sub-subparagraph, but no
240 earlier than March 31, 2007, the corporation may offer policies
241 that provide multiperil coverage and the corporation shall
242 continue to offer policies that provide coverage only for the
243 peril of wind for risks located in areas eligible for coverage in
244 the high-risk account. In issuing multiperil coverage, the
245 corporation may use its approved policy forms and rates for the
246 personal lines account. An applicant or insured who is eligible
247 to purchase a multiperil policy from the corporation may purchase
248 a multiperil policy from an authorized insurer without prejudice
249 to the applicant's or insured's eligibility to prospectively
250 purchase a policy that provides coverage only for the peril of
251 wind from the corporation. An applicant or insured who is
252 eligible for a corporation policy that provides coverage only for
253 the peril of wind may elect to purchase or retain such policy and
254 also purchase or retain coverage excluding wind from an
255 authorized insurer without prejudice to the applicant's or
256 insured's eligibility to prospectively purchase a policy that
257 provides multiperil coverage from the corporation. It is the goal
258 of the Legislature that there would be an overall average savings
259 of 10 percent or more for a policyholder who currently has a

25-03730D-08

20082878__

260 | wind-only policy with the corporation, and an ex-wind policy with
261 | a voluntary insurer or the corporation, and who then obtains a
262 | multiperil policy from the corporation. It is the intent of the
263 | Legislature that the offer of multiperil coverage in the high-
264 | risk account be made and implemented in a manner that does not
265 | adversely affect the tax-exempt status of the corporation or
266 | creditworthiness of or security for currently outstanding
267 | financing obligations or credit facilities of the high-risk
268 | account, the personal lines account, or the commercial lines
269 | account. By March 1, 2007, the corporation shall prepare and
270 | submit for approval by the Financial Services Commission and
271 | Legislative Budget Commission a report detailing the
272 | corporation's business plan for issuing multiperil coverage in
273 | the high-risk account. The business plan shall be approved or
274 | disapproved within 30 days after receipt, as submitted or
275 | modified and resubmitted by the corporation. The business plan
276 | must include: the impact of such multiperil coverage on the
277 | corporation's financial resources, the impact of such multiperil
278 | coverage on the corporation's tax-exempt status, the manner in
279 | which the corporation plans to implement the processing of
280 | applications and policy forms for new and existing policyholders,
281 | the impact of such multiperil coverage on the corporation's
282 | ability to deliver customer service at the high level required by
283 | this subsection, the ability of the corporation to process
284 | claims, the ability of the corporation to quote and issue
285 | policies, the impact of such multiperil coverage on the
286 | corporation's agents, the impact of such multiperil coverage on
287 | the corporation's existing policyholders, and the impact of such
288 | multiperil coverage on rates and premium. The high-risk account

25-03730D-08

20082878__

289 must also include quota share primary insurance under
290 subparagraph (c)2. The area eligible for coverage under the high-
291 risk account also includes the area within Port Canaveral, which
292 is bordered on the south by the City of Cape Canaveral, bordered
293 on the west by the Banana River, and bordered on the north by
294 Federal Government property.

295 b. The three separate accounts must be maintained as long
296 as financing obligations entered into by the Florida Windstorm
297 Underwriting Association or Residential Property and Casualty
298 Joint Underwriting Association are outstanding, in accordance
299 with the terms of the corresponding financing documents. When the
300 financing obligations are no longer outstanding, in accordance
301 with the terms of the corresponding financing documents, the
302 corporation may use a single account for all revenues, assets,
303 liabilities, losses, and expenses of the corporation. Consistent
304 with the requirement of this subparagraph and prudent investment
305 policies that minimize the cost of carrying debt, the board shall
306 exercise its best efforts to retire existing debt or to obtain
307 approval of necessary parties to amend the terms of existing
308 debt, so as to structure the most efficient plan to consolidate
309 the three separate accounts into a single account. By February 1,
310 2007, the board shall submit a report to the Financial Services
311 Commission, the President of the Senate, and the Speaker of the
312 House of Representatives which includes an analysis of
313 consolidating the accounts, the actions the board has taken to
314 minimize the cost of carrying debt, and its recommendations for
315 executing the most efficient plan.

316 c. Creditors of the Residential Property and Casualty Joint
317 Underwriting Association and of the accounts specified in sub-

25-03730D-08

20082878__

318 sub-subparagraphs a.(I) and (II) may have a claim against, and
319 recourse to, the accounts referred to in sub-sub-subparagraphs
320 a.(I) and (II) and shall have no claim against, or recourse to,
321 the account referred to in sub-sub-subparagraph a.(III).
322 Creditors of the Florida Windstorm Underwriting Association shall
323 have a claim against, and recourse to, the account referred to in
324 sub-sub-subparagraph a.(III) and shall have no claim against, or
325 recourse to, the accounts referred to in sub-sub-subparagraphs
326 a.(I) and (II).

327 d. Revenues, assets, liabilities, losses, and expenses not
328 attributable to particular accounts shall be prorated among the
329 accounts.

330 e. The Legislature finds that the revenues of the
331 corporation are revenues that are necessary to meet the
332 requirements set forth in documents authorizing the issuance of
333 bonds under this subsection.

334 f. No part of the income of the corporation may inure to
335 the benefit of any private person.

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

337 a. When the deficit incurred in a particular calendar year
338 is not greater than 8 ~~10~~ percent of the aggregate statewide
339 direct written premium for the subject lines of business for the
340 prior calendar year, the entire deficit shall be recovered
341 through regular assessments of assessable insurers under
342 paragraph (p) and assessable insureds.

343 b. When the deficit incurred in a particular calendar year
344 exceeds 8 ~~10~~ percent of the aggregate statewide direct written
345 premium for the subject lines of business for the prior calendar
346 year, the corporation shall levy regular assessments on

25-03730D-08

20082878__

347 assessable insurers under paragraph (p) and on assessable
348 insureds in an amount equal to the greater of 8 ~~10~~ percent of the
349 deficit or 8 ~~10~~ percent of the aggregate statewide direct written
350 premium for the subject lines of business for the prior calendar
351 year. Any remaining deficit shall be recovered through emergency
352 assessments under sub-subparagraph d.

353 c. Each assessable insurer's share of the amount being
354 assessed under sub-subparagraph a. or sub-subparagraph b. shall
355 be in the proportion that the assessable insurer's direct written
356 premium for the subject lines of business for the year preceding
357 the assessment bears to the aggregate statewide direct written
358 premium for the subject lines of business for that year. The
359 assessment percentage applicable to each assessable insured is
360 the ratio of the amount being assessed under sub-subparagraph a.
361 or sub-subparagraph b. to the aggregate statewide direct written
362 premium for the subject lines of business for the prior year.
363 Assessments levied by the corporation on assessable insurers
364 under sub-subparagraphs a. and b. shall be paid as required by
365 the corporation's plan of operation and paragraph (p).
366 Notwithstanding any other provision of this subsection, the
367 aggregate amount of a regular assessment for a deficit incurred
368 in a particular calendar year shall be reduced by the estimated
369 amount to be received by the corporation from the Citizens
370 policyholder surcharge under ~~subparagraph (e)10.~~ and the amount
371 ~~collected or estimated to be collected from the assessment on~~
372 ~~Citizens policyholders pursuant to~~ sub-subparagraph i.
373 Assessments levied by the corporation on assessable insureds
374 under sub-subparagraphs a. and b. shall be collected by the
375 surplus lines agent at the time the surplus lines agent collects

25-03730D-08

20082878__

376 the surplus lines tax required by s. 626.932 and shall be paid to
377 the Florida Surplus Lines Service Office at the time the surplus
378 lines agent pays the surplus lines tax to the Florida Surplus
379 Lines Service Office. Upon receipt of regular assessments from
380 surplus lines agents, the Florida Surplus Lines Service Office
381 shall transfer the assessments directly to the corporation as
382 determined by the corporation.

383 d. Upon a determination by the board of governors that a
384 deficit in an account exceeds the amount that will be recovered
385 through regular assessments under sub-subparagraph a. or sub-
386 subparagraph b., and the amount that is expected to be recovered
387 through surcharges under sub-subparagraph i., as to the remaining
388 projected deficit the board shall levy, after verification by the
389 office, emergency assessments, for as many years as necessary to
390 cover the deficits, to be collected by assessable insurers and
391 the corporation and collected from assessable insureds upon
392 issuance or renewal of policies for subject lines of business,
393 excluding National Flood Insurance policies. The amount of the
394 emergency assessment collected in a particular year shall be a
395 uniform percentage of that year's direct written premium for
396 subject lines of business and all accounts of the corporation,
397 excluding National Flood Insurance Program policy premiums, as
398 annually determined by the board and verified by the office. The
399 office shall verify the arithmetic calculations involved in the
400 board's determination within 30 days after receipt of the
401 information on which the determination was based. Notwithstanding
402 any other provision of law, the corporation and each assessable
403 insurer that writes subject lines of business shall collect
404 emergency assessments from its policyholders without such

25-03730D-08

20082878__

405 obligation being affected by any credit, limitation, exemption,
406 or deferment. Emergency assessments levied by the corporation on
407 assessable insureds shall be collected by the surplus lines agent
408 at the time the surplus lines agent collects the surplus lines
409 tax required by s. 626.932 and shall be paid to the Florida
410 Surplus Lines Service Office at the time the surplus lines agent
411 pays the surplus lines tax to the Florida Surplus Lines Service
412 Office. The emergency assessments so collected shall be
413 transferred directly to the corporation on a periodic basis as
414 determined by the corporation and shall be held by the
415 corporation solely in the applicable account. The aggregate
416 amount of emergency assessments levied for an account under this
417 sub-subparagraph in any calendar year may, at the discretion of
418 the board of governors, be less than, but may not exceed the
419 greater of 10 percent of the amount needed to cover the remaining
420 ~~original~~ deficit, plus interest, fees, commissions, required
421 reserves, and other costs associated with financing of the
422 original deficit, or 10 percent of the aggregate statewide direct
423 written premium for subject lines of business and for all
424 accounts of the corporation for the prior year, plus interest,
425 fees, commissions, required reserves, and other costs associated
426 with financing the remaining ~~original~~ deficit.

427 e. The corporation may pledge the proceeds of assessments,
428 projected recoveries from the Florida Hurricane Catastrophe Fund,
429 other insurance and reinsurance recoverables, policyholder
430 surcharges and other surcharges, and other funds available to the
431 corporation as the source of revenue for and to secure bonds
432 issued under paragraph (p), bonds or other indebtedness issued
433 under subparagraph (c)3., or lines of credit or other financing

25-03730D-08

20082878__

434 mechanisms issued or created under this subsection, or to retire
435 any other debt incurred as a result of deficits or events giving
436 rise to deficits, or in any other way that the board determines
437 will efficiently recover such deficits. The purpose of the lines
438 of credit or other financing mechanisms is to provide additional
439 resources to assist the corporation in covering claims and
440 expenses attributable to a catastrophe. As used in this
441 subsection, the term "assessments" includes regular assessments
442 under sub-subparagraph a., sub-subparagraph b., or subparagraph
443 (p)1. and emergency assessments under sub-subparagraph d.
444 Emergency assessments collected under sub-subparagraph d. are not
445 part of an insurer's rates, are not premium, and are not subject
446 to premium tax, fees, or commissions; however, failure to pay the
447 emergency assessment shall be treated as failure to pay premium.
448 The emergency assessments under sub-subparagraph d. shall
449 continue as long as any bonds issued or other indebtedness
450 incurred with respect to a deficit for which the assessment was
451 imposed remain outstanding, unless adequate provision has been
452 made for the payment of such bonds or other indebtedness pursuant
453 to the documents governing such bonds or other indebtedness.

454 f. As used in this subsection for purposes of any deficit
455 incurred on or after January 25, 2007, the term "subject lines of
456 business" means insurance written by assessable insurers or
457 procured by assessable insureds for all property and casualty
458 lines of business in this state, but not including workers'
459 compensation or medical malpractice. As used in the sub-
460 subparagraph, the term "property and casualty lines of business"
461 includes all lines of business identified on Form 2, Exhibit of
462 Premiums and Losses, in the annual statement required of

25-03730D-08

20082878__

463 authorized insurers by s. 624.424 and any rule adopted under this
464 section, except for those lines identified as accident and health
465 insurance and except for policies written under the National
466 Flood Insurance Program or the Federal Crop Insurance Program.
467 For purposes of this sub-subparagraph, the term "workers'
468 compensation" includes both workers' compensation insurance and
469 excess workers' compensation insurance.

470 g. The Florida Surplus Lines Service Office shall determine
471 annually the aggregate statewide written premium in subject lines
472 of business procured by assessable insureds and shall report that
473 information to the corporation in a form and at a time the
474 corporation specifies to ensure that the corporation can meet the
475 requirements of this subsection and the corporation's financing
476 obligations.

477 h. The Florida Surplus Lines Service Office shall verify
478 the proper application by surplus lines agents of assessment
479 percentages for regular assessments and emergency assessments
480 levied under this subparagraph on assessable insureds and shall
481 assist the corporation in ensuring the accurate, timely
482 collection and payment of assessments by surplus lines agents as
483 required by the corporation.

484 i. If a deficit is incurred in any account in 2008 or
485 thereafter, the board of governors shall levy a Citizens
486 policyholder surcharge ~~an immediate assessment against the~~
487 ~~premium of each nonhomestead property policyholder in all~~
488 ~~accounts of the corporation, as a uniform percentage of the~~
489 ~~premium of the policy of up to 10 percent of such premium, which~~
490 ~~funds shall be used to offset the deficit. If this assessment is~~
491 ~~insufficient to eliminate the deficit, the board of governors~~

25-03730D-08

20082878__

492 ~~shall levy an additional assessment~~ against all policyholders of
493 the corporation, which shall be collected at the time of issuance
494 or renewal of a policy, as a uniform percentage of the premium
495 for the policy of up to 10 percent of such premium, which funds
496 shall be used to ~~further~~ offset the deficit and reduce the amount
497 of the regular assessment as provided in sub-subparagraph c.
498 Citizens policyholder surcharges under this sub-subparagraph are
499 not considered premium and are not subject to commissions, fees,
500 or premium taxes. However, failure to pay such surcharges shall
501 be treated as failure to pay premium.

502 j. If the amount of any assessments or surcharges collected
503 from corporation policyholders, assessable insurers or their
504 policyholders, or assessable insureds exceeds the amount of the
505 deficits, such excess amounts shall be remitted to and retained
506 by the corporation in a reserve to be used by the corporation, as
507 determined by the board of governors and approved by the office,
508 to pay claims or reduce any past, present, or future plan-year
509 deficits or to reduce outstanding debt. The board of governors
510 shall maintain separate accounting records that consolidate data
511 for nonhomestead properties, including, but not limited to,
512 number of policies, insured values, premiums written, and losses.
513 ~~The board of governors shall annually report to the office and~~
514 ~~the Legislature a summary of such data.~~

515 (c) The plan of operation of the corporation:

516 1. Must provide for adoption of residential property and
517 casualty insurance policy forms and commercial residential and
518 nonresidential property insurance forms, which forms must be
519 approved by the office prior to use. The corporation shall adopt
520 the following policy forms:

25-03730D-08

20082878__

521 a. Standard personal lines policy forms that are
522 comprehensive multiperil policies providing full coverage of a
523 residential property equivalent to the coverage provided in the
524 private insurance market under an HO-3, HO-4, or HO-6 policy.

525 b. Basic personal lines policy forms that are policies
526 similar to an HO-8 policy or a dwelling fire policy that provide
527 coverage meeting the requirements of the secondary mortgage
528 market, but which coverage is more limited than the coverage
529 under a standard policy.

530 c. Commercial lines residential and nonresidential policy
531 forms that are generally similar to the basic perils of full
532 coverage obtainable for commercial residential structures and
533 commercial nonresidential structures in the admitted voluntary
534 market.

535 d. Personal lines and commercial lines residential property
536 insurance forms that cover the peril of wind only. The forms are
537 applicable only to residential properties located in areas
538 eligible for coverage under the high-risk account referred to in
539 sub-subparagraph (b)2.a.

540 e. Commercial lines nonresidential property insurance forms
541 that cover the peril of wind only. The forms are applicable only
542 to nonresidential properties located in areas eligible for
543 coverage under the high-risk account referred to in sub-
544 subparagraph (b)2.a.

545 f. The corporation may adopt variations of the policy forms
546 listed in sub-subparagraphs a.-e. that contain more restrictive
547 coverage.

548 2.a. Must provide that the corporation adopt a program in
549 which the corporation and authorized insurers enter into quota

25-03730D-08

20082878__

550 share primary insurance agreements for hurricane coverage, as
551 defined in s. 627.4025(2)(a), for eligible risks, and adopt
552 property insurance forms for eligible risks which cover the peril
553 of wind only. As used in this subsection, the term:

554 (I) "Quota share primary insurance" means an arrangement in
555 which the primary hurricane coverage of an eligible risk is
556 provided in specified percentages by the corporation and an
557 authorized insurer. The corporation and authorized insurer are
558 each solely responsible for a specified percentage of hurricane
559 coverage of an eligible risk as set forth in a quota share
560 primary insurance agreement between the corporation and an
561 authorized insurer and the insurance contract. The responsibility
562 of the corporation or authorized insurer to pay its specified
563 percentage of hurricane losses of an eligible risk, as set forth
564 in the quota share primary insurance agreement, may not be
565 altered by the inability of the other party to the agreement to
566 pay its specified percentage of hurricane losses. Eligible risks
567 that are provided hurricane coverage through a quota share
568 primary insurance arrangement must be provided policy forms that
569 set forth the obligations of the corporation and authorized
570 insurer under the arrangement, clearly specify the percentages of
571 quota share primary insurance provided by the corporation and
572 authorized insurer, and conspicuously and clearly state that
573 neither the authorized insurer nor the corporation may be held
574 responsible beyond its specified percentage of coverage of
575 hurricane losses.

576 (II) "Eligible risks" means personal lines residential and
577 commercial lines residential risks that meet the underwriting
578 criteria of the corporation and are located in areas that were

25-03730D-08

20082878__

579 eligible for coverage by the Florida Windstorm Underwriting
580 Association on January 1, 2002.

581 b. The corporation may enter into quota share primary
582 insurance agreements with authorized insurers at corporation
583 coverage levels of 90 percent and 50 percent.

584 c. If the corporation determines that additional coverage
585 levels are necessary to maximize participation in quota share
586 primary insurance agreements by authorized insurers, the
587 corporation may establish additional coverage levels. However,
588 the corporation's quota share primary insurance coverage level
589 may not exceed 90 percent.

590 d. Any quota share primary insurance agreement entered into
591 between an authorized insurer and the corporation must provide
592 for a uniform specified percentage of coverage of hurricane
593 losses, by county or territory as set forth by the corporation
594 board, for all eligible risks of the authorized insurer covered
595 under the quota share primary insurance agreement.

596 e. Any quota share primary insurance agreement entered into
597 between an authorized insurer and the corporation is subject to
598 review and approval by the office. However, such agreement shall
599 be authorized only as to insurance contracts entered into between
600 an authorized insurer and an insured who is already insured by
601 the corporation for wind coverage.

602 f. For all eligible risks covered under quota share primary
603 insurance agreements, the exposure and coverage levels for both
604 the corporation and authorized insurers shall be reported by the
605 corporation to the Florida Hurricane Catastrophe Fund. For all
606 policies of eligible risks covered under quota share primary
607 insurance agreements, the corporation and the authorized insurer

25-03730D-08

20082878__

608 shall maintain complete and accurate records for the purpose of
609 exposure and loss reimbursement audits as required by Florida
610 Hurricane Catastrophe Fund rules. The corporation and the
611 authorized insurer shall each maintain duplicate copies of policy
612 declaration pages and supporting claims documents.

613 g. The corporation board shall establish in its plan of
614 operation standards for quota share agreements which ensure that
615 there is no discriminatory application among insurers as to the
616 terms of quota share agreements, pricing of quota share
617 agreements, incentive provisions if any, and consideration paid
618 for servicing policies or adjusting claims.

619 h. The quota share primary insurance agreement between the
620 corporation and an authorized insurer must set forth the specific
621 terms under which coverage is provided, including, but not
622 limited to, the sale and servicing of policies issued under the
623 agreement by the insurance agent of the authorized insurer
624 producing the business, the reporting of information concerning
625 eligible risks, the payment of premium to the corporation, and
626 arrangements for the adjustment and payment of hurricane claims
627 incurred on eligible risks by the claims adjuster and personnel
628 of the authorized insurer. Entering into a quota sharing
629 insurance agreement between the corporation and an authorized
630 insurer shall be voluntary and at the discretion of the
631 authorized insurer.

632 3. May provide that the corporation may employ or otherwise
633 contract with individuals or other entities to provide
634 administrative or professional services that may be appropriate
635 to effectuate the plan. The corporation shall have the power to
636 borrow funds, by issuing bonds or by incurring other

25-03730D-08

20082878__

637 indebtedness, and shall have other powers reasonably necessary to
638 effectuate the requirements of this subsection, including,
639 without limitation, the power to issue bonds and incur other
640 indebtedness in order to refinance outstanding bonds or other
641 indebtedness. The corporation may, but is not required to, seek
642 judicial validation of its bonds or other indebtedness under
643 chapter 75. The corporation may issue bonds or incur other
644 indebtedness, or have bonds issued on its behalf by a unit of
645 local government pursuant to subparagraph (p)2., in the absence
646 of a hurricane or other weather-related event, upon a
647 determination by the corporation, subject to approval by the
648 office, that such action would enable it to efficiently meet the
649 financial obligations of the corporation and that such financings
650 are reasonably necessary to effectuate the requirements of this
651 subsection. The corporation is authorized to take all actions
652 needed to facilitate tax-free status for any such bonds or
653 indebtedness, including formation of trusts or other affiliated
654 entities. The corporation shall have the authority to pledge
655 assessments, projected recoveries from the Florida Hurricane
656 Catastrophe Fund, other reinsurance recoverables, market
657 equalization and other surcharges, and other funds available to
658 the corporation as security for bonds or other indebtedness. In
659 recognition of s. 10, Art. I of the State Constitution,
660 prohibiting the impairment of obligations of contracts, it is the
661 intent of the Legislature that no action be taken whose purpose
662 is to impair any bond indenture or financing agreement or any
663 revenue source committed by contract to such bond or other
664 indebtedness.

25-03730D-08

20082878__

665 4.a. Must require that the corporation operate subject to
666 the supervision and approval of a board of governors consisting
667 of eight individuals who are residents of this state, from
668 different geographical areas of this state. The Governor, the
669 Chief Financial Officer, the President of the Senate, and the
670 Speaker of the House of Representatives shall each appoint two
671 members of the board. At least one of the two members appointed
672 by each appointing officer must have demonstrated expertise in
673 insurance. The Chief Financial Officer shall designate one of the
674 appointees as chair. All board members serve at the pleasure of
675 the appointing officer. All members of the board of governors are
676 subject to removal at will by the officers who appointed them.
677 All board members, including the chair, must be appointed to
678 serve for 3-year terms beginning annually on a date designated by
679 the plan. Any board vacancy shall be filled for the unexpired
680 term by the appointing officer. The Chief Financial Officer shall
681 appoint a technical advisory group to provide information and
682 advice to the board of governors in connection with the board's
683 duties under this subsection. The executive director and senior
684 managers of the corporation shall be engaged by the board and
685 serve at the pleasure of the board. Any executive director
686 appointed on or after July 1, 2006, is subject to confirmation by
687 the Senate. The executive director is responsible for employing
688 other staff as the corporation may require, subject to review and
689 concurrence by the board.

690 b. The board shall create a Market Accountability Advisory
691 Committee to assist the corporation in developing awareness of
692 its rates and its customer and agent service levels in
693 relationship to the voluntary market insurers writing similar

25-03730D-08

20082878__

694 coverage. The members of the advisory committee shall consist of
695 the following 11 persons, one of whom must be elected chair by
696 the members of the committee: four representatives, one appointed
697 by the Florida Association of Insurance Agents, one by the
698 Florida Association of Insurance and Financial Advisors, one by
699 the Professional Insurance Agents of Florida, and one by the
700 Latin American Association of Insurance Agencies; three
701 representatives appointed by the insurers with the three highest
702 voluntary market share of residential property insurance business
703 in the state; one representative from the Office of Insurance
704 Regulation; one consumer appointed by the board who is insured by
705 the corporation at the time of appointment to the committee; one
706 representative appointed by the Florida Association of Realtors;
707 and one representative appointed by the Florida Bankers
708 Association. All members must serve for 3-year terms and may
709 serve for consecutive terms. The committee shall report to the
710 corporation at each board meeting on insurance market issues
711 which may include rates and rate competition with the voluntary
712 market; service, including policy issuance, claims processing,
713 and general responsiveness to policyholders, applicants, and
714 agents; and matters relating to depopulation.

715 5. Must provide a procedure for determining the eligibility
716 of a risk for coverage, as follows:

717 a. Subject to the provisions of s. 627.3517, with respect
718 to personal lines residential risks, if the risk is offered
719 coverage from an authorized insurer at the insurer's approved
720 rate under either a standard policy including wind coverage or,
721 if consistent with the insurer's underwriting rules as filed with
722 the office, a basic policy including wind coverage, for a new

25-03730D-08

20082878__

723 application to the corporation for coverage, the risk is not
724 eligible for any policy issued by the corporation unless the
725 premium for coverage from the authorized insurer is more than 15
726 percent greater than the premium for comparable coverage from the
727 corporation. If the risk is not able to obtain any such offer,
728 the risk is eligible for either a standard policy including wind
729 coverage or a basic policy including wind coverage issued by the
730 corporation; however, if the risk could not be insured under a
731 standard policy including wind coverage regardless of market
732 conditions, the risk shall be eligible for a basic policy
733 including wind coverage unless rejected under subparagraph 9.
734 However, with regard to a policyholder of the corporation or a
735 policyholder removed from the corporation through an assumption
736 agreement until the end of the assumption period, the
737 policyholder remains eligible for coverage from the corporation
738 regardless of any offer of coverage from an authorized insurer or
739 surplus lines insurer. The corporation shall determine the type
740 of policy to be provided on the basis of objective standards
741 specified in the underwriting manual and based on generally
742 accepted underwriting practices.

743 (I) If the risk accepts an offer of coverage through the
744 market assistance plan or an offer of coverage through a
745 mechanism established by the corporation before a policy is
746 issued to the risk by the corporation or during the first 30 days
747 of coverage by the corporation, and the producing agent who
748 submitted the application to the plan or to the corporation is
749 not currently appointed by the insurer, the insurer shall:

750 (A) Pay to the producing agent of record of the policy, for
751 the first year, an amount that is the greater of the insurer's

25-03730D-08

20082878__

752 usual and customary commission for the type of policy written or
753 a fee equal to the usual and customary commission of the
754 corporation; or

755 (B) Offer to allow the producing agent of record of the
756 policy to continue servicing the policy for a period of not less
757 than 1 year and offer to pay the agent the greater of the
758 insurer's or the corporation's usual and customary commission for
759 the type of policy written.

760

761 If the producing agent is unwilling or unable to accept
762 appointment, the new insurer shall pay the agent in accordance
763 with sub-sub-sub-subparagraph (A).

764 (II) When the corporation enters into a contractual
765 agreement for a take-out plan, the producing agent of record of
766 the corporation policy is entitled to retain any unearned
767 commission on the policy, and the insurer shall:

768 (A) Pay to the producing agent of record of the corporation
769 policy, for the first year, an amount that is the greater of the
770 insurer's usual and customary commission for the type of policy
771 written or a fee equal to the usual and customary commission of
772 the corporation; or

773 (B) Offer to allow the producing agent of record of the
774 corporation policy to continue servicing the policy for a period
775 of not less than 1 year and offer to pay the agent the greater of
776 the insurer's or the corporation's usual and customary commission
777 for the type of policy written.

778

25-03730D-08

20082878__

779 | If the producing agent is unwilling or unable to accept
780 | appointment, the new insurer shall pay the agent in accordance
781 | with sub-sub-sub-subparagraph (A).

782 | b. With respect to commercial lines residential risks, for
783 | a new application to the corporation for coverage, if the risk is
784 | offered coverage under a policy including wind coverage from an
785 | authorized insurer at its approved rate, the risk is not eligible
786 | for any policy issued by the corporation unless the premium for
787 | coverage from the authorized insurer is more than 15 percent
788 | greater than the premium for comparable coverage from the
789 | corporation. If the risk is not able to obtain any such offer,
790 | the risk is eligible for a policy including wind coverage issued
791 | by the corporation. However, with regard to a policyholder of the
792 | corporation or a policyholder removed from the corporation
793 | through an assumption agreement until the end of the assumption
794 | period, the policyholder remains eligible for coverage from the
795 | corporation regardless of any offer of coverage from an
796 | authorized insurer or surplus lines insurer.

797 | (I) If the risk accepts an offer of coverage through the
798 | market assistance plan or an offer of coverage through a
799 | mechanism established by the corporation before a policy is
800 | issued to the risk by the corporation or during the first 30 days
801 | of coverage by the corporation, and the producing agent who
802 | submitted the application to the plan or the corporation is not
803 | currently appointed by the insurer, the insurer shall:

804 | (A) Pay to the producing agent of record of the policy, for
805 | the first year, an amount that is the greater of the insurer's
806 | usual and customary commission for the type of policy written or

25-03730D-08

20082878__

807 a fee equal to the usual and customary commission of the
808 corporation; or

809 (B) Offer to allow the producing agent of record of the
810 policy to continue servicing the policy for a period of not less
811 than 1 year and offer to pay the agent the greater of the
812 insurer's or the corporation's usual and customary commission for
813 the type of policy written.

814

815 If the producing agent is unwilling or unable to accept
816 appointment, the new insurer shall pay the agent in accordance
817 with sub-sub-sub-subparagraph (A).

818 (II) When the corporation enters into a contractual
819 agreement for a take-out plan, the producing agent of record of
820 the corporation policy is entitled to retain any unearned
821 commission on the policy, and the insurer shall:

822 (A) Pay to the producing agent of record of the corporation
823 policy, for the first year, an amount that is the greater of the
824 insurer's usual and customary commission for the type of policy
825 written or a fee equal to the usual and customary commission of
826 the corporation; or

827 (B) Offer to allow the producing agent of record of the
828 corporation policy to continue servicing the policy for a period
829 of not less than 1 year and offer to pay the agent the greater of
830 the insurer's or the corporation's usual and customary commission
831 for the type of policy written.

832

833 If the producing agent is unwilling or unable to accept
834 appointment, the new insurer shall pay the agent in accordance
835 with sub-sub-sub-subparagraph (A).

25-03730D-08

20082878__

836 c. For purposes of determining comparable coverage under
837 sub-subparagraphs a. and b., the comparison shall be based on
838 those forms and coverages that are reasonably comparable. The
839 corporation may rely on a determination of comparable coverage
840 and premium made by the producing agent who submits the
841 application to the corporation, made in the agent's capacity as
842 the corporation's agent. A comparison may be made solely of the
843 premium with respect to the main building or structure only on
844 the following basis: the same coverage A or other building
845 limits; the same percentage hurricane deductible that applies on
846 an annual basis or that applies to each hurricane for commercial
847 residential property; the same percentage of ordinance and law
848 coverage, if the same limit is offered by both the corporation
849 and the authorized insurer; the same mitigation credits, to the
850 extent the same types of credits are offered both by the
851 corporation and the authorized insurer; the same method for loss
852 payment, such as replacement cost or actual cash value, if the
853 same method is offered both by the corporation and the authorized
854 insurer in accordance with underwriting rules; and any other form
855 or coverage that is reasonably comparable as determined by the
856 board. If an application is submitted to the corporation for
857 wind-only coverage in the high-risk account, the premium for the
858 corporation's wind-only policy plus the premium for the ex-wind
859 policy that is offered by an authorized insurer to the applicant
860 shall be compared to the premium for multiperil coverage offered
861 by an authorized insurer, subject to the standards for comparison
862 specified in this subparagraph. If the corporation or the
863 applicant requests from the authorized insurer a breakdown of the
864 premium of the offer by types of coverage so that a comparison

25-03730D-08

20082878__

865 | may be made by the corporation or its agent and the authorized
866 | insurer refuses or is unable to provide such information, the
867 | corporation may treat the offer as not being an offer of coverage
868 | from an authorized insurer at the insurer's approved rate.

869 | 6. Must include rules for classifications of risks and
870 | rates therefor.

871 | 7. Must provide that if premium and investment income for
872 | an account attributable to a particular calendar year are in
873 | excess of projected losses and expenses for the account
874 | attributable to that year, such excess shall be held in surplus
875 | in the account. Such surplus shall be available to defray
876 | deficits in that account as to future years and shall be used for
877 | that purpose prior to assessing assessable insurers and
878 | assessable insureds as to any calendar year.

879 | 8. Must provide objective criteria and procedures to be
880 | uniformly applied for all applicants in determining whether an
881 | individual risk is so hazardous as to be uninsurable. In making
882 | this determination and in establishing the criteria and
883 | procedures, the following shall be considered:

884 | a. Whether the likelihood of a loss for the individual risk
885 | is substantially higher than for other risks of the same class;
886 | and

887 | b. Whether the uncertainty associated with the individual
888 | risk is such that an appropriate premium cannot be determined.

889 |
890 | The acceptance or rejection of a risk by the corporation shall be
891 | construed as the private placement of insurance, and the
892 | provisions of chapter 120 shall not apply.

25-03730D-08

20082878__

893 9. Must provide that the corporation shall make its best
894 efforts to procure catastrophe reinsurance at reasonable rates,
895 to cover its projected 100-year probable maximum loss as
896 determined by the board of governors.

897 ~~10. Must provide that in the event of regular deficit~~
898 ~~assessments under sub-subparagraph (b)3.a. or sub-subparagraph~~
899 ~~(b)3.b., in the personal lines account, the commercial lines~~
900 ~~residential account, or the high-risk account, the corporation~~
901 ~~shall levy upon corporation policyholders in its next rate~~
902 ~~filing, or by a separate rate filing solely for this purpose, a~~
903 ~~Citizens policyholder surcharge arising from a regular assessment~~
904 ~~in such account in a percentage equal to the total amount of such~~
905 ~~regular assessments divided by the aggregate statewide direct~~
906 ~~written premium for subject lines of business for the prior~~
907 ~~calendar year. For purposes of calculating the Citizens~~
908 ~~policyholder surcharge to be levied under this subparagraph, the~~
909 ~~total amount of the regular assessment to which this surcharge is~~
910 ~~related shall be determined as set forth in subparagraph (b)3.,~~
911 ~~without deducting the estimated Citizens policyholder surcharge.~~
912 ~~Citizens policyholder surcharges under this subparagraph are not~~
913 ~~considered premium and are not subject to commissions, fees, or~~
914 ~~premium taxes; however, failure to pay a market equalization~~
915 ~~surcharge shall be treated as failure to pay premium.~~

916 10.11. The policies issued by the corporation must provide
917 that, if the corporation or the market assistance plan obtains an
918 offer from an authorized insurer to cover the risk at its
919 approved rates, the risk is no longer eligible for renewal
920 through the corporation, except as otherwise provided in this
921 subsection.

25-03730D-08

20082878__

922 ~~11.12.~~ Corporation policies and applications must include a
923 notice that the corporation policy could, under this section, be
924 replaced with a policy issued by an authorized insurer that does
925 not provide coverage identical to the coverage provided by the
926 corporation. The notice shall also specify that acceptance of
927 corporation coverage creates a conclusive presumption that the
928 applicant or policyholder is aware of this potential.

929 ~~12.13.~~ May establish, subject to approval by the office,
930 different eligibility requirements and operational procedures for
931 any line or type of coverage for any specified county or area if
932 the board determines that such changes to the eligibility
933 requirements and operational procedures are justified due to the
934 voluntary market being sufficiently stable and competitive in
935 such area or for such line or type of coverage and that consumers
936 who, in good faith, are unable to obtain insurance through the
937 voluntary market through ordinary methods would continue to have
938 access to coverage from the corporation. When coverage is sought
939 in connection with a real property transfer, such requirements
940 and procedures shall not provide for an effective date of
941 coverage later than the date of the closing of the transfer as
942 established by the transferor, the transferee, and, if
943 applicable, the lender.

944 ~~13.14.~~ Must provide that, with respect to the high-risk
945 account, any assessable insurer with a surplus as to
946 policyholders of \$25 million or less writing 25 percent or more
947 of its total countrywide property insurance premiums in this
948 state may petition the office, within the first 90 days of each
949 calendar year, to qualify as a limited apportionment company. A
950 regular assessment levied by the corporation on a limited

25-03730D-08

20082878__

951 | apportionment company for a deficit incurred by the corporation
952 | for the high-risk account in 2006 or thereafter may be paid to
953 | the corporation on a monthly basis as the assessments are
954 | collected by the limited apportionment company from its insureds
955 | pursuant to s. 627.3512, but the regular assessment must be paid
956 | in full within 12 months after being levied by the corporation. A
957 | limited apportionment company shall collect from its
958 | policyholders any emergency assessment imposed under sub-
959 | subparagraph (b)3.d. The plan shall provide that, if the office
960 | determines that any regular assessment will result in an
961 | impairment of the surplus of a limited apportionment company, the
962 | office may direct that all or part of such assessment be deferred
963 | as provided in subparagraph (p)4. However, there shall be no
964 | limitation or deferment of an emergency assessment to be
965 | collected from policyholders under sub-subparagraph (b)3.d.

966 | ~~14.15.~~ Must provide that the corporation appoint as its
967 | licensed agents only those agents who also hold an appointment as
968 | defined in s. 626.015(3) with an insurer who at the time of the
969 | agent's initial appointment by the corporation is authorized to
970 | write and is actually writing personal lines residential property
971 | coverage, commercial residential property coverage, or commercial
972 | nonresidential property coverage within the state.

973 | ~~15.16.~~ Must provide, by July 1, 2007, a premium payment
974 | plan option to its policyholders which allows at a minimum for
975 | quarterly and semiannual payment of premiums. A monthly payment
976 | plan may, but is not required to, be offered.

977 | ~~16.17.~~ Must limit coverage on mobile homes or manufactured
978 | homes built prior to 1994 to actual cash value of the dwelling
979 | rather than replacement costs of the dwelling.

25-03730D-08

20082878__

980 ~~17.18.~~ May provide such limits of coverage as the board
981 determines, consistent with the requirements of this subsection.

982 ~~18.19.~~ May require commercial property to meet specified
983 hurricane mitigation construction features as a condition of
984 eligibility for coverage.

985 (m)1. Rates for coverage provided by the corporation shall
986 be actuarially sound and subject to the requirements of s.
987 627.062, except as otherwise provided in this paragraph. The
988 corporation shall file its recommended rates with the office at
989 least annually. The corporation shall provide any additional
990 information regarding the rates which the office requires. The
991 office shall consider the recommendations of the board and issue
992 a final order establishing the rates for the corporation within
993 45 days after the recommended rates are filed. The corporation
994 may not pursue an administrative challenge or judicial review of
995 the final order of the office.

996 2. In addition to the rates otherwise determined pursuant
997 to this paragraph, the corporation shall impose and collect an
998 amount equal to the premium tax provided for in s. 624.509 to
999 augment the financial resources of the corporation.

1000 3. After the public hurricane loss-projection model under
1001 s. 627.06281 has been found to be accurate and reliable by the
1002 Florida Commission on Hurricane Loss Projection Methodology, that
1003 model shall serve as the minimum benchmark for determining the
1004 windstorm portion of the corporation's rates. This subparagraph
1005 does not require or allow the corporation to adopt rates lower
1006 than the rates otherwise required or allowed by this paragraph.

1007 4. The rate filings for the corporation which were approved
1008 by the office and which took effect January 1, 2007, are

25-03730D-08

20082878__

1009 rescinded, except for those rates that were lowered. As soon as
1010 possible, the corporation shall begin using the lower rates that
1011 were in effect on December 31, 2006, and shall provide refunds to
1012 policyholders who have paid higher rates as a result of that rate
1013 filing. The rates in effect on December 31, 2006, shall remain in
1014 effect for the 2007 and 2008 calendar years except for any rate
1015 change that results in a lower rate. The next rate change that
1016 may increase rates shall take effect no earlier than January 1,
1017 2010, ~~January 1, 2009,~~ pursuant to a new rate filing recommended
1018 by the corporation and established by the office, subject to the
1019 requirements of this paragraph.

1020 5. The Legislature finds that it is in the public interest
1021 to ensure that increased rates for coverage by the corporation be
1022 implemented incrementally to provide rate stability and
1023 predictability to its policyholders.

1024 a. Beginning on or after January 1, 2010, the corporation
1025 must make an annual filing for each personal and commercial line
1026 of business it writes.

1027 b. For the years 2010 through 2012, rates established by
1028 the office for the corporation for its personal residential
1029 multi-peril policies, its commercial residential multi-peril
1030 policies, and its commercial nonresidential multi-peril policies
1031 may not result in any year in an overall average statewide
1032 premium increase of more than 10 percent or an increase for any
1033 single policyholder or more than 10 percent, excluding coverage
1034 changes and surcharges.

1035 c. For the years 2010 through 2012, rates established by
1036 the office for the corporation for its personal residential wind-
1037 only policies, its commercial residential wind-only policies, and

25-03730D-08

20082878__

1038 its commercial nonresidential wind-only policies may not result
1039 in any year in an overall average statewide premium increase of
1040 more than 15 percent or an increase for any single policyholder
1041 of more than 15 percent, excluding coverage changes and
1042 surcharges.

1043 (gg)1. Notwithstanding any other provision of ss.
1044 627.351(6), beginning January 1, 2009, the corporation shall no
1045 longer issue new wind-only coverage and shall instead issue
1046 comprehensive multiperil coverage for all accounts. Beginning
1047 January 1, 2010, the corporation shall offer only comprehensive
1048 multiperil coverage for all accounts. When issuing such policies,
1049 the corporation shall use its approved multiperil policy forms
1050 and rates.

1051 2. It is the intent of the Legislature that the offer of
1052 multiperil coverage in a high-risk account be made and
1053 implemented in a manner that does not adversely affect the tax-
1054 exempt status of the corporation or creditworthiness of or
1055 security for currently outstanding financing obligations or
1056 credit facilities of the high-risk account, the personal lines
1057 account, or the commercial lines account.

1058 Section 2. This act shall take effect July 1, 2008.