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1                   A bill to be entitled  
2           An act relating to residential property insurance;  
3           amending s. 215.555, F.S.; excluding nonassessable  
4           residential property insurance from emergency assessments  
5           for the Florida Hurricane Catastrophe Fund; amending s.  
6           627.062, F.S.; providing that nonassessable residential  
7           property insurance is not subject to determinations as  
8           excessive or unfairly discriminatory; providing an  
9           exception; preserving the authority of the Office of  
10          Insurance Regulation to disapprove rates or rate filings;  
11          amending s. 627.351, F.S.; excluding nonassessable  
12          residential property insurance policies from aggregate  
13          statewide direct written premium for subject lines of  
14          business for purposes of calculating certain emergency  
15          assessments; excluding nonassessable residential property  
16          insurance from subject lines of business; amending s.  
17          627.4025, F.S.; defining the terms "assessable residential  
18          property insurance" and "nonassessable residential  
19          property insurance" for purposes of personal lines  
20          residential coverage; creating s. 627.7031, F.S.;  
21          authorizing insurers to offer nonassessable residential  
22          property insurance policies; authorizing residential  
23          property owners to purchase nonassessable residential  
24          property insurance policies; requiring applications for a  
25          nonassessable residential property policy to contain a  
26          specified disclaimer; providing an effective date.

27  
28   Be It Enacted by the Legislature of the State of Florida:

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

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29  
 30 Section 1. Paragraph (b) of subsection (6) of section  
 31 215.555, Florida Statutes, is amended to read:  
 32 215.555 Florida Hurricane Catastrophe Fund.--  
 33 (6) REVENUE BONDS.--  
 34 (b) Emergency assessments.--  
 35 1. If the board determines that the amount of revenue  
 36 produced under subsection (5) is insufficient to fund the  
 37 obligations, costs, and expenses of the fund and the  
 38 corporation, including repayment of revenue bonds and that  
 39 portion of the debt service coverage not met by reimbursement  
 40 premiums, the board shall direct the Office of Insurance  
 41 Regulation to levy, by order, an emergency assessment on direct  
 42 premiums for all property and casualty lines of business in this  
 43 state, including property and casualty business of surplus lines  
 44 insurers regulated under part VIII of chapter 626, but not  
 45 including any workers' compensation premiums or medical  
 46 malpractice premiums and any premiums for nonassessable  
 47 residential property insurance as defined in s. 627.4025. As  
 48 used in this subsection, except as otherwise provided in this  
 49 subparagraph, the term "property and casualty business" includes  
 50 all lines of business identified on Form 2, Exhibit of Premiums  
 51 and Losses, in the annual statement required of authorized  
 52 insurers by s. 624.424 and any rule adopted under this section,  
 53 except for those lines identified as accident and health  
 54 insurance and except for policies written under the National  
 55 Flood Insurance Program. The assessment shall be specified as a  
 56 percentage of direct written premium and is subject to annual

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57 adjustments by the board in order to meet debt obligations. The  
58 same percentage shall apply to all policies in lines of business  
59 subject to the assessment issued or renewed during the 12-month  
60 period beginning on the effective date of the assessment.

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

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

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

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113 amount of revenue produced under subsection (5) is insufficient  
114 to fund 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  
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  
131 until the date the corporation has no bonds outstanding, the  
132 fund shall have no right, title, or interest in or to the  
133 assessments, except as provided in the fund's agreement with the  
134 corporation.

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

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

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

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

160           Section 2. Paragraph (k) is added to subsection (2) of  
 161 section 627.062, Florida Statutes, to read:

162           627.062 Rate standards.--

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

164           (k)1. Notwithstanding any other provision of this section,  
 165 a rate filing for nonassessable residential property insurance  
 166 as defined in s. 627.4025 is not subject to a determination that  
 167 the rate is excessive or unfairly discriminatory, except as  
 168 provided in subparagraph 3.

169           2. This paragraph does not apply to filings for assessable  
 170 residential property insurance as defined in s. 627.4025.

171           3. This paragraph does not affect the power of the office  
 172 to disapprove rates as inadequate or to disapprove a rate filing  
 173 for the use of a rating factor that is unlawful under the laws  
 174 of this state.

175  
 176 The provisions of this subsection shall not apply to workers'  
 177 compensation and employer's liability insurance and to motor  
 178 vehicle insurance.

179           Section 3. Paragraph (b) of subsection (6) of section  
 180 627.351, Florida Statutes, is amended to read:

181           627.351 Insurance risk apportionment plans.--

182           (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

183           (b)1. All insurers authorized to write one or more subject  
 184 lines of business in this state are subject to assessment by the  
 185 corporation and, for the purposes of this subsection, are  
 186 referred to collectively as "assessable insurers." Insurers  
 187 writing one or more subject lines of business in this state  
 188 pursuant to part VIII of chapter 626 are not assessable  
 189 insurers, but insureds who procure one or more subject lines of  
 190 business in this state pursuant to part VIII of chapter 626 are  
 191 subject to assessment by the corporation and are referred to  
 192 collectively as "assessable insureds." An authorized insurer's  
 193 assessment liability shall begin on the first day of the  
 194 calendar year following the year in which the insurer was issued  
 195 a certificate of authority to transact insurance for subject  
 196 lines of business in this state and shall terminate 1 year after

197 | the end of the first calendar year during which the insurer no  
 198 | longer holds a certificate of authority to transact insurance  
 199 | for subject lines of business in this state.

200 |       2.a. All revenues, assets, liabilities, losses, and  
 201 | expenses of the corporation shall be divided into three separate  
 202 | accounts as follows:

203 |       (I) A personal lines account for personal residential  
 204 | policies issued by the corporation or issued by the Residential  
 205 | Property and Casualty Joint Underwriting Association and renewed  
 206 | by the corporation that provide comprehensive, multiperil  
 207 | coverage on risks that are not located in areas eligible for  
 208 | coverage in the Florida Windstorm Underwriting Association as  
 209 | those areas were defined on January 1, 2002, and for such  
 210 | policies that do not provide coverage for the peril of wind on  
 211 | risks that are located in such areas;

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

221 |       (III) A high-risk account for personal residential  
 222 | policies and commercial residential and commercial  
 223 | nonresidential property policies issued by the corporation or  
 224 | transferred to the corporation that provide coverage for the



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225 | peril of wind on risks that are located in areas eligible for  
226 | coverage in the Florida Windstorm Underwriting Association as  
227 | those areas were defined on January 1, 2002. The corporation may  
228 | offer policies that provide multiperil coverage and the  
229 | corporation shall continue to offer policies that provide  
230 | coverage only for the peril of wind for risks located in areas  
231 | eligible for coverage in the high-risk account. In issuing  
232 | multiperil coverage, the corporation may use its approved policy  
233 | forms and rates for the personal lines account. An applicant or  
234 | insured who is eligible to purchase a multiperil policy from the  
235 | corporation may purchase a multiperil policy from an authorized  
236 | insurer without prejudice to the applicant's or insured's  
237 | eligibility to prospectively purchase a policy that provides  
238 | coverage only for the peril of wind from the corporation. An  
239 | applicant or insured who is eligible for a corporation policy  
240 | that provides coverage only for the peril of wind may elect to  
241 | purchase or retain such policy and also purchase or retain  
242 | coverage excluding wind from an authorized insurer without  
243 | prejudice to the applicant's or insured's eligibility to  
244 | prospectively purchase a policy that provides multiperil  
245 | coverage from the corporation. It is the goal of the Legislature  
246 | that there would be an overall average savings of 10 percent or  
247 | more for a policyholder who currently has a wind-only policy  
248 | with the corporation, and an ex-wind policy with a voluntary  
249 | insurer or the corporation, and who then obtains a multiperil  
250 | policy from the corporation. It is the intent of the Legislature  
251 | that the offer of multiperil coverage in the high-risk account  
252 | be made and implemented in a manner that does not adversely

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253 affect the tax-exempt status of the corporation or  
254 creditworthiness of or security for currently outstanding  
255 financing obligations or credit facilities of the high-risk  
256 account, the personal lines account, or the commercial lines  
257 account. The high-risk account must also include quota share  
258 primary insurance under subparagraph (c)2. The area eligible for  
259 coverage under the high-risk account also includes the area  
260 within Port Canaveral, which is bordered on the south by the  
261 City of Cape Canaveral, bordered on the west by the Banana  
262 River, and bordered on the north by Federal Government property.

263       b. The three separate accounts must be maintained as long  
264 as financing obligations entered into by the Florida Windstorm  
265 Underwriting Association or Residential Property and Casualty  
266 Joint Underwriting Association are outstanding, in accordance  
267 with the terms of the corresponding financing documents. When  
268 the financing obligations are no longer outstanding, in  
269 accordance with the terms of the corresponding financing  
270 documents, the corporation may use a single account for all  
271 revenues, assets, liabilities, losses, and expenses of the  
272 corporation. Consistent with the requirement of this  
273 subparagraph and prudent investment policies that minimize the  
274 cost of carrying debt, the board shall exercise its best efforts  
275 to retire existing debt or to obtain approval of necessary  
276 parties to amend the terms of existing debt, so as to structure  
277 the most efficient plan to consolidate the three separate  
278 accounts into a single account. By February 1, 2007, the board  
279 shall submit a report to the Financial Services Commission, the  
280 President of the Senate, and the Speaker of the House of

281 Representatives which includes an analysis of consolidating the  
 282 accounts, the actions the board has taken to minimize the cost  
 283 of carrying debt, and its recommendations for executing the most  
 284 efficient plan.

285 c. Creditors of the Residential Property and Casualty  
 286 Joint Underwriting Association and of the accounts specified in  
 287 sub-sub-subparagraphs a.(I) and (II) may have a claim against,  
 288 and recourse to, the accounts referred to in sub-sub-  
 289 subparagraphs a.(I) and (II) and shall have no claim against, or  
 290 recourse to, the account referred to in sub-sub-subparagraph  
 291 a.(III). Creditors of the Florida Windstorm Underwriting  
 292 Association shall have a claim against, and recourse to, the  
 293 account referred to in sub-sub-subparagraph a.(III) and shall  
 294 have no claim against, or recourse to, the accounts referred to  
 295 in sub-sub-subparagraphs a.(I) and (II).

296 d. Revenues, assets, liabilities, losses, and expenses not  
 297 attributable to particular accounts shall be prorated among the  
 298 accounts.

299 e. The Legislature finds that the revenues of the  
 300 corporation are revenues that are necessary to meet the  
 301 requirements set forth in documents authorizing the issuance of  
 302 bonds under this subsection.

303 f. No part of the income of the corporation may inure to  
 304 the benefit of any private person.

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

306 a. After accounting for the Citizens policyholder  
 307 surcharge imposed under sub-subparagraph i., when the remaining  
 308 projected deficit incurred in a particular calendar year is not

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309 greater than 6 percent of the aggregate statewide direct written  
310 premium for the subject lines of business for the prior calendar  
311 year, the entire deficit shall be recovered through regular  
312 assessments of assessable insurers under paragraph (p) and  
313 assessable insureds.

314 b. After accounting for the Citizens policyholder  
315 surcharge imposed under sub-subparagraph i., when the remaining  
316 projected deficit incurred in a particular calendar year exceeds  
317 6 percent of the aggregate statewide direct written premium for  
318 the subject lines of business for the prior calendar year, the  
319 corporation shall levy regular assessments on assessable  
320 insurers under paragraph (p) and on assessable insureds in an  
321 amount equal to the greater of 6 percent of the deficit or 6  
322 percent of the aggregate statewide direct written premium for  
323 the subject lines of business for the prior calendar year. Any  
324 remaining deficit shall be recovered through emergency  
325 assessments under sub-subparagraph d.

326 c. Each assessable insurer's share of the amount being  
327 assessed under sub-subparagraph a. or sub-subparagraph b. shall  
328 be in the proportion that the assessable insurer's direct  
329 written premium for the subject lines of business for the year  
330 preceding the assessment bears to the aggregate statewide direct  
331 written premium for the subject lines of business for that year.  
332 The assessment percentage applicable to each assessable insured  
333 is the ratio of the amount being assessed under sub-subparagraph  
334 a. or sub-subparagraph b. to the aggregate statewide direct  
335 written premium for the subject lines of business for the prior  
336 year. For purposes of the calculation required by this sub-

337 subparagraph, the term "aggregate statewide direct written  
 338 premium for the subject lines of business" does not include  
 339 direct written premium for nonassessable property insurance  
 340 policies as defined in s. 627.4025. Assessments levied by the  
 341 corporation on assessable insurers under sub-subparagraphs a.  
 342 and b. shall be paid as required by the corporation's plan of  
 343 operation and paragraph (p). Assessments levied by the  
 344 corporation on assessable insureds under sub-subparagraphs a.  
 345 and b. shall be collected by the surplus lines agent at the time  
 346 the surplus lines agent collects the surplus lines tax required  
 347 by s. 626.932 and shall be paid to the Florida Surplus Lines  
 348 Service Office at the time the surplus lines agent pays the  
 349 surplus lines tax to the Florida Surplus Lines Service Office.  
 350 Upon receipt of regular assessments from surplus lines agents,  
 351 the Florida Surplus Lines Service Office shall transfer the  
 352 assessments directly to the corporation as determined by the  
 353 corporation.

354 d. Upon a determination by the board of governors that a  
 355 deficit in an account exceeds the amount that will be recovered  
 356 through regular assessments under sub-subparagraph a. or sub-  
 357 subparagraph b., plus the amount that is expected to be  
 358 recovered through surcharges under sub-subparagraph i., as to  
 359 the remaining projected deficit the board shall levy, after  
 360 verification by the office, emergency assessments, for as many  
 361 years as necessary to cover the deficits, to be collected by  
 362 assessable insurers and the corporation and collected from  
 363 assessable insureds upon issuance or renewal of policies for  
 364 subject lines of business, excluding National Flood Insurance

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365 policies. The amount of the emergency assessment collected in a  
366 particular year shall be a uniform percentage of that year's  
367 direct written premium for subject lines of business and all  
368 accounts of the corporation, excluding National Flood Insurance  
369 Program policy premiums, as annually determined by the board and  
370 verified by the office. For purposes of the calculation required  
371 by this sub-subparagraph, the term "aggregate statewide direct  
372 written premium for the subject lines of business" does not  
373 include direct written premium for nonassessable property  
374 insurance policies as defined in s. 627.4025. The office shall  
375 verify the arithmetic calculations involved in the board's  
376 determination within 30 days after receipt of the information on  
377 which the determination was based. Notwithstanding any other  
378 provision of law, the corporation and each assessable insurer  
379 that writes subject lines of business shall collect emergency  
380 assessments from its policyholders without such obligation being  
381 affected by any credit, limitation, exemption, or deferment.  
382 Emergency assessments levied by the corporation on assessable  
383 insureds shall be collected by the surplus lines agent at the  
384 time the surplus lines agent collects the surplus lines tax  
385 required by s. 626.932 and shall be paid to the Florida Surplus  
386 Lines Service Office at the time the surplus lines agent pays  
387 the surplus lines tax to the Florida Surplus Lines Service  
388 Office. The emergency assessments so collected shall be  
389 transferred directly to the corporation on a periodic basis as  
390 determined by the corporation and shall be held by the  
391 corporation solely in the applicable account. The aggregate  
392 amount of emergency assessments levied for an account under this

393 sub-subparagraph in any calendar year may, at the discretion of  
 394 the board of governors, be less than but may not exceed the  
 395 greater of 10 percent of the amount needed to cover the deficit,  
 396 plus interest, fees, commissions, required reserves, and other  
 397 costs associated with financing of the original deficit, or 10  
 398 percent of the aggregate statewide direct written premium for  
 399 subject lines of business and for all accounts of the  
 400 corporation for the prior year, plus interest, fees,  
 401 commissions, required reserves, and other costs associated with  
 402 financing the deficit.

403 e. The corporation may pledge the proceeds of assessments,  
 404 projected recoveries from the Florida Hurricane Catastrophe  
 405 Fund, other insurance and reinsurance recoverables, policyholder  
 406 surcharges and other surcharges, and other funds available to  
 407 the corporation as the source of revenue for and to secure bonds  
 408 issued under paragraph (p), bonds or other indebtedness issued  
 409 under subparagraph (c)3., or lines of credit or other financing  
 410 mechanisms issued or created under this subsection, or to retire  
 411 any other debt incurred as a result of deficits or events giving  
 412 rise to deficits, or in any other way that the board determines  
 413 will efficiently recover such deficits. The purpose of the lines  
 414 of credit or other financing mechanisms is to provide additional  
 415 resources to assist the corporation in covering claims and  
 416 expenses attributable to a catastrophe. As used in this  
 417 subsection, the term "assessments" includes regular assessments  
 418 under sub-subparagraph a., sub-subparagraph b., or subparagraph  
 419 (p)1. and emergency assessments under sub-subparagraph d.  
 420 Emergency assessments collected under sub-subparagraph d. are

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421 not part of an insurer's rates, are not premium, and are not  
422 subject to premium tax, fees, or commissions; however, failure  
423 to pay the emergency assessment shall be treated as failure to  
424 pay premium. The emergency assessments under sub-subparagraph d.  
425 shall continue as long as any bonds issued or other indebtedness  
426 incurred with respect to a deficit for which the assessment was  
427 imposed remain outstanding, unless adequate provision has been  
428 made for the payment of such bonds or other indebtedness  
429 pursuant to the documents governing such bonds or other  
430 indebtedness.

431 f. As used in this subsection for purposes of any deficit  
432 incurred on or after January 25, 2007, the term "subject lines  
433 of business" means insurance written by assessable insurers or  
434 procured by assessable insureds for all property and casualty  
435 lines of business in this state, but not including workers'  
436 compensation or medical malpractice and any premiums for  
437 nonassessable residential property insurance as defined in s.  
438 627.4025. As used in this ~~the~~ sub-subparagraph, except as  
439 otherwise provided in this sub-subparagraph, the term "property  
440 and casualty lines of business" includes all lines of business  
441 identified on Form 2, Exhibit of Premiums and Losses, in the  
442 annual statement required of authorized insurers by s. 624.424  
443 and any rule adopted under this section, except for those lines  
444 identified as accident and health insurance and except for  
445 policies written under the National Flood Insurance Program or  
446 the Federal Crop Insurance Program. For purposes of this sub-  
447 subparagraph, the term "workers' compensation" includes both



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448 workers' compensation insurance and excess workers' compensation  
449 insurance.

450 g. The Florida Surplus Lines Service Office shall  
451 determine annually the aggregate statewide written premium in  
452 subject lines of business procured by assessable insureds and  
453 shall report that information to the corporation in a form and  
454 at a time the corporation specifies to ensure that the  
455 corporation can meet the requirements of this subsection and the  
456 corporation's financing obligations.

457 h. The Florida Surplus Lines Service Office shall verify  
458 the proper application by surplus lines agents of assessment  
459 percentages for regular assessments and emergency assessments  
460 levied under this subparagraph on assessable insureds and shall  
461 assist the corporation in ensuring the accurate, timely  
462 collection and payment of assessments by surplus lines agents as  
463 required by the corporation.

464 i. If a deficit is incurred in any account in 2008 or  
465 thereafter, the board of governors shall levy a Citizens  
466 policyholder surcharge against all policyholders of the  
467 corporation for a 12-month period, which shall be collected at  
468 the time of issuance or renewal of a policy, as a uniform  
469 percentage of the premium for the policy of up to 15 percent of  
470 such premium, which funds shall be used to offset the deficit.  
471 Citizens policyholder surcharges under this sub-subparagraph are  
472 not considered premium and are not subject to commissions, fees,  
473 or premium taxes. However, failure to pay such surcharges shall  
474 be treated as failure to pay premium.

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475 j. If the amount of any assessments or surcharges  
476 collected from corporation policyholders, assessable insurers or  
477 their policyholders, or assessable insureds exceeds the amount  
478 of the deficits, such excess amounts shall be remitted to and  
479 retained by the corporation in a reserve to be used by the  
480 corporation, as determined by the board of governors and  
481 approved by the office, to pay claims or reduce any past,  
482 present, or future plan-year deficits or to reduce outstanding  
483 debt.

484 Section 4. Subsection (1) of section 627.4025, Florida  
485 Statutes, is amended to read:

486 627.4025 Residential coverage and hurricane coverage  
487 defined.--

488 (1) Residential coverage includes both personal lines  
489 residential coverage, which consists of the type of coverage  
490 provided by homeowner's, mobile home owner's, dwelling,  
491 tenant's, condominium unit owner's, cooperative unit owner's,  
492 and similar policies, and commercial lines residential coverage,  
493 which consists of the type of coverage provided by condominium  
494 association, cooperative association, apartment building, and  
495 similar policies, including policies covering the common  
496 elements of a homeowners' association. Residential coverage for  
497 personal lines and commercial lines as set forth in this section  
498 includes policies that provide coverage for particular perils  
499 such as windstorm and hurricane or coverage for insurer  
500 insolvency or deductibles. Policies providing personal lines  
501 residential property insurance coverage as described in this  
502 subsection consist of assessable residential property insurance

503 and nonassessable residential property insurance. As used in  
 504 this subsection, the term:

505 (a) "Assessable residential property insurance" means  
 506 personal lines residential property insurance that is subject to  
 507 the rate standards set forth in s. 627.062 and deficit  
 508 assessments by Citizens Property Insurance Corporation under s.  
 509 627.351(6) or emergency assessments levied for the Florida  
 510 Hurricane Catastrophe Fund under s. 215.555.

511 (b) "Nonassessable residential property insurance" means  
 512 personal lines residential property insurance that is not  
 513 subject to the rate standards set forth in s. 627.062, except as  
 514 provided in s. 627.062(2)(k), or deficit assessments by Citizens  
 515 Property Insurance Corporation under s. 627.351(6) or emergency  
 516 assessments levied for the Florida Hurricane Catastrophe Fund  
 517 under s. 215.555.

518 Section 5. Section 627.7031, Florida Statutes, is created  
 519 to read:

520 627.7031 Residential property insurance.--

521 (1) Any insurer authorized to write property insurance in  
 522 this state may offer nonassessable residential property  
 523 insurance policies as defined in s. 627.4025.

524 (2) An owner of residential property may purchase a  
 525 nonassessable residential property insurance policy if such a  
 526 policy is offered by the insurer.

527 (3) The application for a nonassessable residential  
 528 property insurance policy shall contain the following disclaimer  
 529 printed in at least 12-point boldfaced type:

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531 THIS APPLICATION IS FOR A RESIDENTIAL PROPERTY POLICY THAT IS  
532 SUBJECT TO LIMITED RATE REGULATION REQUIREMENTS OF FLORIDA LAW  
533 AND IS NOT SUBJECT TO DEFICIT ASSESSMENTS BY CITIZENS PROPERTY  
534 INSURANCE CORPORATION OR THE FLORIDA HURRICANE CATASTROPHE FUND.  
535 A RESIDENTIAL PROPERTY POLICY THAT IS SUBJECT TO RATE REGULATION  
536 REQUIREMENTS AND DEFICIT ASSESSMENT BY CITIZENS PROPERTY  
537 INSURANCE CORPORATION AND THE FLORIDA HURRICANE CATASTROPHE FUND  
538 MAY BE AVAILABLE FROM THIS INSURER OR FROM CITIZENS PROPERTY  
539 INSURANCE CORPORATION. PLEASE DISCUSS YOUR POLICY OPTIONS WITH  
540 YOUR INSURANCE AGENT.

541 Section 6. This act shall take effect July 1, 2009.