

1 A bill to be entitled
 2 An act relating to residential property insurance;
 3 amending s. 627.062, F.S.; authorizing certain insurers to
 4 use a rate in excess of the otherwise applicable filed
 5 rate; prohibiting the consideration of certain policies
 6 when making a specified calculation; preserving the
 7 authority of the Office of Insurance Regulation to
 8 disapprove rates as inadequate or disapprove a rate filing
 9 for using an unlawful rating factor; authorizing the
 10 office to direct an insurer to make a specified type of
 11 rate filing under certain circumstances; creating s.
 12 627.7031, F.S.; authorizing an insurer to offer or renew
 13 policies at rates established in accordance with specified
 14 provisions of state law if certain conditions are met;
 15 requiring that certain policies contain a specified
 16 notice; providing for applicability; requiring written
 17 notice of nonrenewal, cancellation, or termination;
 18 providing an effective date.

19
 20 Be It Enacted by the Legislature of the State of Florida:

21 Section 1. Paragraph (k) is added to subsection (2) of
 22 section 627.062, Florida Statutes, to read:

23 627.062 Rate standards.--

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

25 (k)1. Insurers complying with the requirements of s.
 26 627.7031 may use a rate in excess of the otherwise applicable
 27 filed rate.

28 2. Policies subject to this paragraph may not be counted

29 in the calculation under s. 627.171(2).

30 3. Such rates shall be filed with the office. This
 31 paragraph does not affect the authority of the office to
 32 disapprove a rate as inadequate or to disapprove a rate filing
 33 for using a rating factor that is unlawful under s. 626.9541(1).
 34 Upon finding that an insurer has used a rating factor that is
 35 unlawful under s. 626.9541(1), the office may direct the insurer
 36 to make a filing for rates governed by this paragraph and which
 37 do not use such rating factor.

38
 39 The provisions of this subsection shall not apply to workers'
 40 compensation and employer's liability insurance and to motor
 41 vehicle insurance.

42 Section 2. Section 627.7031, Florida Statutes, is created
 43 to read:

44 627.7031 Residential property insurance option.--

45 (1) An insurer may offer or renew policies at rates
 46 established in accordance with s. 627.062(2)(k) if all of the
 47 following conditions are met:

48 (a) The insurer is authorized to write property insurance
 49 in this state.

50 (b)1. The insurer has, at the time of issuance of the
 51 policy or at the time of first renewal at rates pursuant to s.
 52 627.062(2)(k), surplus as to policyholders equal to or greater
 53 than \$500 million as calculated based on the information in the
 54 insurer's most recent annual statement; or

55 2. The insurer has, at the time of issuance of the policy
 56 or at the time of first renewal at rates pursuant to s.

57 627.062(2)(k), a surplus as to policyholders equal to or greater
58 than \$200 million and a ratio of net written premium to its
59 surplus as to policyholders, as calculated based on the
60 information in the insurer's most recent annual statement, not
61 exceeding two to one. For purposes of this subparagraph, the
62 calculation of net written premium shall consider only
63 reinsurance placed pursuant to s. 215.555(4) and with reinsurers
64 or direct insurers that have been given a financial strength
65 rating of "A-minus" or better by A.M. Best Company, or have been
66 given a comparable rating by another rating agency which is
67 generally considered accurate or acceptable.

68 (c) The insurer may not purchase coverage relating to
69 temporary increase in coverage limit options under s.
70 215.555(17) from the Florida Hurricane Catastrophe Fund.

71 (d) Before the issuance or renewal of a policy at rates
72 established in accordance with s. 627.062(2)(k), the applicant
73 or insured must be given the following notice, printed in at
74 least 12-point boldfaced type:

75
76 THE RATE FOR THIS POLICY IS NOT REGULATED BY THE FLORIDA
77 OFFICE OF INSURANCE REGULATION AND MAY BE HIGHER THAN RATES
78 APPROVED BY THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT
79 TO FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE FROM
80 ANOTHER INSURER OR CITIZENS PROPERTY INSURANCE CORPORATION.
81 PLEASE DISCUSS YOUR POLICY OPTIONS WITH AN INSURANCE AGENT. YOU
82 MAY WISH TO VIEW THE OFFICE OF INSURANCE REGULATION'S WEBSITE
83 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT CHOICES
84 AVAILABLE TO YOU.

85
 86 (e) Before the issuance of a policy at a rate established
 87 in accordance with s. 627.062(2)(k), or before the first renewal
 88 at such rate of a policy originally issued before the effective
 89 date of this section, the applicant or insured must:

90 1. Be given a quote for a policy from Citizens Property
 91 Insurance Corporation, or for a fully rate-regulated policy from
 92 an admitted insurer willing to insure the risk, reflecting
 93 substantially similar coverages, limits, and deductibles to the
 94 extent available.

95 2. Sign the following acknowledgement form, which must be
 96 retained by the insurer or agent for at least 3 years. If the
 97 acknowledgement form is signed by the insured, it is presumed
 98 that the insured has been informed and understands the form:

99
 100 ACKNOWLEDGEMENT

101 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND THE
 102 REQUIRED PREMIUM COMPARISON.

103 2. I UNDERSTAND THAT THE RATE FOR THIS RESIDENTIAL
 104 PROPERTY INSURANCE POLICY IS NOT REGULATED BY THE FLORIDA OFFICE
 105 OF INSURANCE REGULATION AND MAY BE HIGHER THAN RATES APPROVED BY
 106 THAT OFFICE.

107 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY INSURANCE
 108 POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY BE
 109 AVAILABLE FROM ANOTHER INSURER OR CITIZENS PROPERTY INSURANCE
 110 CORPORATION.

111 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF INSURANCE
 112 REGULATION'S WEBSITE WWW.SHOPANDCOMPARERATES.COM CONTAINS

113 RESIDENTIAL PROPERTY INSURANCE RATE COMPARISON INFORMATION.

114 5. I UNDERSTAND THAT SHOULD A HURRICANE CAUSE SEVERE
115 DAMAGE IN FLORIDA, A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
116 CORPORATION MAY BE REQUIRED TO PAY A HIGHER ASSESSMENT THAN THE
117 ASSESSMENT OTHERWISE APPLICABLE TO THIS RESIDENTIAL PROPERTY
118 INSURANCE POLICY.

119
120 (2) For policies renewed at a rate established in
121 accordance with s. 627.062(2)(k), the notice described in
122 paragraph (1)(d) must be furnished in writing at the same time
123 as the renewal notice on a document separate from the renewal
124 notice, but may be contained within the same mailing as the
125 renewal notice.

126 (3) This section does not apply to residential property
127 insurance policies that exclude coverage for the perils of
128 windstorm or hurricane.

129 (4) Notwithstanding s. 627.4133, an insurer issuing a
130 policy under this section shall provide the named insured
131 written notice of nonrenewal, cancellation, or termination at
132 least 180 days before the effective date of the nonrenewal,
133 cancellation, or termination.

134 Section 3. This act shall take effect upon becoming a law.
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