

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;

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 superior, excellent,  
65 exceptional, or equally comparable financial strength rating by  
66 a rating agency that is generally considered accurate or  
67 acceptable; or

68 3. The insurer has, at the time of issuance of the policy  
69 or at the time of first renewal at rates pursuant to s.  
70 627.062(2)(k), a surplus as to policyholders equal to or greater  
71 than \$150 million, as calculated based on the information in the  
72 insurer's most recent annual statement, and is an insurer whose  
73 primary function is offering insurance as a service or member  
74 benefit to members of a nonprofit corporation.

75 (c) The insurer may not purchase coverage relating to  
76 temporary increase in coverage limit options under s.  
77 215.555(17) from the Florida Hurricane Catastrophe Fund.

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

82  
83 THE RATE FOR THIS POLICY IS NOT REGULATED BY THE FLORIDA  
84 OFFICE OF INSURANCE REGULATION AND MAY BE HIGHER THAN RATES

85 APPROVED BY THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT  
 86 TO FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE FROM  
 87 ANOTHER INSURER OR CITIZENS PROPERTY INSURANCE CORPORATION.  
 88 PLEASE DISCUSS YOUR POLICY OPTIONS WITH AN INSURANCE AGENT. YOU  
 89 MAY WISH TO VIEW THE OFFICE OF INSURANCE REGULATION'S WEBSITE  
 90 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT CHOICES  
 91 AVAILABLE TO YOU.

92  
 93 (e) Before the issuance of a policy at a rate established  
 94 in accordance with s. 627.062(2)(k), or before the first renewal  
 95 at such rate of a policy originally issued before the effective  
 96 date of this section, the applicant or insured must:

97 1. Be given a quote for a policy from Citizens Property  
 98 Insurance Corporation, or for a fully rate-regulated policy from  
 99 an admitted insurer willing to insure the risk, reflecting  
 100 substantially similar coverages, limits, and deductibles to the  
 101 extent available.

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

106  
 107 ACKNOWLEDGEMENT

108 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND THE  
 109 REQUIRED PREMIUM COMPARISON.

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

113 THAT OFFICE.

114 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY INSURANCE  
115 POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY BE  
116 AVAILABLE FROM ANOTHER INSURER OR CITIZENS PROPERTY INSURANCE  
117 CORPORATION.

118 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF INSURANCE  
119 REGULATION'S WEBSITE WWW.SHOPANDCOMPARERATES.COM CONTAINS  
120 RESIDENTIAL PROPERTY INSURANCE RATE COMPARISON INFORMATION.

121 5. I UNDERSTAND THAT SHOULD A HURRICANE CAUSE SEVERE  
122 DAMAGE IN FLORIDA, A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
123 CORPORATION MAY BE REQUIRED TO PAY A HIGHER ASSESSMENT THAN THE  
124 ASSESSMENT OTHERWISE APPLICABLE TO THIS RESIDENTIAL PROPERTY  
125 INSURANCE POLICY.

126  
127 (2) For policies renewed at a rate established in  
128 accordance with s. 627.062(2)(k), the notice described in  
129 paragraph (1)(d) must be furnished in writing at the same time  
130 as the renewal notice on a document separate from the renewal  
131 notice, but may be contained within the same mailing as the  
132 renewal notice.

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

136 (4) Notwithstanding s. 627.4133, an insurer issuing a  
137 policy under this section shall provide the named insured  
138 written notice of nonrenewal, cancellation, or termination at  
139 least 180 days before the effective date of the nonrenewal,  
140 cancellation, or termination.

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

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