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CS/CS/HB 1171, Engrossed 2

2009 Legislature

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

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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.

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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

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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

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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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