

1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 215.555, F.S.; revising the dates of an insurer's contract
4 year for purposes of calculating the insurer's retention;
5 requiring the State Board of Administration to offer an
6 additional amount of reimbursement coverage to certain
7 insurers that purchased coverage during a certain calendar
8 year; requiring an insurer that purchases certain coverage
9 to retain an amount equal to a percentage of the insurer's
10 surplus on a certain date; providing that an insurer's
11 retention will apply along with a mandatory coverage after
12 an optional coverage is exhausted; revising an expiration
13 date on the requirement for the State Board of
14 Administration to offer certain optional coverage to
15 insurers; requiring the State Board of Administration to
16 publish a statement of the estimated claims-paying
17 capacity of the Hurricane Catastrophe Fund; authorizing
18 the State Board of Administration to reimburse insurers
19 based on a formula related to the claims-paying capacity
20 of the Hurricane Catastrophe Fund; requiring the formula
21 to determine an actuarially indicated premium to include
22 specified cash build-up factors; authorizing the State
23 Board of Administration to require insurers to notarize
24 documents submitted to the board; authorizing insurers to
25 purchase temporary increased coverage limit for certain
26 future hurricane seasons; providing that a cash build-up
27 factor does not apply to temporary increased coverage
28 limit premiums; providing dates on which the claims-paying

29 capacity of the fund will increase; deleting authority for
30 the State Board of Administration to increase the claims-
31 paying capacity of the Hurricane Catastrophe Fund;
32 amending s. 215.5586, F.S.; revising legislative intent;
33 revising criteria for hurricane mitigation inspections;
34 revising criteria for eligibility for a mitigation grant;
35 expanding the list of improvements for which grants may be
36 used; correcting a reference to the Florida Division of
37 Emergency Management; deleting provisions relating to no-
38 interest loans; requiring that contracts valued at or
39 greater than a specified amount be subject to review and
40 approval of the Legislative Budget Commission; amending s.
41 626.854, F.S.; prohibiting a public adjuster from
42 accepting referrals for compensation from a person with
43 whom the public adjuster conducts business; prohibiting a
44 public adjuster from compensating a person other than a
45 public adjuster for referrals; amending s. 627.7011, F.S.;
46 providing that an insurer may repair damaged property in
47 compliance with its policy; amending s. 626.865, F.S.;
48 deleting a requirement that an applicant for a license as
49 a public adjuster pass a written examination as a
50 prerequisite to licensure; amending s. 626.8651, F.S.;
51 requiring an applicant for a public adjuster apprentice
52 license to pass a written exam and receive an Accredited
53 Claims Adjuster designation and related training before
54 licensure; limiting the number of public adjuster
55 apprentices that may be maintained by a single public
56 adjusting firm or supervised by a public adjuster;

57 | amending s. 627.062, F.S.; extending the period for which
58 | an insurer seeking a residential property insurance rate
59 | that is greater than the rate most recently approved by
60 | the Office of Insurance Regulation must make a "file and
61 | use" filing; authorizing insurers to make separate filings
62 | for certain rate adjustments and costs; specifying
63 | limitations; providing procedural requirements; requiring
64 | the office to review the filing within a specified time
65 | for certain purposes; amending s. 627.0621, F.S.;
66 | requiring that the Office of Insurance Regulation provide
67 | certain information regarding any residential property
68 | rate filing on a publicly accessible Internet website;
69 | requiring that the office provide a means on its website
70 | for certain persons to submit e-mail regarding any rate
71 | filing; requiring that such e-mail be accessible by the
72 | actuary assigned to review the subject rate filing;
73 | deleting a limitation on the application of the attorney-
74 | client privilege and work product doctrine in challenges
75 | to actions by the Office of Insurance Regulation relating
76 | to rate filings; amending s. 627.0629, F.S.; requiring
77 | certain hurricane mitigation measure discounts, credits,
78 | and rate differentials to supersede certain other
79 | discounts, credits, and rate differentials; authorizing an
80 | insurer to include in its rates the actual cost of certain
81 | reinsurance; amending s. 627.351, F.S.; deleting a
82 | provision requiring a seller of certain residential
83 | property to disclose the structure's windstorm mitigation
84 | rating to the prospective purchaser of the property;

85 providing for members of the board of governors of
86 Citizens Property Insurance Corporation to serve staggered
87 terms; requiring Citizen's Property Insurance Corporation
88 to implement rate increases until the implementation of
89 actuarially sound rates; revising the date after which the
90 State Board of Administration is required to reduce the
91 boundaries of high-risk areas eligible for wind-only
92 coverages under certain circumstances; amending s.
93 627.3512, F.S.; providing legislative findings; providing
94 for the recoupment of residual market assessments paid by
95 insurers or insurer groups; limiting the amount of a
96 recoupment factor; authorizing an insurer to apply
97 recalculated recoupment factors to policies issued or
98 renewed during specified periods under certain
99 circumstances; requiring that insurers or insurer groups
100 file a statement setting forth certain information;
101 providing for the application of recoupment factors to
102 certain policies upon issuance or renewal; requiring that
103 insurers or insurer groups file a supplemental statement
104 under certain circumstances; requiring that such entities
105 file a final accounting report documenting certain
106 information within a specified period after the completion
107 of the recoupment process; requiring that such report
108 provide certain information; amending s. 627.711, F.S.;
109 requiring that an insurer accept as valid a uniform
110 mitigation verification form certified by the Department
111 of Financial Services or signed by certain individuals or
112 entities; providing a criminal penalty for knowingly

113 submitting a false or fraudulent mitigation form with the
114 intent to receive an undeserved discount; amending s.
115 627.712, F.S.; revising the properties for which an
116 insurer must make policies available which exclude
117 windstorm coverage; amending s. 631.65, F.S.; providing
118 that an insurance agent is not prohibited from explaining
119 the existence or function of the insurance guaranty
120 association; requiring the Office of Program Policy
121 Analysis and Government Accountability to submit a report
122 to the Legislature, Commissioner of Insurance, Chief
123 Financial Officer, and Governor reviewing laws governing
124 public adjuster; specifying review requirements; amending
125 s. 627.0628, F.S.; requiring the Florida Commission on
126 Hurricane Loss Projection Methodology to hold public
127 meetings for purposes of implementing certain windstorm
128 mitigation discounts, credits, other rate differentials,
129 and deductible reductions; requiring a report to the
130 Governor, Cabinet, and Legislature; amending s. 624.46226,
131 F.S.; authorizing reinsurance companies to issue coverage
132 directly to certain public housing authorities under
133 certain circumstances; specifying that a public housing
134 authority is considered an insurer under certain
135 circumstances; requiring that certain reinsurance
136 contracts issued to public housing authorities receive the
137 same tax treatment as contracts issued to insurance
138 companies; providing construction; providing an effective
139 date.

140

141 Be It Enacted by the Legislature of the State of Florida:

142
 143 Section 1. Paragraph (e) of subsection (2), subsection
 144 (4), paragraph (b) of subsection (5), and subsections (7) and
 145 (17) of section 215.555, Florida Statutes, are amended to read:

146 215.555 Florida Hurricane Catastrophe Fund.--

147 (2) DEFINITIONS.--As used in this section:

148 (e) "Retention" means the amount of losses below which an
 149 insurer is not entitled to reimbursement from the fund. An
 150 insurer's retention shall be calculated as follows:

151 1. The board shall calculate and report to each insurer
 152 the retention multiples for that year. For the contract year
 153 beginning June 1, 2005, the retention multiple shall be equal to
 154 \$4.5 billion divided by the total estimated reimbursement
 155 premium for the contract year; for subsequent years, the
 156 retention multiple shall be equal to \$4.5 billion, adjusted
 157 based upon the reported exposure from the prior contract year to
 158 reflect the percentage growth in exposure to the fund for
 159 covered policies since 2004, divided by the total estimated
 160 reimbursement premium for the contract year. Total reimbursement
 161 premium for purposes of the calculation under this subparagraph
 162 shall be estimated using the assumption that all insurers have
 163 selected the 90-percent coverage level. In 2010, the contract
 164 year begins June 1, 2010, and ends December 31, 2010. In 2011
 165 and thereafter, the contract year begins January 1 and ends
 166 December 31.

167 2. The retention multiple as determined under subparagraph
 168 1. shall be adjusted to reflect the coverage level elected by

169 the insurer. For insurers electing the 90-percent coverage
170 level, the adjusted retention multiple is 100 percent of the
171 amount determined under subparagraph 1. For insurers electing
172 the 75-percent coverage level, the retention multiple is 120
173 percent of the amount determined under subparagraph 1. For
174 insurers electing the 45-percent coverage level, the adjusted
175 retention multiple is 200 percent of the amount determined under
176 subparagraph 1.

177 3. An insurer shall determine its provisional retention by
178 multiplying its provisional reimbursement premium by the
179 applicable adjusted retention multiple and shall determine its
180 actual retention by multiplying its actual reimbursement premium
181 by the applicable adjusted retention multiple.

182 4. For insurers who experience multiple covered events
183 causing loss during the contract year, beginning June 1, 2005,
184 each insurer's full retention shall be applied to each of the
185 covered events causing the two largest losses for that insurer.
186 For each other covered event resulting in losses, the insurer's
187 retention shall be reduced to one-third of the full retention.
188 The reimbursement contract shall provide for the reimbursement
189 of losses for each covered event based on the full retention
190 with adjustments made to reflect the reduced retentions on or
191 after January 1 of the contract year provided the insurer
192 reports its losses as specified in the reimbursement contract.

193 (4) REIMBURSEMENT CONTRACTS.--

194 (a) The board shall enter into a contract with each
195 insurer writing covered policies in this state to provide to the
196 insurer the reimbursement described in paragraphs (b) and (d),

197 in exchange for the reimbursement premium paid into the fund
198 under subsection (5). As a condition of doing business in this
199 state, each such insurer shall enter into such a contract.

200 (b)1. The contract shall contain a promise by the board to
201 reimburse the insurer for 45 percent, 75 percent, or 90 percent
202 of its losses from each covered event in excess of the insurer's
203 retention, plus 5 percent of the reimbursed losses to cover loss
204 adjustment expenses.

205 2. The insurer must elect one of the percentage coverage
206 levels specified in this paragraph and may, upon renewal of a
207 reimbursement contract, elect a lower percentage coverage level
208 if no revenue bonds issued under subsection (6) after a covered
209 event are outstanding, or elect a higher percentage coverage
210 level, regardless of whether or not revenue bonds are
211 outstanding. All members of an insurer group must elect the same
212 percentage coverage level. Any joint underwriting association,
213 risk apportionment plan, or other entity created under s.
214 627.351 must elect the 90-percent coverage level.

215 3. The contract shall provide that reimbursement amounts
216 shall not be reduced by reinsurance paid or payable to the
217 insurer from other sources.

218 4. Notwithstanding any other provision contained in this
219 section, the board shall make available to insurers that
220 purchased coverage provided by this subparagraph in 2008 ~~2007~~,
221 insurers qualifying as limited apportionment companies under s.
222 627.351(6)(c), and insurers that have been approved to
223 participate in the Insurance Capital Build-Up Incentive Program
224 pursuant to s. 215.5595 a contract or contract addendum that

225 provides an additional amount of reimbursement coverage of up to
226 \$10 million. The premium to be charged for this additional
227 reimbursement coverage shall be 50 percent of the additional
228 reimbursement coverage provided, which shall include one prepaid
229 reinstatement. The minimum retention level that an eligible
230 participating insurer must retain associated with this
231 additional coverage layer is 30 percent of the insurer's surplus
232 as of December 31, 2008, for the 2009-2010 contract year; as of
233 December 31, 2009, for the contract year beginning June 1, 2010,
234 and ending December 31, 2010; and as of December 31, 2010, for
235 the 2011 contract year ~~December 31, 2007~~. This coverage shall be
236 in addition to all other coverage that may be provided under
237 this section. The coverage provided by the fund under this
238 subparagraph shall be in addition to the claims-paying capacity
239 as defined in subparagraph (c)1., but only with respect to those
240 insurers that select the additional coverage option and meet the
241 requirements of this subparagraph. The claims-paying capacity
242 with respect to all other participating insurers and limited
243 apportionment companies that do not select the additional
244 coverage option shall be limited to their reimbursement
245 premium's proportionate share of the actual claims-paying
246 capacity otherwise defined in subparagraph (c)1. and as provided
247 for under the terms of the reimbursement contract. The optional
248 coverage retention as specified shall be accessed before the
249 mandatory coverage under the reimbursement contract, but once
250 the limit of coverage selected under this option is exhausted,
251 the insurer's retention under the mandatory coverage will apply.
252 This coverage will apply and be paid concurrently with mandatory

253 coverage. ~~Coverage provided in the reimbursement contract shall~~
 254 ~~not be affected by the additional premiums paid by participating~~
 255 ~~insurers exercising the additional coverage option allowed in~~
 256 ~~this subparagraph.~~ This subparagraph expires on December 31,
 257 2011 ~~May 31, 2009.~~

258 (c)1. The contract shall also provide that the obligation
 259 of the board with respect to all contracts covering a particular
 260 contract year shall not exceed the actual claims-paying capacity
 261 of the fund up to a limit of \$15 billion for that contract year
 262 adjusted based upon the reported exposure from the prior
 263 contract year to reflect the percentage growth in exposure to
 264 the fund for covered policies since 2003, provided the dollar
 265 growth in the limit may not increase in any year by an amount
 266 greater than the dollar growth of the balance of the fund as of
 267 December 31, less any premiums or interest attributable to
 268 optional coverage, as defined by rule which occurred over the
 269 prior calendar year.

270 2. In May ~~before the start of the upcoming contract year~~
 271 ~~and in~~ October of ~~during~~ the contract year, the board shall
 272 publish in the Florida Administrative Weekly a statement of the
 273 fund's estimated borrowing capacity, the fund's estimated
 274 claims-paying capacity, and the projected balance of the fund as
 275 of December 31. After the end of each calendar year, the board
 276 shall notify insurers of the estimated borrowing capacity,
 277 estimated claims-paying capacity, and the balance of the fund as
 278 of December 31 to provide insurers with data necessary to assist
 279 them in determining their retention and projected payout from
 280 the fund for loss reimbursement purposes. In conjunction with

281 the development of the premium formula, as provided for in
282 subsection (5), the board shall publish factors or multiples
283 that assist insurers in determining their retention and
284 projected payout for the next contract year. For all regulatory
285 and reinsurance purposes, an insurer may calculate its projected
286 payout from the fund as its share of the total fund premium for
287 the current contract year multiplied by the sum of the projected
288 balance of the fund as of December 31 and the estimated
289 borrowing capacity for that contract year as reported under this
290 subparagraph.

291 (d)1. For purposes of determining potential liability and
292 to aid in the sound administration of the fund, the contract
293 shall require each insurer to report such insurer's losses from
294 each covered event on an interim basis, as directed by the
295 board. The contract shall require the insurer to report to the
296 board no later than December 31 of each year, and quarterly
297 thereafter, its reimbursable losses from covered events for the
298 year. The contract shall require the board to determine and pay,
299 as soon as practicable after receiving these reports of
300 reimbursable losses, the initial amount of reimbursement due and
301 adjustments to this amount based on later loss information. The
302 adjustments to reimbursement amounts shall require the board to
303 pay, or the insurer to return, amounts reflecting the most
304 recent calculation of losses.

305 2. In determining reimbursements pursuant to this
306 subsection, the contract shall provide that the board shall pay
307 to each insurer such insurer's projected payout, which is the
308 amount of reimbursement it is owed, up to an amount equal to the

309 insurer's share of the actual premium paid for that contract
310 year, multiplied by the actual claims-paying capacity available
311 for that contract year.

312 3. The board may reimburse insurers for amounts up to the
313 published factors or multiples for determining each
314 participating insurer's retention and projected payout derived
315 as a result of the development of the premium formula in those
316 situations in which the total reimbursement of losses to such
317 insurers would not exceed the estimated claims-paying capacity
318 of the fund. Otherwise, such factors or multiples shall be
319 reduced uniformly among all insurers to reflect the estimated
320 claims-paying capacity.

321 (e)1. Except as provided in subparagraphs 2. and 3., the
322 contract shall provide that if an insurer demonstrates to the
323 board that it is likely to qualify for reimbursement under the
324 contract, and demonstrates to the board that the immediate
325 receipt of moneys from the board is likely to prevent the
326 insurer from becoming insolvent, the board shall advance the
327 insurer, at market interest rates, the amounts necessary to
328 maintain the solvency of the insurer, up to 50 percent of the
329 board's estimate of the reimbursement due the insurer. The
330 insurer's reimbursement shall be reduced by an amount equal to
331 the amount of the advance and interest thereon.

332 2. With respect only to an entity created under s.
333 627.351, the contract shall also provide that the board may,
334 upon application by such entity, advance to such entity, at
335 market interest rates, up to 90 percent of the lesser of:

336 a. The board's estimate of the amount of reimbursement due

337 to such entity; or

338 b. The entity's share of the actual reimbursement premium
339 paid for that contract year, multiplied by the currently
340 available liquid assets of the fund. In order for the entity to
341 qualify for an advance under this subparagraph, the entity must
342 demonstrate to the board that the advance is essential to allow
343 the entity to pay claims for a covered event and the board must
344 determine that the fund's assets are sufficient and are
345 sufficiently liquid to allow the board to make an advance to the
346 entity and still fulfill the board's reimbursement obligations
347 to other insurers. The entity's final reimbursement for any
348 contract year in which an advance has been made under this
349 subparagraph must be reduced by an amount equal to the amount of
350 the advance and any interest on such advance. In order to
351 determine what amounts, if any, are due the entity, the board
352 may require the entity to report its exposure and its losses at
353 any time to determine retention levels and reimbursements
354 payable.

355 3. The contract shall also provide specifically and solely
356 with respect to any limited apportionment company under s.
357 627.351(2)(b)3. that the board may, upon application by such
358 company, advance to such company the amount of the estimated
359 reimbursement payable to such company as calculated pursuant to
360 paragraph (d), at market interest rates, if the board determines
361 that the fund's assets are sufficient and are sufficiently
362 liquid to permit the board to make an advance to such company
363 and at the same time fulfill its reimbursement obligations to
364 the insurers that are participants in the fund. Such company's

365 final reimbursement for any contract year in which an advance
366 pursuant to this subparagraph has been made shall be reduced by
367 an amount equal to the amount of the advance and interest
368 thereon. In order to determine what amounts, if any, are due to
369 such company, the board may require such company to report its
370 exposure and its losses at such times as may be required to
371 determine retention levels and loss reimbursements payable.

372 (f) In order to ensure that insurers have properly
373 reported the insured values on which the reimbursement premium
374 is based and to ensure that insurers have properly reported the
375 losses for which reimbursements have been made, the board shall
376 inspect, examine, and verify the records of each insurer's
377 covered policies at such times as the board deems appropriate
378 and according to standards established by rule for the specific
379 purpose of validating the accuracy of exposures and losses
380 required to be reported under the terms and conditions of the
381 reimbursement contract. The costs of the examinations shall be
382 borne by the board. However, in order to remove any incentive
383 for an insurer to delay preparations for an examination, the
384 board shall be reimbursed by the insurer for any examination
385 expenses incurred in addition to the usual and customary costs
386 of the examination, which additional expenses were incurred as a
387 result of an insurer's failure, despite proper notice, to be
388 prepared for the examination or as a result of an insurer's
389 failure to provide requested information while the examination
390 is in progress. If the board finds any insurer's records or
391 other necessary information to be inadequate or inadequately
392 posted, recorded, or maintained, the board may employ experts to

393 reconstruct, rewrite, record, post, or maintain such records or
394 information, at the expense of the insurer being examined, if
395 such insurer has failed to maintain, complete, or correct such
396 records or deficiencies after the board has given the insurer
397 notice and a reasonable opportunity to do so. Any information
398 contained in an examination report, which information is
399 described in s. 215.557, is confidential and exempt from the
400 provisions of s. 119.07(1) and s. 24(a), Art. I of the State
401 Constitution, as provided in s. 215.557. Nothing in this
402 paragraph expands the exemption in s. 215.557.

403 (g) The contract shall provide that in the event of the
404 insolvency of an insurer, the fund shall pay directly to the
405 Florida Insurance Guaranty Association for the benefit of
406 Florida policyholders of the insurer the net amount of all
407 reimbursement moneys owed to the insurer. As used in this
408 paragraph, the term "net amount of all reimbursement moneys"
409 means that amount which remains after reimbursement for:

410 1. Preliminary or duplicate payments owed to private
411 reinsurers or other inuring reinsurance payments to private
412 reinsurers that satisfy statutory or contractual obligations of
413 the insolvent insurer attributable to covered events to such
414 reinsurers; or

415 2. Funds owed to a bank or other financial institution to
416 cover obligations of the insolvent insurer under a credit
417 agreement that assists the insolvent insurer in paying claims
418 attributable to covered events.

419

420 The private reinsurers, banks, or other financial institutions

421 shall be reimbursed or otherwise paid prior to payment to the
422 Florida Insurance Guaranty Association, notwithstanding any law
423 to the contrary. The guaranty association shall pay all claims
424 up to the maximum amount permitted by chapter 631; thereafter,
425 any remaining moneys shall be paid pro rata to claims not fully
426 satisfied. This paragraph does not apply to a joint underwriting
427 association, risk apportionment plan, or other entity created
428 under s. 627.351.

429 (5) REIMBURSEMENT PREMIUMS.--

430 (b) The State Board of Administration shall select an
431 independent consultant to develop a formula for determining the
432 actuarially indicated premium to be paid to the fund. The
433 formula shall specify, for each zip code or other limited
434 geographical area, the amount of premium to be paid by an
435 insurer for each \$1,000 of insured value under covered policies
436 in that zip code or other area. In establishing premiums, the
437 board shall consider the coverage elected under paragraph (4)(b)
438 and any factors that tend to enhance the actuarial
439 sophistication of ratemaking for the fund, including
440 deductibles, type of construction, type of coverage provided,
441 relative concentration of risks, and other such factors deemed
442 by the board to be appropriate. The formula must provide for a
443 cash build-up factor. For the 2009-2010 contract year, the
444 factor is 5 percent. For the contract year beginning June 1,
445 2010, and ending December 31, 2010, the factor is 10 percent.
446 For the 2011 contract year, the factor is 15 percent. For the
447 2012 contract year, the factor is 20 percent. For the 2013
448 contract year and thereafter, the factor is 25 percent. The

449 formula may provide for a procedure to determine the premiums to
450 be paid by new insurers that begin writing covered policies
451 after the beginning of a contract year, taking into
452 consideration when the insurer starts writing covered policies,
453 the potential exposure of the insurer, the potential exposure of
454 the fund, the administrative costs to the insurer and to the
455 fund, and any other factors deemed appropriate by the board. The
456 formula must be approved by unanimous vote of the board. The
457 board may, at any time, revise the formula pursuant to the
458 procedure provided in this paragraph.

459 (7) ADDITIONAL POWERS AND DUTIES.--

460 (a) The board may procure reinsurance from reinsurers
461 acceptable to the Office of Insurance Regulation for the purpose
462 of maximizing the capacity of the fund and may enter into
463 capital market transactions, including, but not limited to,
464 industry loss warranties, catastrophe bonds, side-car
465 arrangements, or financial contracts permissible for the board's
466 usage under s. 215.47(10) and (11), consistent with prudent
467 management of the fund.

468 (b) In addition to borrowing under subsection (6), the
469 board may also borrow from, or enter into other financing
470 arrangements with, any market sources at prevailing interest
471 rates.

472 (c) Each fiscal year, the Legislature shall appropriate
473 from the investment income of the Florida Hurricane Catastrophe
474 Fund an amount no less than \$10 million and no more than 35
475 percent of the investment income based upon the most recent
476 fiscal year-end audited financial statements for the purpose of

477 providing funding for local governments, state agencies, public
478 and private educational institutions, and nonprofit
479 organizations to support programs intended to improve hurricane
480 preparedness, reduce potential losses in the event of a
481 hurricane, provide research into means to reduce such losses,
482 educate or inform the public as to means to reduce hurricane
483 losses, assist the public in determining the appropriateness of
484 particular upgrades to structures or in the financing of such
485 upgrades, or protect local infrastructure from potential damage
486 from a hurricane. Moneys shall first be available for
487 appropriation under this paragraph in fiscal year 1997-1998.
488 Moneys in excess of the \$10 million specified in this paragraph
489 shall not be available for appropriation under this paragraph if
490 the State Board of Administration finds that an appropriation of
491 investment income from the fund would jeopardize the actuarial
492 soundness of the fund.

493 (d) The board may allow insurers to comply with reporting
494 requirements and reporting format requirements by using
495 alternative methods of reporting if the proper administration of
496 the fund is not thereby impaired and if the alternative methods
497 produce data which is consistent with the purposes of this
498 section.

499 (e) In order to assure the equitable operation of the
500 fund, the board may impose a reasonable fee on an insurer to
501 recover costs involved in reprocessing inaccurate, incomplete,
502 or untimely exposure data submitted by the insurer.

503 (f) The board may require insurers to notarize documents
504 submitted to the board.

505 (17) TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS.--

506 (a) Findings and intent.--

507 1. The Legislature finds that:

508 a. Because of temporary disruptions in the market for
509 catastrophic reinsurance, many property insurers were unable to
510 procure sufficient amounts of reinsurance for the 2006 hurricane
511 season or were able to procure such reinsurance only by
512 incurring substantially higher costs than in prior years.

513 b. The reinsurance market problems were responsible, at
514 least in part, for substantial premium increases to many
515 consumers and increases in the number of policies issued by
516 Citizens Property Insurance Corporation.

517 c. It is likely that the reinsurance market disruptions
518 will not significantly abate prior to the 2007 hurricane season.

519 2. It is the intent of the Legislature to create options
520 for insurers to purchase a temporary increased coverage limit
521 above the statutorily determined limit in subparagraph (4)(c)1.,
522 applicable for the 2007, 2008, ~~and 2009~~, 2010, 2011, 2012, and
523 2013 hurricane seasons, to address market disruptions and enable
524 insurers, at their option, to procure additional coverage from
525 the Florida Hurricane Catastrophe Fund.

526 (b) Applicability of other provisions of this
527 section.--All provisions of this section and the rules adopted
528 under this section apply to the coverage created by this
529 subsection unless specifically superseded by provisions in this
530 subsection.

531 (c) Optional coverage.--For the contract year commencing
532 June 1, 2007, and ending May 31, 2008, the contract year

533 commencing June 1, 2008, and ending May 31, 2009, ~~and the~~
 534 contract year commencing June 1, 2009, and ending May 31, 2010,
 535 the contract year commencing June 1, 2010, and ending December
 536 31, 2010, the contract year commencing January 1, 2011, and
 537 ending December 31, 2011, the contract year commencing January
 538 1, 2012, and ending December 31, 2012, and the contract year
 539 commencing January 1, 2013, and ending December 31, 2013, the
 540 board shall offer, for each of such years, the optional coverage
 541 as provided in this subsection.

542 (d) Additional definitions.--As used in this subsection,
 543 the term:

544 1. "FHCF" means Florida Hurricane Catastrophe Fund.

545 2. "FHCF reimbursement premium" means the premium paid by
 546 an insurer for its coverage as a mandatory participant in the
 547 FHCF, but does not include additional premiums for optional
 548 coverages.

549 3. "Payout multiple" means the number or multiple created
 550 by dividing the statutorily defined claims-paying capacity as
 551 determined in subparagraph (4)(c)1. by the aggregate
 552 reimbursement premiums paid by all insurers estimated or
 553 projected as of calendar year-end.

554 4. "TICL" means the temporary increase in coverage limit.

555 5. "TICL options" means the temporary increase in coverage
 556 options created under this subsection.

557 6. "TICL insurer" means an insurer that has opted to
 558 obtain coverage under the TICL options addendum in addition to
 559 the coverage provided to the insurer under its FHCF
 560 reimbursement contract.

561 7. "TICL reimbursement premium" means the premium charged
 562 by the fund for coverage provided under the TICL option.

563 8. "TICL coverage multiple" means the coverage multiple
 564 when multiplied by an insurer's reimbursement premium that
 565 defines the temporary increase in coverage limit.

566 9. "TICL coverage" means the coverage for an insurer's
 567 losses above the insurer's statutorily determined claims-paying
 568 capacity based on the claims-paying limit in subparagraph
 569 (4)(c)1., which an insurer selects as its temporary increase in
 570 coverage from the fund under the TICL options selected. A TICL
 571 insurer's increased coverage limit options shall be calculated
 572 as follows:

573 a. The board shall calculate and report to each TICL
 574 insurer the TICL coverage multiples based on 12 options for
 575 increasing the insurer's FHCF coverage limit. Each TICL coverage
 576 multiple shall be calculated by dividing \$1 billion, \$2 billion,
 577 \$3 billion, \$4 billion, \$5 billion, \$6 billion, \$7 billion, \$8
 578 billion, \$9 billion, \$10 billion, \$11 billion, or \$12 billion by
 579 the total estimated aggregate FHCF reimbursement premiums for
 580 the 2007-2008 contract year, and the 2008-2009 contract year,
 581 ~~and the 2009-2010 contract year.~~

582 b. For the 2009-2010 contract year, the board shall
 583 calculate and report to each TICL insurer the TICL coverage
 584 multiples based on 10 options for increasing the insurer's FHCF
 585 coverage limit. Each TICL coverage multiple shall be calculated
 586 by dividing \$1 billion, \$2 billion, \$3 billion, \$4 billion, \$5
 587 billion, \$6 billion, \$7 billion, \$8 billion, \$9 billion, and \$10
 588 billion by the total estimated aggregate FHCF reimbursement

589 premiums for the 2009-2010 contract year.

590 c. For the contract year beginning June 1, 2010, and
591 ending December 31, 2010, the board shall calculate and report
592 to each TICL insurer the TICL coverage multiples based on eight
593 options for increasing the insurer's FHCF coverage limit. Each
594 TICL coverage multiple shall be calculated by dividing \$1
595 billion, \$2 billion, \$3 billion, \$4 billion, \$5 billion, \$6
596 billion, \$7 billion, and \$8 billion by the total estimated
597 aggregate FHCF reimbursement premiums for the contract year.

598 d. For the 2011 contract year, the board shall calculate
599 and report to each TICL insurer the TICL coverage multiples
600 based on six options for increasing the insurer's FHCF coverage
601 limit. Each TICL coverage multiple shall be calculated by
602 dividing \$1 billion, \$2 billion, \$3 billion, \$4 billion, \$5
603 billion, and \$6 billion by the total estimated aggregate FHCF
604 reimbursement premiums for the 2011 contract year.

605 e. For the 2012 contract year, the board shall calculate
606 and report to each TICL insurer the TICL coverage multiples
607 based on four options for increasing the insurer's FHCF coverage
608 limit. Each TICL coverage multiple shall be calculated by
609 dividing \$1 billion, \$2 billion, \$3 billion, and \$4 billion by
610 the total estimated aggregate FHCF reimbursement premiums for
611 the 2012 contract year.

612 f. For the 2013 contract year, the board shall calculate
613 and report to each TICL insurer the TICL coverage multiples
614 based on two options for increasing the insurer's FHCF coverage
615 limit. Each TICL coverage multiple shall be calculated by
616 dividing \$1 billion and \$2 billion by the total estimated

617 aggregate FHCF reimbursement premiums for the 2013 contract
618 year.

619 ~~g.b.~~ The TICL insurer's increased coverage shall be the
620 FHCF reimbursement premium multiplied by the TICL coverage
621 multiple. In order to determine an insurer's total limit of
622 coverage, an insurer shall add its TICL coverage multiple to its
623 payout multiple. The total shall represent a number that, when
624 multiplied by an insurer's FHCF reimbursement premium for a
625 given reimbursement contract year, defines an insurer's total
626 limit of FHCF reimbursement coverage for that reimbursement
627 contract year.

628 10. "TICL options addendum" means an addendum to the
629 reimbursement contract reflecting the obligations of the fund
630 and insurers selecting an option to increase an insurer's FHCF
631 coverage limit.

632 (e) TICL options addendum.--

633 1. The TICL options addendum shall provide for
634 reimbursement of TICL insurers for covered events occurring
635 between June 1, 2007, and May 31, 2008, ~~and~~ between June 1,
636 2008, and May 31, 2009, ~~or~~ between June 1, 2009, and May 31,
637 2010, between June 1, 2010, and December 31, 2010, between
638 January 1, 2011, and December 31, 2011, between January 1, 2012,
639 and December 31, 2012, or between January 1, 2013, and December
640 31, 2013, in exchange for the TICL reimbursement premium paid
641 into the fund under paragraph (f). Any insurer writing covered
642 policies has the option of selecting an increased limit of
643 coverage under the TICL options addendum and shall select such
644 coverage at the time that it executes the FHCF reimbursement

645 contract.

646 2. The TICL addendum shall contain a promise by the board
647 to reimburse the TICL insurer for 45 percent, 75 percent, or 90
648 percent of its losses from each covered event in excess of the
649 insurer's retention, plus 5 percent of the reimbursed losses to
650 cover loss adjustment expenses. The percentage shall be the same
651 as the coverage level selected by the insurer under paragraph
652 (4) (b).

653 3. The TICL addendum shall provide that reimbursement
654 amounts shall not be reduced by reinsurance paid or payable to
655 the insurer from other sources.

656 4. The priorities, schedule, and method of reimbursements
657 under the TICL addendum shall be the same as provided under
658 subsection (4).

659 (f) TICL reimbursement premiums.--Each TICL insurer shall
660 pay to the fund, in the manner and at the time provided in the
661 reimbursement contract for payment of reimbursement premiums, a
662 TICL reimbursement premium determined as specified in subsection
663 (5), except that a cash build-up factor does not apply to the
664 TICL reimbursement premiums. However, the TICL reimbursement
665 premium shall be increased in contract year 2009-2010 by a
666 factor of two, in the contract year beginning June 1, 2010, and
667 ending December 31, 2010, by a factor of three, in the 2011
668 contract year by a factor of four, in the 2012 contract year by
669 a factor of five, and in the 2013 contract year by a factor of
670 six.

671 (g) Effect on claims-paying capacity of the fund.--For the
672 contract terms commencing June 1, 2007, June 1, 2008, ~~and~~ June

673 1, 2009, June 1, 2010, January 1, 2011, January 1, 2012, and
674 January 1, 2013, the program created by this subsection shall
675 increase the claims-paying capacity of the fund as provided in
676 subparagraph (4)(c)1. by an amount not to exceed \$12 billion and
677 shall depend on the TICL coverage options selected and the
678 number of insurers that select the TICL optional coverage. The
679 additional capacity shall apply only to the additional coverage
680 provided under the TICL options and shall not otherwise affect
681 any insurer's reimbursement from the fund if the insurer chooses
682 not to select the temporary option to increase its limit of
683 coverage under the FHCF.

684 ~~(h) Increasing the claims-paying capacity of the~~
685 ~~fund. For the contract years commencing June 1, 2007, June 1,~~
686 ~~2008, and June 1, 2009, the board may increase the claims-paying~~
687 ~~capacity of the fund as provided in paragraph (g) by an amount~~
688 ~~not to exceed \$4 billion in four \$1 billion options and shall~~
689 ~~depend on the TICL coverage options selected and the number of~~
690 ~~insurers that select the TICL optional coverage. Each insurer's~~
691 ~~TICL premium shall be calculated based upon the additional limit~~
692 ~~of increased coverage that the insurer selects. Such limit is~~
693 ~~determined by multiplying the TICL multiple associated with one~~
694 ~~of the four options times the insurer's FHCF reimbursement~~
695 ~~premium. The reimbursement premium associated with the~~
696 ~~additional coverage provided in this paragraph shall be~~
697 ~~determined as specified in subsection (5).~~

698 Section 2. Section 215.5586, Florida Statutes, as amended
699 by section 1 of chapter 2009-10, Laws of Florida, is amended to
700 read:

701 215.5586 My Safe Florida Home Program.--There is
702 established within the Department of Financial Services the My
703 Safe Florida Home Program. The department shall provide fiscal
704 accountability, contract management, and strategic leadership
705 for the program, consistent with this section. This section does
706 not create an entitlement for property owners or obligate the
707 state in any way to fund the inspection or retrofitting of
708 residential property in this state. Implementation of this
709 program is subject to annual legislative appropriations. It is
710 the intent of the Legislature that the My Safe Florida Home
711 Program provide trained and certified inspectors to perform
712 inspections for owners of ~~for at least 400,000~~ site-built,
713 single-family, residential properties and ~~provide~~ grants to
714 eligible ~~at least 35,000~~ applicants as funding allows ~~before~~
715 ~~June 30, 2009~~. The program shall develop and implement a
716 comprehensive and coordinated approach for hurricane damage
717 mitigation that may ~~shall~~ include the following:

718 (1) HURRICANE MITIGATION INSPECTIONS.--

719 (a) Certified inspectors to provide ~~free~~ home-retrofit
720 inspections of site-built, single-family, residential property
721 may ~~shall~~ be offered ~~throughout the state~~ to determine what
722 mitigation measures are needed, what insurance premium discounts
723 may be available, and what improvements to existing residential
724 properties are needed to reduce the property's vulnerability to
725 hurricane damage. The Department of Financial Services shall
726 contract with wind certification entities to provide ~~free~~
727 hurricane mitigation inspections. The inspections provided to
728 homeowners, at a minimum, must include:

729 1. A home inspection and report that summarizes the
730 results and identifies recommended improvements a homeowner may
731 take to mitigate hurricane damage.

732 2. A range of cost estimates regarding the recommended
733 mitigation improvements.

734 3. Insurer-specific information regarding premium
735 discounts correlated to the current mitigation features and the
736 recommended mitigation improvements identified by the
737 inspection.

738 4. A hurricane resistance rating scale specifying the
739 home's current as well as projected wind resistance
740 capabilities. As soon as practical, the rating scale must be the
741 uniform home grading scale adopted by the Financial Services
742 Commission pursuant to s. 215.55865.

743 (b) To qualify for selection by the department as a wind
744 certification entity to provide hurricane mitigation
745 inspections, the entity shall, at a minimum, meet the following
746 requirements:

747 1. Use hurricane mitigation inspectors who:

748 a. Are certified as a building inspector under s. 468.607;

749 b. Are licensed as a general or residential contractor
750 under s. 489.111;

751 c. Are licensed as a professional engineer under s.
752 471.015 and who have passed the appropriate equivalency test of
753 the Building Code Training Program as required by s. 553.841;

754 d. Are licensed as a professional architect under s.
755 481.213; or

756 e. Have at least 2 years of experience in residential

757 construction or residential building inspection and have
758 received specialized training in hurricane mitigation
759 procedures. Such training may be provided by a class offered
760 online or in person.

761 2. Use hurricane mitigation inspectors who also:

762 a. Have undergone drug testing and level 2 background
763 checks pursuant to s. 435.04. The department may conduct
764 criminal record checks of inspectors used by wind certification
765 entities. Inspectors must submit a set of the fingerprints to
766 the department for state and national criminal history checks
767 and must pay the fingerprint processing fee set forth in s.
768 624.501. The fingerprints shall be sent by the department to the
769 Department of Law Enforcement and forwarded to the Federal
770 Bureau of Investigation for processing. The results shall be
771 returned to the department for screening. The fingerprints shall
772 be taken by a law enforcement agency, designated examination
773 center, or other department-approved entity; and

774 b. Have been certified, in a manner satisfactory to the
775 department, to conduct the inspections.

776 3. Provide a quality assurance program including a
777 reinspection component.

778 (c) The department shall implement a quality assurance
779 program that includes a statistically valid number of
780 reinspections.

781 (d) An application for an inspection must contain a signed
782 or electronically verified statement made under penalty of
783 perjury that the applicant has submitted only a single
784 application for that home.

785 (e) The owner of a site-built, single-family, residential
786 property may apply for and receive an inspection without also
787 applying for a grant pursuant to subsection (2) and without
788 meeting the requirements of paragraph (2)(a).

789 (2) MITIGATION GRANTS.--Financial grants shall be used to
790 encourage single-family, site-built, owner-occupied, residential
791 property owners to retrofit their properties to make them less
792 vulnerable to hurricane damage.

793 (a) For a homeowner to be eligible for a grant, the
794 following criteria for persons who have obtained a completed
795 inspection after May 1, 2007, a residential property must be
796 met:

797 1. The homeowner must have been granted a homestead
798 exemption on the home under chapter 196.

799 2. The home must be a dwelling with an insured value of
800 \$300,000 or less. Homeowners who are low-income persons, as
801 defined in s. 420.0004(10), are exempt from this requirement.

802 3. The home must have undergone an acceptable hurricane
803 mitigation inspection after May 1, 2007.

804 4. The home must be located in the "wind-borne debris
805 region" as that term is defined in s. 1609.2, International
806 Building Code (2006), or as subsequently amended.

807 5. ~~Be a home for which~~ The building permit application for
808 initial construction of the home must have been ~~was~~ made before
809 March 1, 2002.

810

811 An application for a grant must contain a signed or
812 electronically verified statement made under penalty of perjury

813 that the applicant has submitted only a single application and
814 must have attached documents demonstrating the applicant meets
815 the requirements of this paragraph.

816 (b) All grants must be matched on a dollar-for-dollar
817 basis up to ~~for~~ a total of \$10,000 for the actual cost of the
818 mitigation project with the state's contribution not to exceed
819 \$5,000.

820 (c) The program shall create a process in which
821 contractors agree to participate and homeowners select from a
822 list of participating contractors. All mitigation must be based
823 upon the securing of all required local permits and inspections
824 and must be performed by properly licensed contractors.
825 Mitigation projects are subject to random reinspection of up to
826 at least 5 percent of all projects. Hurricane mitigation
827 inspectors qualifying for the program may also participate as
828 mitigation contractors as long as the inspectors meet the
829 department's qualifications and certification requirements for
830 mitigation contractors.

831 (d) Matching fund grants shall also be made available to
832 local governments and nonprofit entities for projects that will
833 reduce hurricane damage to single-family, site-built, owner-
834 occupied, residential property. The department shall liberally
835 construe those requirements in favor of availing the state of
836 the opportunity to leverage funding for the My Safe Florida Home
837 Program with other sources of funding.

838 (e) When recommended by a hurricane mitigation inspection,
839 grants may be used for the following improvements ~~only~~:

840 1. Opening protection.

- 841 2. Exterior doors, including garage doors.
- 842 3. Brace gable ends.
- 843 4. Reinforcing roof-to-wall connections.
- 844 5. Improving the strength of roof-deck attachments.
- 845 6. Upgrading roof covering from code to code plus.
- 846 7. Secondary water barrier for roof.

847
848 The department may require that improvements be made to all
849 openings, including exterior doors and garage doors, as a
850 condition of reimbursing a homeowner approved for a grant. The
851 department may adopt, by rule, the maximum grant allowances for
852 any improvement allowable under this paragraph.

853 (f) Grants may be used on a previously inspected existing
854 structure or on a rebuild. A rebuild is defined as a site-built,
855 single-family dwelling under construction to replace a home that
856 was destroyed or significantly damaged by a hurricane and deemed
857 unlivable by a regulatory authority. The homeowner must be a
858 low-income homeowner as defined in paragraph (g), must have had
859 a homestead exemption for that home prior to the hurricane, and
860 must be intending to rebuild the home as that homeowner's
861 homestead.

862 (g) Low-income homeowners, as defined in s. 420.0004(10),
863 who otherwise meet the requirements of paragraphs (a), (c), (e),
864 and (f) are eligible for a grant of up to \$5,000 and are not
865 required to provide a matching amount to receive the grant.
866 Additionally, for low-income homeowners, grant funding may be
867 used for repair to existing structures leading to any of the
868 mitigation improvements provided in paragraph (e), limited to 20

869 percent of the grant value. The program may accept a
870 certification directly from a low-income homeowner that the
871 homeowner meets the requirements of s. 420.0004(10) if the
872 homeowner provides such certification in a signed or
873 electronically verified statement made under penalty of perjury.

874 (h) The department shall establish objective, reasonable
875 criteria for prioritizing grant applications, consistent with
876 the requirements of this section.

877 (i) The department shall develop a process that ensures
878 the most efficient means to collect and verify grant
879 applications to determine eligibility and may direct hurricane
880 mitigation inspectors to collect and verify grant application
881 information or use the Internet or other electronic means to
882 collect information and determine eligibility.

883 (3) EDUCATION AND CONSUMER AWARENESS.--The department may
884 undertake a statewide multimedia public outreach and advertising
885 campaign to inform consumers of the availability and benefits of
886 hurricane inspections and of the safety and financial benefits
887 of residential hurricane damage mitigation. The department may
888 seek out and use local, state, federal, and private funds to
889 support the campaign.

890 (4) ADVISORY COUNCIL.--There is created an advisory
891 council to provide advice and assistance to the department
892 regarding administration of the program. The advisory council
893 shall consist of:

894 (a) A representative of lending institutions, selected by
895 the Financial Services Commission from a list of at least three
896 persons recommended by the Florida Bankers Association.

897 (b) A representative of residential property insurers,
898 selected by the Financial Services Commission from a list of at
899 least three persons recommended by the Florida Insurance
900 Council.

901 (c) A representative of home builders, selected by the
902 Financial Services Commission from a list of at least three
903 persons recommended by the Florida Home Builders Association.

904 (d) A faculty member of a state university, selected by
905 the Financial Services Commission, who is an expert in
906 hurricane-resistant construction methodologies and materials.

907 (e) Two members of the House of Representatives, selected
908 by the Speaker of the House of Representatives.

909 (f) Two members of the Senate, selected by the President
910 of the Senate.

911 (g) The Chief Executive Officer of the Federal Alliance
912 for Safe Homes, Inc., or his or her designee.

913 (h) The senior officer of the Florida Hurricane
914 Catastrophe Fund.

915 (i) The executive director of Citizens Property Insurance
916 Corporation.

917 (j) The director of the Florida Division of Emergency
918 Management ~~of the Department of Community Affairs~~.

919
920 Members appointed under paragraphs (a)-(d) shall serve at the
921 pleasure of the Financial Services Commission. Members appointed
922 under paragraphs (e) and (f) shall serve at the pleasure of the
923 appointing officer. All other members shall serve as voting ex
924 officio members. Members of the advisory council shall serve

925 without compensation but may receive reimbursement as provided
 926 in s. 112.061 for per diem and travel expenses incurred in the
 927 performance of their official duties.

928 (5) FUNDING.--The department may seek out and leverage
 929 local, state, federal, or private funds to enhance the financial
 930 resources of the program.

931 (6) RULES.--The Department of Financial Services shall
 932 adopt rules pursuant to ss. 120.536(1) and 120.54 to govern the
 933 program; implement the provisions of this section; including
 934 rules governing hurricane mitigation inspections and grants,
 935 mitigation contractors, and training of inspectors and
 936 contractors; and carry out the duties of the department under
 937 this section.

938 (7) HURRICANE MITIGATION INSPECTOR LIST.--The department
 939 shall develop and maintain as a public record a current list of
 940 hurricane mitigation inspectors authorized to conduct hurricane
 941 mitigation inspections pursuant to this section.

942 ~~(8) NO-INTEREST LOANS.--The department shall implement a~~
 943 ~~no-interest loan program by October 1, 2008, contingent upon the~~
 944 ~~selection of a qualified vendor and execution of a contract~~
 945 ~~acceptable to the department and the vendor. The department~~
 946 ~~shall enter into partnerships with the private sector to provide~~
 947 ~~loans to owners of site-built, single-family, residential~~
 948 ~~property to pay for mitigation measures listed in subsection~~
 949 ~~(2). A loan eligible for interest payments pursuant to this~~
 950 ~~subsection may be for a term of up to 3 years and cover up to~~
 951 ~~\$5,000 in mitigation measures. The department shall pay the~~
 952 ~~creditor the market rate of interest using funds appropriated~~

953 ~~for the My Safe Florida Home Program. In no case shall the~~
 954 ~~department pay more than the interest rate set by s. 687.03. To~~
 955 ~~be eligible for a loan, a loan applicant must first obtain a~~
 956 ~~home inspection and report that specifies what improvements are~~
 957 ~~needed to reduce the property's vulnerability to windstorm~~
 958 ~~damage pursuant to this section and meet loan underwriting~~
 959 ~~requirements set by the lender. The department may adopt rules~~
 960 ~~pursuant to ss. 120.536(1) and 120.54 to implement this~~
 961 ~~subsection which may include eligibility criteria.~~

962 (8)~~(9)~~ PUBLIC OUTREACH FOR CONTRACTORS AND REAL ESTATE
 963 BROKERS AND SALES ASSOCIATES.--The program shall develop
 964 brochures for distribution to general contractors, roofing
 965 contractors, and real estate brokers and sales associates
 966 licensed under part I of chapter 475 explaining the benefits to
 967 homeowners of residential hurricane damage mitigation. The
 968 program shall encourage contractors to distribute the brochures
 969 to homeowners at the first meeting with a homeowner who is
 970 considering contracting for home or roof repairs or contracting
 971 for the construction of a new home. The program shall encourage
 972 real estate brokers and sales associates licensed under part I
 973 of chapter 475 to distribute the brochures to clients prior to
 974 the purchase of a home. The brochures may be made available
 975 electronically.

976 (9)~~(10)~~ CONTRACT MANAGEMENT.--The department may contract
 977 with third parties for grants management, inspection services,
 978 contractor services for low-income homeowners, information
 979 technology, educational outreach, and auditing services. Such
 980 contracts shall be considered direct costs of the program and

981 shall not be subject to administrative cost limits, but
 982 contracts valued at \$1 million ~~\$500,000~~ or more shall be subject
 983 to review and approval by the Legislative Budget Commission. The
 984 department shall contract with providers that have a
 985 demonstrated record of successful business operations in areas
 986 directly related to the services to be provided and shall ensure
 987 the highest accountability for use of state funds, consistent
 988 with this section.

989 (10) ~~(11)~~ INTENT.--It is the intent of the Legislature that
 990 grants made to residential property owners under this section
 991 shall be considered disaster-relief assistance within the
 992 meaning of s. 139 of the Internal Revenue Code of 1986, as
 993 amended.

994 (11) ~~(12)~~ REPORTS.--The department shall make an annual
 995 report on the activities of the program that shall account for
 996 the use of state funds and indicate the number of inspections
 997 requested, the number of inspections performed, the number of
 998 grant applications received, and the number and value of grants
 999 approved. The report shall be delivered to the President of the
 1000 Senate and the Speaker of the House of Representatives by
 1001 February 1 of each year.

1002 Section 3. Subsection (13) is added to section 626.854,
 1003 Florida Statutes, to read:

1004 626.854 "Public adjuster" defined; prohibitions.--The
 1005 Legislature finds that it is necessary for the protection of the
 1006 public to regulate public insurance adjusters and to prevent the
 1007 unauthorized practice of law.

1008 (13) A public adjuster, public adjuster apprentice, or any

1009 person acting on behalf of a public adjuster or apprentice may
 1010 not accept referrals of business from any person with whom the
 1011 public adjuster conducts business if there is any form or manner
 1012 of agreement to compensate the person, whether directly or
 1013 indirectly, for referring business to the public adjuster. A
 1014 public adjuster may not compensate any person, except for
 1015 another public adjuster, whether directly or indirectly, for the
 1016 principal purpose of referring business to the public adjuster.

1017
 1018 The provisions of subsections (5)-(13) ~~subsections (5)-(12)~~
 1019 apply only to residential property insurance policies and
 1020 condominium association policies as defined in s. 718.111(11).

1021 Section 4. Subsection (7) is added to section 627.7011,
 1022 Florida Statutes, to read:

1023 627.7011 Homeowners' policies; offer of replacement cost
 1024 coverage and law and ordinance coverage.--

1025 (7) This section does not prohibit an insurer from
 1026 exercising its right to repair damaged property in compliance
 1027 with its policy and s. 627.702(7).

1028 Section 5. Subsection (1) of section 626.865, Florida
 1029 Statutes, is amended to read:

1030 626.865 Public adjuster's qualifications, bond.--

1031 (1) The department shall issue a license to an applicant
 1032 for a public adjuster's license upon determining that the
 1033 applicant has paid the applicable fees specified in s. 624.501
 1034 and possesses the following qualifications:

- 1035 (a) Is a natural person at least 18 years of age.
- 1036 (b) Is a United States citizen or legal alien who

1037 possesses work authorization from the United States Bureau of
 1038 Citizenship and Immigration Services and a bona fide resident of
 1039 this state.

1040 (c) Is trustworthy and has such business reputation as
 1041 would reasonably assure that the applicant will conduct his or
 1042 her business as insurance adjuster fairly and in good faith and
 1043 without detriment to the public.

1044 (d) Has had sufficient experience, training, or
 1045 instruction concerning the adjusting of damages or losses under
 1046 insurance contracts, other than life and annuity contracts, is
 1047 sufficiently informed as to the terms and effects of the
 1048 provisions of those types of insurance contracts, and possesses
 1049 adequate knowledge of the laws of this state relating to such
 1050 contracts as to enable and qualify him or her to engage in the
 1051 business of insurance adjuster fairly and without injury to the
 1052 public or any member thereof with whom the applicant may have
 1053 business as a public adjuster.

1054 ~~(e) Has passed the required written examination.~~

1055 Section 6. Section 626.8651, Florida Statutes, is amended
 1056 to read:

1057 626.8651 Public adjuster apprentice license;
 1058 qualifications.--

1059 (1) The department shall issue a license as a public
 1060 adjuster apprentice to an applicant who is:

1061 (a) A natural person at least 18 years of age.

1062 (b) A United States citizen or legal alien who possesses
 1063 work authorization from the United States Bureau of Citizenship
 1064 and Immigration Services and is a resident of this state.

1065 (c) Trustworthy and has such business reputation as would
1066 reasonably ensure that the applicant will conduct business as a
1067 public adjuster apprentice fairly and in good faith and without
1068 detriment to the public.

1069 (2) All applicable license fees, as prescribed in s.
1070 624.501, must be paid in full before issuance of the license.

1071 (3) An applicant must pass the required written
1072 examination before a license may be issued.

1073 (4) An applicant must have received designation as an
1074 Accredited Claims Adjuster (ACA) after completion of training
1075 that qualifies the applicant to engage in the business of a
1076 public adjuster apprentice fairly and without injury to the
1077 public. Such training and instruction must address adjusting
1078 damages and losses under insurance contracts, the terms and
1079 effects of insurance contracts, and knowledge of the laws of
1080 this state relating to insurance contracts.

1081 (5) At the time of application for license as a public
1082 adjuster apprentice, the applicant shall file with the
1083 department a bond executed and issued by a surety insurer
1084 authorized to transact such business in this state in the amount
1085 of \$50,000, conditioned upon the faithful performance of his or
1086 her duties as a public adjuster apprentice under the license for
1087 which the applicant has applied, and thereafter maintain the
1088 bond unimpaired throughout the existence of the license and for
1089 at least 1 year after termination of the license. The bond shall
1090 be in favor of the department and shall specifically authorize
1091 recovery by the department of the damages sustained in case the
1092 licensee commits fraud or unfair practices in connection with

1093 his or her business as a public adjuster apprentice. The
 1094 aggregate liability of the surety for all such damages may not
 1095 exceed the amount of the bond, and the bond may not be
 1096 terminated by the issuing insurer unless written notice of at
 1097 least 30 days is given to the licensee and filed with the
 1098 department.

1099 (6)~~(4)~~ A public adjuster apprentice shall complete at a
 1100 minimum 100 hours of employment per month for 12 months of
 1101 employment under the supervision of a licensed and appointed
 1102 all-lines public adjuster in order to qualify for licensure as a
 1103 public adjuster. The department may adopt rules that establish
 1104 standards for such employment requirements.

1105 (7)~~(5)~~ An appointing public adjusting firm may not
 1106 maintain more than 12 public adjuster apprentices
 1107 simultaneously. However, a supervising public adjuster may not
 1108 shall be responsible for more than 3 public adjuster apprentices
 1109 simultaneously and shall be accountable for the acts of all a
 1110 public adjuster apprentices ~~apprentice~~ which are related to
 1111 transacting business as a public adjuster apprentice.

1112 (8)~~(6)~~ An apprentice license is effective for 18 months
 1113 unless the license expires due to lack of maintaining an
 1114 appointment; is surrendered by the licensee; is terminated,
 1115 suspended, or revoked by the department; or is canceled by the
 1116 department upon issuance of a public adjuster license. The
 1117 department may not issue a public adjuster apprentice license to
 1118 any individual who has held such a license in this state within
 1119 2 years after expiration, surrender, termination, revocation, or
 1120 cancellation of the license.

1121 (9)~~(7)~~ After completing the requirements for employment as
1122 a public adjuster apprentice, the licensee may file an
1123 application for a public adjuster license. The applicant and
1124 supervising public adjuster or public adjusting firm must each
1125 file a sworn affidavit, on a form prescribed by the department,
1126 verifying that the employment of the public adjuster apprentice
1127 meets the requirements of this section.

1128 (10)~~(8)~~ In no event shall a public adjuster apprentice
1129 licensed under this section perform any of the functions for
1130 which a public adjuster's license is required after expiration
1131 of the public adjuster apprentice license without having
1132 obtained a public adjuster license.

1133 (11)~~(9)~~ A public adjuster apprentice has the same
1134 authority as the licensed public adjuster or public adjusting
1135 firm that employs the apprentice except that an apprentice may
1136 not execute contracts for the services of a public adjuster or
1137 public adjusting firm and may not solicit contracts for the
1138 services except under the direct supervision and guidance of the
1139 supervisory public adjuster. An individual may not be, act as,
1140 or hold himself or herself out to be a public adjuster
1141 apprentice unless the individual is licensed and holds a current
1142 appointment by a licensed public all-lines adjuster or a public
1143 adjusting firm that employs a licensed all-lines public
1144 adjuster.

1145 Section 7. Paragraph (a) of subsection (2) and subsection
1146 (5) of section 627.062, Florida Statutes, are amended, and
1147 paragraph (k) is added to subsection (2) of that section, to
1148 read:

1149 | 627.062 Rate standards.--

1150 | (2) As to all such classes of insurance:

1151 | (a) Insurers or rating organizations shall establish and
1152 | use rates, rating schedules, or rating manuals to allow the
1153 | insurer a reasonable rate of return on such classes of insurance
1154 | written in this state. A copy of rates, rating schedules, rating
1155 | manuals, premium credits or discount schedules, and surcharge
1156 | schedules, and changes thereto, shall be filed with the office
1157 | under one of the following procedures except as provided in
1158 | subparagraph 3.:

1159 | 1. If the filing is made at least 90 days before the
1160 | proposed effective date and the filing is not implemented during
1161 | the office's review of the filing and any proceeding and
1162 | judicial review, then such filing shall be considered a "file
1163 | and use" filing. In such case, the office shall finalize its
1164 | review by issuance of a notice of intent to approve or a notice
1165 | of intent to disapprove within 90 days after receipt of the
1166 | filing. The notice of intent to approve and the notice of intent
1167 | to disapprove constitute agency action for purposes of the
1168 | Administrative Procedure Act. Requests for supporting
1169 | information, requests for mathematical or mechanical
1170 | corrections, or notification to the insurer by the office of its
1171 | preliminary findings shall not toll the 90-day period during any
1172 | such proceedings and subsequent judicial review. The rate shall
1173 | be deemed approved if the office does not issue a notice of
1174 | intent to approve or a notice of intent to disapprove within 90
1175 | days after receipt of the filing.

1176 | 2. If the filing is not made in accordance with the

1177 provisions of subparagraph 1., such filing shall be made as soon
1178 as practicable, but no later than 30 days after the effective
1179 date, and shall be considered a "use and file" filing. An
1180 insurer making a "use and file" filing is potentially subject to
1181 an order by the office to return to policyholders portions of
1182 rates found to be excessive, as provided in paragraph (h).

1183 3. For all property insurance filings made or submitted
1184 after January 25, 2007, but before December 31, 2010 ~~2009~~, an
1185 insurer seeking a rate that is greater than the rate most
1186 recently approved by the office shall make a "file and use"
1187 filing. For purposes of this subparagraph, motor vehicle
1188 collision and comprehensive coverages are not considered to be
1189 property coverages.

1190 (k)1. An insurer may make a separate filing limited solely
1191 to an adjustment of its rates for reinsurance or financing costs
1192 incurred in the purchase of reinsurance or financing products to
1193 replace or finance the payment of the amount covered by the
1194 Temporary Increase in Coverage Limits (TICL) portion of the
1195 Florida Hurricane Catastrophe Fund including replacement
1196 reinsurance for the TICL reductions made pursuant to s.
1197 215.555(17)(e); the actual cost paid due to the application of
1198 the TICL premium factor pursuant to s. 215.555(17)(f); and the
1199 actual cost paid due to the application of the cash build-up
1200 factor pursuant to s. 215.555(5)(b) if the insurer:

1201 a. Elects to purchase financing products such as a
1202 liquidity instrument or line of credit, in which case the cost
1203 included in the filing for the liquidity instrument or line of
1204 credit may not result in a premium increase exceeding 3 percent

1205 for any individual policyholder. All costs contained in the
1206 filing may not result in an overall premium increase of more
1207 than 10 percent for any individual policyholder.

1208 b. Includes in the filing a copy of all of its
1209 reinsurance, liquidity instrument, or line of credit contracts;
1210 proof of the billing or payment for the contracts; and the
1211 calculation upon which the proposed rate change is based
1212 demonstrates that the costs meet the criteria of this section
1213 and are not loaded for expenses or profit for the insurer making
1214 the filing.

1215 c. Includes no other changes to its rates in the filing.

1216 d. Has not implemented a rate increase within the 6 months
1217 immediately preceding the filing.

1218 e. Does not file for a rate increase under any other
1219 paragraph within 6 months after making a filing under this
1220 paragraph.

1221 f. That purchases reinsurance or financing products from
1222 an affiliated company in compliance with this paragraph does so
1223 only if the costs for such reinsurance or financing products are
1224 charged at or below charges made for comparable coverage by
1225 nonaffiliated reinsurers or financial entities making such
1226 coverage or financing products available in this state.

1227 2. An insurer may only make one filing in any 12-month
1228 period under this paragraph.

1229 3. An insurer that elects to implement a rate change under
1230 this paragraph must file its rate filing with the office at
1231 least 45 days before the effective date of the rate change.

1232 After an insurer submits a complete filing that meets all of the

1233 requirements of this paragraph, the office has 45 days after the
 1234 date of the filing to review the rate filing and determine if
 1235 the rate is excessive, inadequate, or unfairly discriminatory.

1236
 1237 The provisions of this subsection ~~shall~~ not apply to workers'
 1238 compensation and employer's liability insurance and to motor
 1239 vehicle insurance.

1240 (5) With respect to a rate filing involving coverage of
 1241 the type for which the insurer is required to pay a
 1242 reimbursement premium to the Florida Hurricane Catastrophe Fund,
 1243 the insurer may fully recoup in its property insurance premiums
 1244 any reimbursement premiums paid to the Florida Hurricane
 1245 Catastrophe Fund, together with reasonable costs of other
 1246 reinsurance, but except as otherwise provided in this section,
 1247 may not recoup reinsurance costs that duplicate coverage
 1248 provided by the Florida Hurricane Catastrophe Fund. An insurer
 1249 may not recoup more than 1 year of reimbursement premium at a
 1250 time. Any under-recoupment from the prior year may be added to
 1251 the following year's reimbursement premium and any over-
 1252 recoupment shall be subtracted from the following year's
 1253 reimbursement premium.

1254 Section 8. Section 627.0621, Florida Statutes, is amended
 1255 to read:

1256 627.0621 Transparency in rate regulation.--

1257 (1) DEFINITIONS.--As used in this section, the term:

1258 (a) "Rate filing" means any original or amended rate
 1259 residential property insurance filing.

1260 (b) "Recommendation" means any proposed, preliminary, or

1261 final recommendation from an office actuary reviewing a rate
1262 filing with respect to the issue of approval or disapproval of
1263 the rate filing or with respect to rate indications that the
1264 office would consider acceptable.

1265 (2) WEBSITE FOR PUBLIC ACCESS TO RATE FILING
1266 INFORMATION.--

1267 (a) With respect to any residential property rate filing
1268 ~~made on or after July 1, 2008,~~ the office shall provide the
1269 following information on a publicly accessible Internet website:

1270 1. (a) The overall rate change requested by the insurer.

1271 2. The rate change approved by the office along with all
1272 of the actuary's assumptions and recommendations forming the
1273 basis of the office's decision.

1274 3. Certification by the office's actuary that, based on
1275 the actuary's knowledge, his or her recommendations are
1276 consistent with accepted actuarial principles.

1277 (b) For any rate filing, whether or not the filing is
1278 subject to a public hearing, the office shall provide on its
1279 website a means for any policyholder who may be affected by a
1280 proposed rate change to send an e-mail regarding the proposed
1281 rate change. Such e-mail must be accessible to the actuary
1282 assigned to review the rate filing.

1283 ~~(b) All assumptions made by the office's actuaries.~~

1284 ~~(c) A statement describing any assumptions or methods that~~
1285 ~~deviate from the actuarial standards of practice of the Casualty~~
1286 ~~Actuarial Society or the American Academy of Actuaries,~~
1287 ~~including an explanation of the nature, rationale, and effect of~~
1288 ~~the deviation.~~

1289 ~~(d) All recommendations made by any office actuary who~~
 1290 ~~reviewed the rate filing.~~

1291 ~~(e) Certification by the office's actuary that, based on~~
 1292 ~~the actuary's knowledge, his or her recommendations are~~
 1293 ~~consistent with accepted actuarial principles.~~

1294 ~~(f) The overall rate change approved by the office.~~

1295 ~~(3) ATTORNEY-CLIENT PRIVILEGE; WORK PRODUCT. It is the~~
 1296 ~~intent of the Legislature that the principles of the public~~
 1297 ~~records and open meetings laws apply to the assertion of~~
 1298 ~~attorney-client privilege and work product confidentiality by~~
 1299 ~~the office in connection with a challenge to its actions on a~~
 1300 ~~rate filing. Therefore, in any administrative or judicial~~
 1301 ~~proceeding relating to a rate filing, attorney-client privilege~~
 1302 ~~and work product exemptions from disclosure do not apply to~~
 1303 ~~communications with office attorneys or records prepared by or~~
 1304 ~~at the direction of an office attorney, except when the~~
 1305 ~~conditions of paragraphs (a) and (b) have been met:~~

1306 ~~(a) The communication or record reflects a mental~~
 1307 ~~impression, conclusion, litigation strategy, or legal theory of~~
 1308 ~~the attorney or office that was prepared exclusively for civil~~
 1309 ~~or criminal litigation or adversarial administrative~~
 1310 ~~proceedings.~~

1311 ~~(b) The communication occurred or the record was prepared~~
 1312 ~~after the initiation of an action in a court of competent~~
 1313 ~~jurisdiction, after the issuance of a notice of intent to deny a~~
 1314 ~~rate filing, or after the filing of a request for a proceeding~~
 1315 ~~under ss. 120.569 and 120.57.~~

1316 Section 9. Paragraph (b) of subsection (1) and subsection

1317 (5) of section 627.0629, Florida Statutes, are amended to read:
 1318 627.0629 Residential property insurance; rate filings.--
 1319 (1)
 1320 (b) By February 1, 2011, the Office of Insurance
 1321 Regulation, in consultation with the Department of Financial
 1322 Services and the Department of Community Affairs, shall develop
 1323 and make publicly available a proposed method for insurers to
 1324 establish discounts, credits, or other rate differentials for
 1325 hurricane mitigation measures which directly correlate to the
 1326 numerical rating assigned to a structure pursuant to the uniform
 1327 home grading scale adopted by the Financial Services Commission
 1328 pursuant to s. 215.55865, including any proposed changes to the
 1329 uniform home grading scale. By October 1, 2011, the commission
 1330 shall adopt rules requiring insurers to make rate filings for
 1331 residential property insurance which revise insurers' discounts,
 1332 credits, or other rate differentials for hurricane mitigation
 1333 measures so that such rate differentials correlate directly to
 1334 the uniform home grading scale. The rules may include such
 1335 changes to the uniform home grading scale as the commission
 1336 determines are necessary, and may specify the minimum required
 1337 discounts, credits, or other rate differentials. Such rate
 1338 differentials must be consistent with generally accepted
 1339 actuarial principles and wind-loss mitigation studies. The rules
 1340 shall allow a period of at least 2 years after the effective
 1341 date of the revised mitigation discounts, credits, or other rate
 1342 differentials for a property owner to obtain an inspection or
 1343 otherwise qualify for the revised credit, during which time the
 1344 insurer shall continue to apply the mitigation credit that was

1345 applied immediately prior to the effective date of the revised
1346 credit. Discounts, credits, and other rate differentials
1347 established for rate filings under this paragraph shall
1348 supersede, after adoption, the discounts, credits, and other
1349 rate differentials included in rate filings under paragraph (a).

1350 (5) In order to provide an appropriate transition period,
1351 an insurer may, in its sole discretion, implement an approved
1352 rate filing for residential property insurance over a period of
1353 years. An insurer electing to phase in its rate filing must
1354 provide an informational notice to the office setting out its
1355 schedule for implementation of the phased-in rate filing. An
1356 insurer may include in its rate the actual cost of private
1357 market reinsurance that corresponds to available coverage of the
1358 Temporary Increase in Coverage Limits, TICL, from the Florida
1359 Hurricane Catastrophe Fund. The insurer may also include the
1360 cost of reinsurance to replace the TICL reduction implemented
1361 pursuant to s. 215.555(17)(d)9. However, this cost for
1362 reinsurance may not include any expense or profit load or result
1363 in a total annual base rate increase in excess of 10 percent.

1364 Section 10. Paragraphs (a), (c), (m), and (x) of
1365 subsection (6) of section 627.351, Florida Statutes, are amended
1366 to read:

1367 627.351 Insurance risk apportionment plans.--

1368 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

1369 (a)1. It is the public purpose of this subsection to
1370 ensure the existence of an orderly market for property insurance
1371 for Floridians and Florida businesses. The Legislature finds
1372 that private insurers are unwilling or unable to provide

1373 affordable property insurance coverage in this state to the
1374 extent sought and needed. The absence of affordable property
1375 insurance threatens the public health, safety, and welfare and
1376 likewise threatens the economic health of the state. The state
1377 therefore has a compelling public interest and a public purpose
1378 to assist in assuring that property in the state is insured and
1379 that it is insured at affordable rates so as to facilitate the
1380 remediation, reconstruction, and replacement of damaged or
1381 destroyed property in order to reduce or avoid the negative
1382 effects otherwise resulting to the public health, safety, and
1383 welfare, to the economy of the state, and to the revenues of the
1384 state and local governments which are needed to provide for the
1385 public welfare. It is necessary, therefore, to provide
1386 affordable property insurance to applicants who are in good
1387 faith entitled to procure insurance through the voluntary market
1388 but are unable to do so. The Legislature intends by this
1389 subsection that affordable property insurance be provided and
1390 that it continue to be provided, as long as necessary, through
1391 Citizens Property Insurance Corporation, a government entity
1392 that is an integral part of the state, and that is not a private
1393 insurance company. To that end, Citizens Property Insurance
1394 Corporation shall strive to increase the availability of
1395 affordable property insurance in this state, while achieving
1396 efficiencies and economies, and while providing service to
1397 policyholders, applicants, and agents which is no less than the
1398 quality generally provided in the voluntary market, for the
1399 achievement of the foregoing public purposes. Because it is
1400 essential for this government entity to have the maximum

1401 financial resources to pay claims following a catastrophic
1402 hurricane, it is the intent of the Legislature that Citizens
1403 Property Insurance Corporation continue to be an integral part
1404 of the state and that the income of the corporation be exempt
1405 from federal income taxation and that interest on the debt
1406 obligations issued by the corporation be exempt from federal
1407 income taxation.

1408 2. The Residential Property and Casualty Joint
1409 Underwriting Association originally created by this statute
1410 shall be known, as of July 1, 2002, as the Citizens Property
1411 Insurance Corporation. The corporation shall provide insurance
1412 for residential and commercial property, for applicants who are
1413 in good faith entitled, but are unable, to procure insurance
1414 through the voluntary market. The corporation shall operate
1415 pursuant to a plan of operation approved by order of the
1416 Financial Services Commission. The plan is subject to continuous
1417 review by the commission. The commission may, by order, withdraw
1418 approval of all or part of a plan if the commission determines
1419 that conditions have changed since approval was granted and that
1420 the purposes of the plan require changes in the plan. The
1421 corporation shall continue to operate pursuant to the plan of
1422 operation approved by the Office of Insurance Regulation until
1423 October 1, 2006. For the purposes of this subsection,
1424 residential coverage includes both personal lines residential
1425 coverage, which consists of the type of coverage provided by
1426 homeowner's, mobile home owner's, dwelling, tenant's,
1427 condominium unit owner's, and similar policies, and commercial
1428 lines residential coverage, which consists of the type of

1429 coverage provided by condominium association, apartment
1430 building, and similar policies.

1431 3. Effective January 1, 2009, a personal lines residential
1432 structure that has a dwelling replacement cost of \$2 million or
1433 more, or a single condominium unit that has a combined dwelling
1434 and content replacement cost of \$2 million or more is not
1435 eligible for coverage by the corporation. Such dwellings insured
1436 by the corporation on December 31, 2008, may continue to be
1437 covered by the corporation until the end of the policy term.
1438 However, such dwellings that are insured by the corporation and
1439 become ineligible for coverage due to the provisions of this
1440 subparagraph may reapply and obtain coverage if the property
1441 owner provides the corporation with a sworn affidavit from one
1442 or more insurance agents, on a form provided by the corporation,
1443 stating that the agents have made their best efforts to obtain
1444 coverage and that the property has been rejected for coverage by
1445 at least one authorized insurer and at least three surplus lines
1446 insurers. If such conditions are met, the dwelling may be
1447 insured by the corporation for up to 3 years, after which time
1448 the dwelling is ineligible for coverage. The office shall
1449 approve the method used by the corporation for valuing the
1450 dwelling replacement cost for the purposes of this subparagraph.
1451 If a policyholder is insured by the corporation prior to being
1452 determined to be ineligible pursuant to this subparagraph and
1453 such policyholder files a lawsuit challenging the determination,
1454 the policyholder may remain insured by the corporation until the
1455 conclusion of the litigation.

1456 4. It is the intent of the Legislature that policyholders,

1457 applicants, and agents of the corporation receive service and
1458 treatment of the highest possible level but never less than that
1459 generally provided in the voluntary market. It also is intended
1460 that the corporation be held to service standards no less than
1461 those applied to insurers in the voluntary market by the office
1462 with respect to responsiveness, timeliness, customer courtesy,
1463 and overall dealings with policyholders, applicants, or agents
1464 of the corporation.

1465 5. Effective January 1, 2009, a personal lines residential
1466 structure that is located in the "wind-borne debris region," as
1467 defined in s. 1609.2, International Building Code (2006), and
1468 that has an insured value on the structure of \$750,000 or more
1469 is not eligible for coverage by the corporation unless the
1470 structure has opening protections as required under the Florida
1471 Building Code for a newly constructed residential structure in
1472 that area. A residential structure shall be deemed to comply
1473 with the requirements of this subparagraph if it has shutters or
1474 opening protections on all openings and if such opening
1475 protections complied with the Florida Building Code at the time
1476 they were installed. ~~Effective January 1, 2010, for personal~~
1477 ~~lines residential property insured by the corporation that is~~
1478 ~~located in the wind-borne debris region and has an insured value~~
1479 ~~on the structure of \$500,000 or more, a prospective purchaser of~~
1480 ~~any such residential property must be provided by the seller a~~
1481 ~~written disclosure that contains the structure's windstorm~~
1482 ~~mitigation rating based on the uniform home grading scale~~
1483 ~~adopted under s. 215.55865. Such rating shall be provided to the~~
1484 ~~purchaser at or before the time the purchaser executes a~~

1485 ~~contract for sale and purchase.~~

1486 (c) The plan of operation of the corporation:

1487 1. Must provide for adoption of residential property and
1488 casualty insurance policy forms and commercial residential and
1489 nonresidential property insurance forms, which forms must be
1490 approved by the office prior to use. The corporation shall adopt
1491 the following policy forms:

1492 a. Standard personal lines policy forms that are
1493 comprehensive multiperil policies providing full coverage of a
1494 residential property equivalent to the coverage provided in the
1495 private insurance market under an HO-3, HO-4, or HO-6 policy.

1496 b. Basic personal lines policy forms that are policies
1497 similar to an HO-8 policy or a dwelling fire policy that provide
1498 coverage meeting the requirements of the secondary mortgage
1499 market, but which coverage is more limited than the coverage
1500 under a standard policy.

1501 c. Commercial lines residential and nonresidential policy
1502 forms that are generally similar to the basic perils of full
1503 coverage obtainable for commercial residential structures and
1504 commercial nonresidential structures in the admitted voluntary
1505 market.

1506 d. Personal lines and commercial lines residential
1507 property insurance forms that cover the peril of wind only. The
1508 forms are applicable only to residential properties located in
1509 areas eligible for coverage under the high-risk account referred
1510 to in sub-subparagraph (b)2.a.

1511 e. Commercial lines nonresidential property insurance
1512 forms that cover the peril of wind only. The forms are

1513 applicable only to nonresidential properties located in areas
1514 eligible for coverage under the high-risk account referred to in
1515 sub-subparagraph (b)2.a.

1516 f. The corporation may adopt variations of the policy
1517 forms listed in sub-subparagraphs a.-e. that contain more
1518 restrictive coverage.

1519 2.a. Must provide that the corporation adopt a program in
1520 which the corporation and authorized insurers enter into quota
1521 share primary insurance agreements for hurricane coverage, as
1522 defined in s. 627.4025(2)(a), for eligible risks, and adopt
1523 property insurance forms for eligible risks which cover the
1524 peril of wind only. As used in this subsection, the term:

1525 (I) "Quota share primary insurance" means an arrangement
1526 in which the primary hurricane coverage of an eligible risk is
1527 provided in specified percentages by the corporation and an
1528 authorized insurer. The corporation and authorized insurer are
1529 each solely responsible for a specified percentage of hurricane
1530 coverage of an eligible risk as set forth in a quota share
1531 primary insurance agreement between the corporation and an
1532 authorized insurer and the insurance contract. The
1533 responsibility of the corporation or authorized insurer to pay
1534 its specified percentage of hurricane losses of an eligible
1535 risk, as set forth in the quota share primary insurance
1536 agreement, may not be altered by the inability of the other
1537 party to the agreement to pay its specified percentage of
1538 hurricane losses. Eligible risks that are provided hurricane
1539 coverage through a quota share primary insurance arrangement
1540 must be provided policy forms that set forth the obligations of

1541 the corporation and authorized insurer under the arrangement,
1542 clearly specify the percentages of quota share primary insurance
1543 provided by the corporation and authorized insurer, and
1544 conspicuously and clearly state that neither the authorized
1545 insurer nor the corporation may be held responsible beyond its
1546 specified percentage of coverage of hurricane losses.

1547 (II) "Eligible risks" means personal lines residential and
1548 commercial lines residential risks that meet the underwriting
1549 criteria of the corporation and are located in areas that were
1550 eligible for coverage by the Florida Windstorm Underwriting
1551 Association on January 1, 2002.

1552 b. The corporation may enter into quota share primary
1553 insurance agreements with authorized insurers at corporation
1554 coverage levels of 90 percent and 50 percent.

1555 c. If the corporation determines that additional coverage
1556 levels are necessary to maximize participation in quota share
1557 primary insurance agreements by authorized insurers, the
1558 corporation may establish additional coverage levels. However,
1559 the corporation's quota share primary insurance coverage level
1560 may not exceed 90 percent.

1561 d. Any quota share primary insurance agreement entered
1562 into between an authorized insurer and the corporation must
1563 provide for a uniform specified percentage of coverage of
1564 hurricane losses, by county or territory as set forth by the
1565 corporation board, for all eligible risks of the authorized
1566 insurer covered under the quota share primary insurance
1567 agreement.

1568 e. Any quota share primary insurance agreement entered

1569 into between an authorized insurer and the corporation is
1570 subject to review and approval by the office. However, such
1571 agreement shall be authorized only as to insurance contracts
1572 entered into between an authorized insurer and an insured who is
1573 already insured by the corporation for wind coverage.

1574 f. For all eligible risks covered under quota share
1575 primary insurance agreements, the exposure and coverage levels
1576 for both the corporation and authorized insurers shall be
1577 reported by the corporation to the Florida Hurricane Catastrophe
1578 Fund. For all policies of eligible risks covered under quota
1579 share primary insurance agreements, the corporation and the
1580 authorized insurer shall maintain complete and accurate records
1581 for the purpose of exposure and loss reimbursement audits as
1582 required by Florida Hurricane Catastrophe Fund rules. The
1583 corporation and the authorized insurer shall each maintain
1584 duplicate copies of policy declaration pages and supporting
1585 claims documents.

1586 g. The corporation board shall establish in its plan of
1587 operation standards for quota share agreements which ensure that
1588 there is no discriminatory application among insurers as to the
1589 terms of quota share agreements, pricing of quota share
1590 agreements, incentive provisions if any, and consideration paid
1591 for servicing policies or adjusting claims.

1592 h. The quota share primary insurance agreement between the
1593 corporation and an authorized insurer must set forth the
1594 specific terms under which coverage is provided, including, but
1595 not limited to, the sale and servicing of policies issued under
1596 the agreement by the insurance agent of the authorized insurer

1597 producing the business, the reporting of information concerning
1598 eligible risks, the payment of premium to the corporation, and
1599 arrangements for the adjustment and payment of hurricane claims
1600 incurred on eligible risks by the claims adjuster and personnel
1601 of the authorized insurer. Entering into a quota sharing
1602 insurance agreement between the corporation and an authorized
1603 insurer shall be voluntary and at the discretion of the
1604 authorized insurer.

1605 3. May provide that the corporation may employ or
1606 otherwise contract with individuals or other entities to provide
1607 administrative or professional services that may be appropriate
1608 to effectuate the plan. The corporation shall have the power to
1609 borrow funds, by issuing bonds or by incurring other
1610 indebtedness, and shall have other powers reasonably necessary
1611 to effectuate the requirements of this subsection, including,
1612 without limitation, the power to issue bonds and incur other
1613 indebtedness in order to refinance outstanding bonds or other
1614 indebtedness. The corporation may, but is not required to, seek
1615 judicial validation of its bonds or other indebtedness under
1616 chapter 75. The corporation may issue bonds or incur other
1617 indebtedness, or have bonds issued on its behalf by a unit of
1618 local government pursuant to subparagraph (p)2., in the absence
1619 of a hurricane or other weather-related event, upon a
1620 determination by the corporation, subject to approval by the
1621 office, that such action would enable it to efficiently meet the
1622 financial obligations of the corporation and that such
1623 financings are reasonably necessary to effectuate the
1624 requirements of this subsection. The corporation is authorized

1625 to take all actions needed to facilitate tax-free status for any
1626 such bonds or indebtedness, including formation of trusts or
1627 other affiliated entities. The corporation shall have the
1628 authority to pledge assessments, projected recoveries from the
1629 Florida Hurricane Catastrophe Fund, other reinsurance
1630 recoverables, market equalization and other surcharges, and
1631 other funds available to the corporation as security for bonds
1632 or other indebtedness. In recognition of s. 10, Art. I of the
1633 State Constitution, prohibiting the impairment of obligations of
1634 contracts, it is the intent of the Legislature that no action be
1635 taken whose purpose is to impair any bond indenture or financing
1636 agreement or any revenue source committed by contract to such
1637 bond or other indebtedness.

1638 4.a. Must require that the corporation operate subject to
1639 the supervision and approval of a board of governors consisting
1640 of eight individuals who are residents of this state, from
1641 different geographical areas of this state. The Governor, the
1642 Chief Financial Officer, the President of the Senate, and the
1643 Speaker of the House of Representatives shall each appoint two
1644 members of the board. At least one of the two members appointed
1645 by each appointing officer must have demonstrated expertise in
1646 insurance. The Chief Financial Officer shall designate one of
1647 the appointees as chair. All board members serve at the pleasure
1648 of the appointing officer. All members of the board of governors
1649 are subject to removal at will by the officers who appointed
1650 them. All board members, including the chair, must be appointed
1651 to serve for 3-year terms beginning annually on a date
1652 designated by the plan. However, for the first term beginning on

1653 or after July 1, 2009, each appointing officer shall appoint one
1654 member of the board for a 2-year term and one member for a 3-
1655 year term. Any board vacancy shall be filled for the unexpired
1656 term by the appointing officer. The Chief Financial Officer
1657 shall appoint a technical advisory group to provide information
1658 and advice to the board of governors in connection with the
1659 board's duties under this subsection. The executive director and
1660 senior managers of the corporation shall be engaged by the board
1661 and serve at the pleasure of the board. Any executive director
1662 appointed on or after July 1, 2006, is subject to confirmation
1663 by the Senate. The executive director is responsible for
1664 employing other staff as the corporation may require, subject to
1665 review and concurrence by the board.

1666 b. The board shall create a Market Accountability Advisory
1667 Committee to assist the corporation in developing awareness of
1668 its rates and its customer and agent service levels in
1669 relationship to the voluntary market insurers writing similar
1670 coverage. The members of the advisory committee shall consist of
1671 the following 11 persons, one of whom must be elected chair by
1672 the members of the committee: four representatives, one
1673 appointed by the Florida Association of Insurance Agents, one by
1674 the Florida Association of Insurance and Financial Advisors, one
1675 by the Professional Insurance Agents of Florida, and one by the
1676 Latin American Association of Insurance Agencies; three
1677 representatives appointed by the insurers with the three highest
1678 voluntary market share of residential property insurance
1679 business in the state; one representative from the Office of
1680 Insurance Regulation; one consumer appointed by the board who is

1681 insured by the corporation at the time of appointment to the
1682 committee; one representative appointed by the Florida
1683 Association of Realtors; and one representative appointed by the
1684 Florida Bankers Association. All members must serve for 3-year
1685 terms and may serve for consecutive terms. The committee shall
1686 report to the corporation at each board meeting on insurance
1687 market issues which may include rates and rate competition with
1688 the voluntary market; service, including policy issuance, claims
1689 processing, and general responsiveness to policyholders,
1690 applicants, and agents; and matters relating to depopulation.

1691 5. Must provide a procedure for determining the
1692 eligibility of a risk for coverage, as follows:

1693 a. Subject to the provisions of s. 627.3517, with respect
1694 to personal lines residential risks, if the risk is offered
1695 coverage from an authorized insurer at the insurer's approved
1696 rate under either a standard policy including wind coverage or,
1697 if consistent with the insurer's underwriting rules as filed
1698 with the office, a basic policy including wind coverage, for a
1699 new application to the corporation for coverage, the risk is not
1700 eligible for any policy issued by the corporation unless the
1701 premium for coverage from the authorized insurer is more than 15
1702 percent greater than the premium for comparable coverage from
1703 the corporation. If the risk is not able to obtain any such
1704 offer, the risk is eligible for either a standard policy
1705 including wind coverage or a basic policy including wind
1706 coverage issued by the corporation; however, if the risk could
1707 not be insured under a standard policy including wind coverage
1708 regardless of market conditions, the risk shall be eligible for

1709 a basic policy including wind coverage unless rejected under
1710 subparagraph 8. However, with regard to a policyholder of the
1711 corporation or a policyholder removed from the corporation
1712 through an assumption agreement until the end of the assumption
1713 period, the policyholder remains eligible for coverage from the
1714 corporation regardless of any offer of coverage from an
1715 authorized insurer or surplus lines insurer. The corporation
1716 shall determine the type of policy to be provided on the basis
1717 of objective standards specified in the underwriting manual and
1718 based on generally accepted underwriting practices.

1719 (I) If the risk accepts an offer of coverage through the
1720 market assistance plan or an offer of coverage through a
1721 mechanism established by the corporation before a policy is
1722 issued to the risk by the corporation or during the first 30
1723 days of coverage by the corporation, and the producing agent who
1724 submitted the application to the plan or to the corporation is
1725 not currently appointed by the insurer, the insurer shall:

1726 (A) Pay to the producing agent of record of the policy,
1727 for the first year, an amount that is the greater of the
1728 insurer's usual and customary commission for the type of policy
1729 written or a fee equal to the usual and customary commission of
1730 the corporation; or

1731 (B) Offer to allow the producing agent of record of the
1732 policy to continue servicing the policy for a period of not less
1733 than 1 year and offer to pay the agent the greater of the
1734 insurer's or the corporation's usual and customary commission
1735 for the type of policy written.

1736

1737 If the producing agent is unwilling or unable to accept
 1738 appointment, the new insurer shall pay the agent in accordance
 1739 with sub-sub-sub-subparagraph (A).

1740 (II) When the corporation enters into a contractual
 1741 agreement for a take-out plan, the producing agent of record of
 1742 the corporation policy is entitled to retain any unearned
 1743 commission on the policy, and the insurer shall:

1744 (A) Pay to the producing agent of record of the
 1745 corporation policy, for the first year, an amount that is the
 1746 greater of the insurer's usual and customary commission for the
 1747 type of policy written or a fee equal to the usual and customary
 1748 commission of the corporation; or

1749 (B) Offer to allow the producing agent of record of the
 1750 corporation policy to continue servicing the policy for a period
 1751 of not less than 1 year and offer to pay the agent the greater
 1752 of the insurer's or the corporation's usual and customary
 1753 commission for the type of policy written.

1754
 1755 If the producing agent is unwilling or unable to accept
 1756 appointment, the new insurer shall pay the agent in accordance
 1757 with sub-sub-sub-subparagraph (A).

1758 b. With respect to commercial lines residential risks, for
 1759 a new application to the corporation for coverage, if the risk
 1760 is offered coverage under a policy including wind coverage from
 1761 an authorized insurer at its approved rate, the risk is not
 1762 eligible for any policy issued by the corporation unless the
 1763 premium for coverage from the authorized insurer is more than 15
 1764 percent greater than the premium for comparable coverage from

1765 the corporation. If the risk is not able to obtain any such
1766 offer, the risk is eligible for a policy including wind coverage
1767 issued by the corporation. However, with regard to a
1768 policyholder of the corporation or a policyholder removed from
1769 the corporation through an assumption agreement until the end of
1770 the assumption period, the policyholder remains eligible for
1771 coverage from the corporation regardless of any offer of
1772 coverage from an authorized insurer or surplus lines insurer.

1773 (I) If the risk accepts an offer of coverage through the
1774 market assistance plan or an offer of coverage through a
1775 mechanism established by the corporation before a policy is
1776 issued to the risk by the corporation or during the first 30
1777 days of coverage by the corporation, and the producing agent who
1778 submitted the application to the plan or the corporation is not
1779 currently appointed by the insurer, the insurer shall:

1780 (A) Pay to the producing agent of record of the policy,
1781 for the first year, an amount that is the greater of the
1782 insurer's usual and customary commission for the type of policy
1783 written or a fee equal to the usual and customary commission of
1784 the corporation; or

1785 (B) Offer to allow the producing agent of record of the
1786 policy to continue servicing the policy for a period of not less
1787 than 1 year and offer to pay the agent the greater of the
1788 insurer's or the corporation's usual and customary commission
1789 for the type of policy written.

1790

1791 If the producing agent is unwilling or unable to accept
1792 appointment, the new insurer shall pay the agent in accordance

1793 with sub-sub-sub-subparagraph (A).

1794 (II) When the corporation enters into a contractual
 1795 agreement for a take-out plan, the producing agent of record of
 1796 the corporation policy is entitled to retain any unearned
 1797 commission on the policy, and the insurer shall:

1798 (A) Pay to the producing agent of record of the
 1799 corporation policy, for the first year, an amount that is the
 1800 greater of the insurer's usual and customary commission for the
 1801 type of policy written or a fee equal to the usual and customary
 1802 commission of the corporation; or

1803 (B) Offer to allow the producing agent of record of the
 1804 corporation policy to continue servicing the policy for a period
 1805 of not less than 1 year and offer to pay the agent the greater
 1806 of the insurer's or the corporation's usual and customary
 1807 commission for the type of policy written.

1808
 1809 If the producing agent is unwilling or unable to accept
 1810 appointment, the new insurer shall pay the agent in accordance
 1811 with sub-sub-sub-subparagraph (A).

1812 c. For purposes of determining comparable coverage under
 1813 sub-subparagraphs a. and b., the comparison shall be based on
 1814 those forms and coverages that are reasonably comparable. The
 1815 corporation may rely on a determination of comparable coverage
 1816 and premium made by the producing agent who submits the
 1817 application to the corporation, made in the agent's capacity as
 1818 the corporation's agent. A comparison may be made solely of the
 1819 premium with respect to the main building or structure only on
 1820 the following basis: the same coverage A or other building

1821 limits; the same percentage hurricane deductible that applies on
1822 an annual basis or that applies to each hurricane for commercial
1823 residential property; the same percentage of ordinance and law
1824 coverage, if the same limit is offered by both the corporation
1825 and the authorized insurer; the same mitigation credits, to the
1826 extent the same types of credits are offered both by the
1827 corporation and the authorized insurer; the same method for loss
1828 payment, such as replacement cost or actual cash value, if the
1829 same method is offered both by the corporation and the
1830 authorized insurer in accordance with underwriting rules; and
1831 any other form or coverage that is reasonably comparable as
1832 determined by the board. If an application is submitted to the
1833 corporation for wind-only coverage in the high-risk account, the
1834 premium for the corporation's wind-only policy plus the premium
1835 for the ex-wind policy that is offered by an authorized insurer
1836 to the applicant shall be compared to the premium for multiperil
1837 coverage offered by an authorized insurer, subject to the
1838 standards for comparison specified in this subparagraph. If the
1839 corporation or the applicant requests from the authorized
1840 insurer a breakdown of the premium of the offer by types of
1841 coverage so that a comparison may be made by the corporation or
1842 its agent and the authorized insurer refuses or is unable to
1843 provide such information, the corporation may treat the offer as
1844 not being an offer of coverage from an authorized insurer at the
1845 insurer's approved rate.

1846 6. Must include rules for classifications of risks and
1847 rates therefor.

1848 7. Must provide that if premium and investment income for

1849 an account attributable to a particular calendar year are in
1850 excess of projected losses and expenses for the account
1851 attributable to that year, such excess shall be held in surplus
1852 in the account. Such surplus shall be available to defray
1853 deficits in that account as to future years and shall be used
1854 for that purpose prior to assessing assessable insurers and
1855 assessable insureds as to any calendar year.

1856 8. Must provide objective criteria and procedures to be
1857 uniformly applied for all applicants in determining whether an
1858 individual risk is so hazardous as to be uninsurable. In making
1859 this determination and in establishing the criteria and
1860 procedures, the following shall be considered:

1861 a. Whether the likelihood of a loss for the individual
1862 risk is substantially higher than for other risks of the same
1863 class; and

1864 b. Whether the uncertainty associated with the individual
1865 risk is such that an appropriate premium cannot be determined.

1866

1867 The acceptance or rejection of a risk by the corporation shall
1868 be construed as the private placement of insurance, and the
1869 provisions of chapter 120 shall not apply.

1870 9. Must provide that the corporation shall make its best
1871 efforts to procure catastrophe reinsurance at reasonable rates,
1872 to cover its projected 100-year probable maximum loss as
1873 determined by the board of governors.

1874 10. The policies issued by the corporation must provide
1875 that, if the corporation or the market assistance plan obtains
1876 an offer from an authorized insurer to cover the risk at its

1877 approved rates, the risk is no longer eligible for renewal
 1878 through the corporation, except as otherwise provided in this
 1879 subsection.

1880 11. Corporation policies and applications must include a
 1881 notice that the corporation policy could, under this section, be
 1882 replaced with a policy issued by an authorized insurer that does
 1883 not provide coverage identical to the coverage provided by the
 1884 corporation. The notice shall also specify that acceptance of
 1885 corporation coverage creates a conclusive presumption that the
 1886 applicant or policyholder is aware of this potential.

1887 12. May establish, subject to approval by the office,
 1888 different eligibility requirements and operational procedures
 1889 for any line or type of coverage for any specified county or
 1890 area if the board determines that such changes to the
 1891 eligibility requirements and operational procedures are
 1892 justified due to the voluntary market being sufficiently stable
 1893 and competitive in such area or for such line or type of
 1894 coverage and that consumers who, in good faith, are unable to
 1895 obtain insurance through the voluntary market through ordinary
 1896 methods would continue to have access to coverage from the
 1897 corporation. When coverage is sought in connection with a real
 1898 property transfer, such requirements and procedures shall not
 1899 provide for an effective date of coverage later than the date of
 1900 the closing of the transfer as established by the transferor,
 1901 the transferee, and, if applicable, the lender.

1902 13. Must provide that, with respect to the high-risk
 1903 account, any assessable insurer with a surplus as to
 1904 policyholders of \$25 million or less writing 25 percent or more

1905 of its total countrywide property insurance premiums in this
 1906 state may petition the office, within the first 90 days of each
 1907 calendar year, to qualify as a limited apportionment company. A
 1908 regular assessment levied by the corporation on a limited
 1909 apportionment company for a deficit incurred by the corporation
 1910 for the high-risk account in 2006 or thereafter may be paid to
 1911 the corporation on a monthly basis as the assessments are
 1912 collected by the limited apportionment company from its insureds
 1913 pursuant to s. 627.3512, but the regular assessment must be paid
 1914 in full within 12 months after being levied by the corporation.
 1915 A limited apportionment company shall collect from its
 1916 policyholders any emergency assessment imposed under sub-
 1917 subparagraph (b)3.d. The plan shall provide that, if the office
 1918 determines that any regular assessment will result in an
 1919 impairment of the surplus of a limited apportionment company,
 1920 the office may direct that all or part of such assessment be
 1921 deferred as provided in subparagraph (p)4. However, there shall
 1922 be no limitation or deferment of an emergency assessment to be
 1923 collected from policyholders under sub-subparagraph (b)3.d.

1924 14. Must provide that the corporation appoint as its
 1925 licensed agents only those agents who also hold an appointment
 1926 as defined in s. 626.015(3) with an insurer who at the time of
 1927 the agent's initial appointment by the corporation is authorized
 1928 to write and is actually writing personal lines residential
 1929 property coverage, commercial residential property coverage, or
 1930 commercial nonresidential property coverage within the state.

1931 15. Must provide, by July 1, 2007, a premium payment plan
 1932 option to its policyholders which allows at a minimum for

1933 quarterly and semiannual payment of premiums. A monthly payment
 1934 plan may, but is not required to, be offered.

1935 16. Must limit coverage on mobile homes or manufactured
 1936 homes built prior to 1994 to actual cash value of the dwelling
 1937 rather than replacement costs of the dwelling.

1938 17. May provide such limits of coverage as the board
 1939 determines, consistent with the requirements of this subsection.

1940 18. May require commercial property to meet specified
 1941 hurricane mitigation construction features as a condition of
 1942 eligibility for coverage.

1943 (m)1. Rates for coverage provided by the corporation shall
 1944 be actuarially sound and subject to the requirements of s.
 1945 627.062, except as otherwise provided in this paragraph. The
 1946 corporation shall file its recommended rates with the office at
 1947 least annually. The corporation shall provide any additional
 1948 information regarding the rates which the office requires. The
 1949 office shall consider the recommendations of the board and issue
 1950 a final order establishing the rates for the corporation within
 1951 45 days after the recommended rates are filed. The corporation
 1952 may not pursue an administrative challenge or judicial review of
 1953 the final order of the office.

1954 2. In addition to the rates otherwise determined pursuant
 1955 to this paragraph, the corporation shall impose and collect an
 1956 amount equal to the premium tax provided for in s. 624.509 to
 1957 augment the financial resources of the corporation.

1958 3. After the public hurricane loss-projection model under
 1959 s. 627.06281 has been found to be accurate and reliable by the
 1960 Florida Commission on Hurricane Loss Projection Methodology,

1961 that model shall serve as the minimum benchmark for determining
 1962 the windstorm portion of the corporation's rates. This
 1963 subparagraph does not require or allow the corporation to adopt
 1964 rates lower than the rates otherwise required or allowed by this
 1965 paragraph.

1966 4. The rate filings for the corporation which were
 1967 approved by the office and which took effect January 1, 2007,
 1968 are rescinded, except for those rates that were lowered. As soon
 1969 as possible, the corporation shall begin using the lower rates
 1970 that were in effect on December 31, 2006, and shall provide
 1971 refunds to policyholders who have paid higher rates as a result
 1972 of that rate filing. The rates in effect on December 31, 2006,
 1973 shall remain in effect for the 2007 and 2008 calendar years
 1974 except for any rate change that results in a lower rate. The
 1975 next rate change that may increase rates shall take effect
 1976 pursuant to a new rate filing recommended by the corporation and
 1977 established by the office, subject to the requirements of this
 1978 paragraph.

1979 5. Beginning on July 15, 2009, and each year thereafter,
 1980 the corporation must make a recommended actuarially sound rate
 1981 filing for each personal and commercial line of business it
 1982 writes, to be effective no earlier than January 1, 2010.

1983 6. Beginning on or after January 1, 2010, and
 1984 notwithstanding the board's recommended rates and the office's
 1985 final order regarding the corporation's filed rates under
 1986 subparagraph 1., the corporation shall implement a rate increase
 1987 each year which does not exceed 10 percent for any single policy
 1988 issued by the corporation, excluding coverage changes and

1989 surcharges.

1990 7. The corporation may also implement an increase to
 1991 reflect the effect on the corporation of the cash buildup factor
 1992 pursuant to s. 215.555(5)(b).

1993 8. The corporation's implementation of rates as prescribed
 1994 in subparagraph 6. shall cease for any line of business written
 1995 by the corporation upon the corporation's implementation of
 1996 actuarially sound rates. Thereafter, the corporation shall
 1997 annually make a recommended actuarially sound rate filing for
 1998 each commercial and personal line of business the corporation
 1999 writes.

2000 (x) It is the intent of the Legislature that the
 2001 amendments to this subsection enacted in 2002 should, over time,
 2002 reduce the probable maximum windstorm losses in the residual
 2003 markets and should reduce the potential assessments to be levied
 2004 on property insurers and policyholders statewide. In furtherance
 2005 of this intent:

2006 1. The board shall, on or before February 1 of each year,
 2007 provide a report to the President of the Senate and the Speaker
 2008 of the House of Representatives showing the reduction or
 2009 increase in the 100-year probable maximum loss attributable to
 2010 wind-only coverages and the quota share program under this
 2011 subsection combined, as compared to the benchmark 100-year
 2012 probable maximum loss of the Florida Windstorm Underwriting
 2013 Association. For purposes of this paragraph, the benchmark 100-
 2014 year probable maximum loss of the Florida Windstorm Underwriting
 2015 Association shall be the calculation dated February 2001 and
 2016 based on November 30, 2000, exposures. In order to ensure

2017 comparability of data, the board shall use the same methods for
 2018 calculating its probable maximum loss as were used to calculate
 2019 the benchmark probable maximum loss.

2020 2. Beginning December 1, 2010 ~~February 1, 2010~~, if the
 2021 report under subparagraph 1. for any year indicates that the
 2022 100-year probable maximum loss attributable to wind-only
 2023 coverages and the quota share program combined does not reflect
 2024 a reduction of at least 25 percent from the benchmark, the board
 2025 shall reduce the boundaries of the high-risk area eligible for
 2026 wind-only coverages under this subsection in a manner calculated
 2027 to reduce such probable maximum loss to an amount at least 25
 2028 percent below the benchmark.

2029 3. Beginning February 1, 2015, if the report under
 2030 subparagraph 1. for any year indicates that the 100-year
 2031 probable maximum loss attributable to wind-only coverages and
 2032 the quota share program combined does not reflect a reduction of
 2033 at least 50 percent from the benchmark, the boundaries of the
 2034 high-risk area eligible for wind-only coverages under this
 2035 subsection shall be reduced by the elimination of any area that
 2036 is not seaward of a line 1,000 feet inland from the Intracoastal
 2037 Waterway.

2038 Section 11. Section 627.3512, Florida Statutes, is amended
 2039 to read:

2040 627.3512 Recoupment of residual market deficit
 2041 assessments.--

2042 (1) The Legislature finds and declares that all
 2043 assessments paid by an insurer or insurer group as a result of a
 2044 levy by any residual market entity, including regular

2045 assessments levied on insurers by Citizens Property Insurance
 2046 Corporation and any other assessments levied on insurers by an
 2047 insurance risk apportionment plan or assigned risk plan under s.
 2048 627.311 or s. 627.351 constitute advances of funds from the
 2049 insurer to the residual market entity, and that the insurer is
 2050 entitled to fully recoup such advances. An insurer or insurer
 2051 group may recoup any assessments that have been paid during or
 2052 after 1995 by the insurer or insurer group to defray deficits of
 2053 an insurance risk apportionment plan or assigned risk plan under
 2054 ss. 627.311 and 627.351, net of any earnings returned to the
 2055 insurer or insurer group by the association or plan for any year
 2056 after 1993. A limited apportionment company as defined in s.
 2057 627.351(6)(c) may recoup any regular assessment that has been
 2058 levied by, or paid to, Citizens Property Insurance Corporation.

2059 (2) The recoupment shall be made by applying a separate
 2060 recoupment ~~assessment~~ factor on policies of the same line or
 2061 type as were considered by the residual markets in determining
 2062 the assessment liability of the insurer or insurer group. An
 2063 insurer or insurer group shall calculate a separate assessment
 2064 factor for personal lines and commercial lines. The separate
 2065 assessment factor shall provide for full recoupment of the
 2066 assessments over a period of 1 year, unless the insurer or
 2067 insurer group, at its option, elects to recoup the assessments
 2068 over a longer period. The assessment factor expires upon
 2069 collection of the full amount allowed to be recouped. Amounts
 2070 recouped under this section are not subject to premium taxes,
 2071 fees, or commissions.

2072 (3) ~~(2)~~ The recoupment ~~assessment~~ factor may ~~must~~ not be

2073 | more than 3 percentage points above the ratio of the deficit
 2074 | assessment to the Florida direct written premium for policies
 2075 | for the lines or types of business as to which the assessment
 2076 | was calculated, as written in the year the deficit assessment
 2077 | was paid. If an insurer or insurer group does not ~~fails to~~
 2078 | collect the full amount of the deficit assessment during one 12-
 2079 | month period, the insurer or insurer group may apply
 2080 | recalculated recoupment factors to policies issued or renewed
 2081 | during one or more succeeding 12-month periods ~~must carry~~
 2082 | ~~forward the amount of the deficit and adjust the deficit~~
 2083 | ~~assessment to be recouped in a subsequent year by that amount.~~

2084 | (4)~~(3)~~ The insurer or insurer group shall file with the
 2085 | office a statement for informational purposes only setting forth
 2086 | the amount of the recoupment ~~assessment~~ factor and an
 2087 | explanation of how the factor will be applied, at least 15 days
 2088 | prior to the factor being applied to any policies. The
 2089 | informational statement shall include documentation of the
 2090 | assessment paid by the insurer or insurer group and the
 2091 | arithmetic calculations supporting the recoupment ~~assessment~~
 2092 | factor. ~~The office shall complete its review within 15 days~~
 2093 | ~~after receipt of the filing and shall limit its review to~~
 2094 | ~~verification of the arithmetic calculations.~~ The insurer or
 2095 | insurer group may use the recoupment ~~assessment~~ factor at any
 2096 | time after the expiration of the 15-day period ~~unless the office~~
 2097 | ~~has notified the insurer or insurer group in writing that the~~
 2098 | ~~arithmetic calculations are incorrect.~~ The recoupment factor
 2099 | shall apply to all policies described in subsection (3) that are
 2100 | issued or renewed by the insurer or insurer group during a 12-

2101 month period. If full recoupment requires the insurer or insurer
 2102 group to apply a recoupment factor over a subsequent 12-month
 2103 period, the insurer or insurer group must file a supplemental
 2104 informational statement pursuant to this subsection.

2105 (5) No later than 90 days after the insurer or insurer
 2106 group has completed the recoupment process, it shall file with
 2107 the office a final accounting report documenting the recoupment.
 2108 The report shall provide the amounts of assessments paid by the
 2109 insurer or insurer group, the amounts and percentages recouped
 2110 by year from each affected line of business, and the direct
 2111 written premium subject to recoupment by year.

2112 (6)~~(4)~~ The commission may adopt rules to implement this
 2113 section.

2114 Section 12. Subsection (2) of section 627.711, Florida
 2115 Statutes, is amended, and subsection (3) is added to that
 2116 section, to read:

2117 627.711 Notice of premium discounts for hurricane loss
 2118 mitigation; uniform mitigation verification inspection form.--

2119 (2) By July 1, 2007, the Financial Services Commission
 2120 shall develop by rule a uniform mitigation verification
 2121 inspection form that shall be used by all insurers when
 2122 submitted by policyholders for the purpose of factoring
 2123 discounts for wind insurance. In developing the form, the
 2124 commission shall seek input from insurance, construction, and
 2125 building code representatives. Further, the commission shall
 2126 provide guidance as to the length of time the inspection results
 2127 are valid. An insurer shall accept as valid a uniform mitigation
 2128 verification form certified by the Department of Financial

2129 Services or signed by:

2130 (a) A hurricane mitigation inspector certified ~~employed~~ by
 2131 ~~the an approved~~ My Safe Florida Home program ~~wind certification~~
 2132 ~~entity;~~

2133 (b) A building code inspector certified under s. 468.607;

2134 (c) A general, building, or residential contractor
 2135 licensed under s. 489.111;

2136 (d) A professional engineer licensed under s. 471.015 who
 2137 has passed the appropriate equivalency test of the Building Code
 2138 Training Program as required by s. 553.841; ~~or~~

2139 (e) A professional architect licensed under s. 481.213; or

2140 (f) Any other individual or entity recognized by the
 2141 insurer as possessing the necessary qualifications to properly
 2142 complete a uniform mitigation verification form.

2143 (3) An individual or entity who knowingly provides or
 2144 utters a false or fraudulent mitigation verification form with
 2145 the intent to obtain or receive a discount on an insurance
 2146 premium to which the individual or entity is not entitled
 2147 commits a misdemeanor of the first degree, punishable as
 2148 provided in s. 775.082 or s. 775.083.

2149 Section 13. Subsections (1) and (2) of section 627.712,
 2150 Florida Statutes, are amended to read:

2151 627.712 Residential windstorm coverage required;
 2152 availability of exclusions for windstorm or contents.--

2153 (1) An insurer issuing a residential property insurance
 2154 policy must provide windstorm coverage. Except as provided in
 2155 paragraph (2)(c), this section does not apply with respect to
 2156 risks that are eligible for wind-only coverage from Citizens

2157 | Property Insurance Corporation under s. 627.351(6), and with
 2158 | respect to risks that are not eligible for coverage from
 2159 | Citizens Property Insurance Corporation under s. 627.351(6)(a)3.
 2160 | or s. 627.351(6)(a)5. A risk ineligible for Citizens coverage
 2161 | under s. 627.351(6)(a)3. or s. 627.351(6)(a)5. is exempt from
 2162 | the requirements of this section only if the risk is located
 2163 | within the boundaries of the high-risk account of the
 2164 | corporation.

2165 | (2) A property insurer must make available, at the option
 2166 | of the policyholder, an exclusion of windstorm coverage.

2167 | (a) The coverage may be excluded only if:

2168 | 1. When the policyholder is a natural person, the
 2169 | policyholder personally writes and provides to the insurer the
 2170 | following statement in his or her own handwriting and signs his
 2171 | or her name, which must also be signed by every other named
 2172 | insured on the policy, and dated: "I do not want the insurance
 2173 | on my (home/mobile home/condominium unit) to pay for damage from
 2174 | windstorms. I will pay those costs. My insurance will not."

2175 | 2. When the policyholder is other than a natural person,
 2176 | the policyholder provides to the insurer on the policyholder's
 2177 | letterhead the following statement that must be signed by the
 2178 | policyholder's authorized representative and dated: "... (Name of
 2179 | entity)... does not want the insurance on its ... (type of
 2180 | structure)... to pay for damage from windstorms. ... (Name of
 2181 | entity)... will be responsible for these costs. ... (Name of
 2182 | entity's)... insurance will not."

2183 | (b) If the structure insured by the policy is subject to a
 2184 | mortgage or lien, the policyholder must provide the insurer with

2185 a written statement from the mortgageholder or lienholder
 2186 indicating that the mortgageholder or lienholder approves the
 2187 policyholder electing to exclude windstorm coverage or hurricane
 2188 coverage from his or her or its property insurance policy.

2189 ~~(c) If the residential structure is eligible for wind-only~~
 2190 ~~coverage from Citizens Property Insurance Corporation,~~ An
 2191 insurer nonrenewing a policy and issuing a replacement policy,
 2192 or issuing a new policy, that does not provide wind coverage
 2193 shall provide a notice to the mortgageholder or lienholder
 2194 indicating the policyholder has elected coverage that does not
 2195 cover wind.

2196 Section 14. Section 631.65, Florida Statutes, is amended
 2197 to read:

2198 631.65 Prohibited advertisement or solicitation.--No
 2199 person shall make, publish, disseminate, circulate, or place
 2200 before the public, or cause, directly or indirectly, to be made,
 2201 published, disseminated, circulated, or placed before the
 2202 public, in a newspaper, magazine, or other publication, or in
 2203 the form of a notice, circular, pamphlet, letter, or poster, or
 2204 over any radio station or television station, or in any other
 2205 way, any advertisement, announcement, or statement which uses
 2206 the existence of the insurance guaranty association for the
 2207 purpose of sales, solicitation, or inducement to purchase any
 2208 form of insurance covered under this part. However, this section
 2209 does not prohibit a duly licensed insurance agent from
 2210 explaining the existence or function of the insurance guaranty
 2211 association to policyholders, prospects, or applicants for
 2212 coverage.

2213 Section 15. By February 1, 2010, the Office of Program
 2214 Policy Analysis and Government Accountability shall submit a
 2215 report to the Speaker of the House of Representatives, the
 2216 President of the Senate, the Commissioner of Insurance, the
 2217 Chief Financial Officer, and the Governor reviewing the laws
 2218 governing public adjusters as defined in s. 626.854, Florida
 2219 Statutes. The report shall include a review of relevant Citizens
 2220 Property Insurance Corporation claims and statistics involving
 2221 public adjusters, public adjuster claims submission practices,
 2222 and a review of the laws of this state and rules governing
 2223 public adjusters. The report shall also review state laws
 2224 governing public adjusters throughout the United States. The
 2225 review shall encompass a review of both catastrophe and
 2226 noncatastrophe related claims, with a specific focus on new and
 2227 supplemental or reopened catastrophe claims originated in 2009
 2228 which relate to hurricanes that occurred in 2004 and 2005. The
 2229 study shall review the effects on consumers of the laws of this
 2230 state relating to public adjusters.

2231 Section 16. Subsection (4) is added to section 627.0628,
 2232 Florida Statutes, to read:

2233 627.0628 Florida Commission on Hurricane Loss Projection
 2234 Methodology; public records exemption; public meetings
 2235 exemption.--

2236 (4) REVIEW OF DISCOUNTS, CREDITS, OTHER RATE
 2237 DIFFERENTIALS, AND REDUCTIONS IN DEDUCTIBLES RELATING TO
 2238 WINDSTORM MITIGATION.--The commission shall hold public meetings
 2239 for the purpose of receiving testimony and data regarding the
 2240 implementation of windstorm mitigation discounts, credits, other

2241 rate differentials, and appropriate reductions in deductibles
 2242 pursuant to s. 627.0629. After reviewing the testimony and data
 2243 as well as any other information the commission deems
 2244 appropriate, the commission shall present a report by February
 2245 1, 2010, to the Governor, the Cabinet, the President of the
 2246 Senate, and the Speaker of the House of Representatives,
 2247 including recommendations on improving the process of assessing,
 2248 determining, and applying windstorm mitigation discounts,
 2249 credits, other rate differentials, and appropriate reductions in
 2250 deductibles pursuant to s. 627.0629.

2251 Section 17. Subsection (7) is added to section 624.46226,
 2252 Florida Statutes, to read:

2253 624.46226 Public housing authorities self-insurance funds;
 2254 exemption for taxation and assessments.--

2255 (7) Reinsurance companies complying with s. 624.610 may
 2256 issue coverage directly to a public housing authority self-
 2257 insuring its liabilities under this section. A public housing
 2258 authority purchasing reinsurance shall be considered an insurer
 2259 for the sole purpose of entering into such reinsurance
 2260 contracts. Contracts of reinsurance issued to public housing
 2261 authorities self-insuring under this section shall receive the
 2262 same tax treatment as reinsurance contracts issued to insurance
 2263 companies. However, the purchase of reinsurance coverage by a
 2264 public housing authority self-insuring under this section shall
 2265 not be construed as authorization to otherwise act as an
 2266 insurer.

2267 Section 18. This act shall take effect upon becoming a
 2268 law.