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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/06/2009	.	
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The Committee on Banking and Insurance (Bennett) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

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

627.062 Rate standards.—

(2) As to all such classes of insurance:

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



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12           2. Policies subject to this paragraph may not be counted in  
13 the calculation under s. 627.171(2).

14           3. Such rates shall be filed with the office. This  
15 paragraph does not affect the authority of the office to  
16 disapprove a rate as inadequate or to disapprove a rate filing  
17 for using a rating factor that is unlawful under s. 626.9541(1).  
18 Upon finding that an insurer has used a rating factor that is  
19 unlawful under s. 626.9541(1), the office may direct the insurer  
20 to make a filing for rates governed by this paragraph and which  
21 do not use such rating factor.

22  
23 The provisions of this subsection shall not apply to workers'  
24 compensation and employer's liability insurance and to motor  
25 vehicle insurance.

26           Section 2. Section 627.7031, Florida Statutes, is created  
27 to read:

28           627.7031 Residential property insurance option.-

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

32           (a) The insurer is authorized to write property insurance  
33 in this state.

34           (b)1. The insurer has, at the time of issuance of the  
35 policy or at the time of first renewal at rates pursuant to s.  
36 627.062(2)(k), surplus as to policyholders equal to or greater  
37 than \$500 million; or

38           2. The ratio of the insurer's net written premium to its  
39 surplus as to policyholders, as calculated based on the  
40 information in the insurer's most recent annual statement, does



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41 not exceed two to one. For purposes of this subparagraph, the  
42 calculation of net written premium shall consider only  
43 reinsurance placed with reinsurers that have been given a  
44 financial strength rating of "A" or better by the A.M. Best  
45 Company, or have been given a comparable rating by another  
46 rating agency which is generally considered accurate or  
47 acceptable.

48 (c) The insurer may not purchase coverage relating to  
49 temporary increase in coverage limit options under s.  
50 215.555(17) from the Florida Hurricane Catastrophe Fund.

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

55  
56 THE RATE FOR THIS POLICY IS NOT REGULATED BY THE FLORIDA  
57 OFFICE OF INSURANCE REGULATION AND MAY BE HIGHER THAN THE RATE  
58 APPROVED BY THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT  
59 TO FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE FROM THIS  
60 INSURER, ANOTHER INSURER, OR CITIZENS PROPERTY INSURANCE  
61 CORPORATION. PLEASE DISCUSS YOUR POLICY OPTIONS WITH YOUR  
62 INSURANCE AGENT.

63  
64 (e) Before the issuance of a policy at a rate established  
65 in accordance with s. 627.062(2)(k), or before the first renewal  
66 at such rate of a policy originally before the effective date of  
67 this section, the applicant or insured must:

68 1. For purposes of comparison, be given a premium quote for  
69 a policy from Citizens Property Insurance Corporation,



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70 reflecting comparable coverages, limits, and deductibles to the  
71 extent available from the corporation.

72 2. Sign the following acknowledgement form, which must be  
73 retained by the insurer or agent for at least 3 years:

74 ACKNOWLEDGEMENT

75 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND THE  
76 REQUIRED PREMIUM QUOTE FROM CITIZENS PROPERTY INSURANCE  
77 CORPORATION.

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

82 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY INSURANCE  
83 POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY BE  
84 AVAILABLE FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS  
85 PROPERTY INSURANCE CORPORATION.

86 (2) For policies renewed at a rate established in  
87 accordance with s. 627.062(2)(k), the notice described in  
88 paragraph (1)(d) must be furnished in writing at the same time  
89 as the renewal notice on a document separate from the renewal  
90 notice, but may be contained within the same mailing as the  
91 renewal notice.

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

93  
94 ===== T I T L E A M E N D M E N T =====

95 And the title is amended as follows:

96 Delete everything before the enacting clause  
97 and insert:

98 A bill to be entitled



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99 An act relating to residential property insurance;  
100 amending s. 627.062, F.S.; authorizing certain  
101 insurers to use a rate in excess of the otherwise  
102 applicable filed rate; prohibiting the consideration  
103 of certain policies when making a specified  
104 calculation; preserving the authority of the Office of  
105 Insurance Regulation to disapprove rates as inadequate  
106 or disapprove a rate filing for using an unlawful  
107 rating factor; authorizing the office to direct an  
108 insurer to make a specified type of rate filing under  
109 certain circumstances; creating s. 627.7031, F.S.;  
110 authorizing an insurer to offer or renew policies at  
111 rates established in accordance with specified  
112 provisions of state law if certain conditions are met;  
113 requiring that certain policies contain a specified  
114 notice; providing an effective date.