

By Senator Bennett

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1 A bill to be entitled
2 An act relating to residential property insurance;
3 amending s. 215.555, F.S.; excluding nonassessable
4 residential property insurance from emergency
5 assessments for the Florida Hurricane Catastrophe
6 Fund; amending s. 627.062, F.S.; providing that
7 nonassessable residential property insurance is not
8 subject to determinations as excessive or unfairly
9 discriminatory; providing an exception; preserving the
10 authority of the Office of Insurance Regulation to
11 disapprove rates or rate filings; amending s. 627.351,
12 F.S.; excluding nonassessable residential property
13 insurance policies from aggregate statewide direct
14 written premium for subject lines of business for
15 purposes of calculating certain emergency assessments;
16 excluding nonassessable residential property insurance
17 from subject lines of business; amending s. 627.4025,
18 F.S.; defining the terms "assessable residential
19 property insurance" and "nonassessable residential
20 property insurance" for purposes of personal lines
21 residential coverage; creating s. 627.7031, F.S.;
22 authorizing insurers to offer nonassessable
23 residential property insurance policies; authorizing
24 residential property owners to purchase nonassessable
25 residential property insurance policies; requiring
26 applications for a nonassessable residential property
27 policy to contain a specified disclaimer; providing an
28 effective date.
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30 Be It Enacted by the Legislature of the State of Florida:

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32 Section 1. Paragraph (b) of subsection (6) of section
33 215.555, Florida Statutes, is amended to read:

34 215.555 Florida Hurricane Catastrophe Fund.—

35 (6) REVENUE BONDS.—

36 (b) *Emergency assessments*.—

37 1. If the board determines that the amount of revenue
38 produced under subsection (5) is insufficient to fund the
39 obligations, costs, and expenses of the fund and the
40 corporation, including repayment of revenue bonds and that
41 portion of the debt service coverage not met by reimbursement
42 premiums, the board shall direct the Office of Insurance
43 Regulation to levy, by order, an emergency assessment on direct
44 premiums for all property and casualty lines of business in this
45 state, including property and casualty business of surplus lines
46 insurers regulated under part VIII of chapter 626, but not
47 including any workers' compensation premiums or medical
48 malpractice premiums and any premiums for nonassessable
49 residential property insurance as defined in s. 627.4025. As
50 used in this subsection, except as otherwise provided in this
51 subparagraph, the term "property and casualty business" includes
52 all lines of business identified on Form 2, Exhibit of Premiums
53 and Losses, in the annual statement required of authorized
54 insurers by s. 624.424 and any rule adopted under this section,
55 except for those lines identified as accident and health
56 insurance and except for policies written under the National
57 Flood Insurance Program. The assessment shall be specified as a
58 percentage of direct written premium and is subject to annual

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59 adjustments by the board in order to meet debt obligations. The
60 same percentage shall apply to all policies in lines of business
61 subject to the assessment issued or renewed during the 12-month
62 period beginning on the effective date of the assessment.

63 2. A premium is not subject to an annual assessment under
64 this paragraph in excess of 6 percent of premium with respect to
65 obligations arising out of losses attributable to any one
66 contract year, and a premium is not subject to an aggregate
67 annual assessment under this paragraph in excess of 10 percent
68 of premium. An annual assessment under this paragraph shall
69 continue as long as the revenue bonds issued with respect to
70 which the assessment was imposed are outstanding, including any
71 bonds the proceeds of which were used to refund the revenue
72 bonds, unless adequate provision has been made for the payment
73 of the bonds under the documents authorizing issuance of the
74 bonds.

75 3. Emergency assessments shall be collected from
76 policyholders. Emergency assessments shall be remitted by
77 insurers as a percentage of direct written premium for the
78 preceding calendar quarter as specified in the order from the
79 Office of Insurance Regulation. The office shall verify the
80 accurate and timely collection and remittance of emergency
81 assessments and shall report the information to the board in a
82 form and at a time specified by the board. Each insurer
83 collecting assessments shall provide the information with
84 respect to premiums and collections as may be required by the
85 office to enable the office to monitor and verify compliance
86 with this paragraph.

87 4. With respect to assessments of surplus lines premiums,

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88 each surplus lines agent shall collect the assessment at the
89 same time as the agent collects the surplus lines tax required
90 by s. 626.932, and the surplus lines agent shall remit the
91 assessment to the Florida Surplus Lines Service Office created
92 by s. 626.921 at the same time as the agent remits the surplus
93 lines tax to the Florida Surplus Lines Service Office. The
94 emergency assessment on each insured procuring coverage and
95 filing under s. 626.938 shall be remitted by the insured to the
96 Florida Surplus Lines Service Office at the time the insured
97 pays the surplus lines tax to the Florida Surplus Lines Service
98 Office. The Florida Surplus Lines Service Office shall remit the
99 collected assessments to the fund or corporation as provided in
100 the order levied by the Office of Insurance Regulation. The
101 Florida Surplus Lines Service Office shall verify the proper
102 application of such emergency assessments and shall assist the
103 board in ensuring the accurate and timely collection and
104 remittance of assessments as required by the board. The Florida
105 Surplus Lines Service Office shall annually calculate the
106 aggregate written premium on property and casualty business,
107 other than workers' compensation and medical malpractice,
108 procured through surplus lines agents and insureds procuring
109 coverage and filing under s. 626.938 and shall report the
110 information to the board in a form and at a time specified by
111 the board.

112 5. Any assessment authority not used for a particular
113 contract year may be used for a subsequent contract year. If,
114 for a subsequent contract year, the board determines that the
115 amount of revenue produced under subsection (5) is insufficient
116 to fund the obligations, costs, and expenses of the fund and the

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117 corporation, including repayment of revenue bonds and that
118 portion of the debt service coverage not met by reimbursement
119 premiums, the board shall direct the Office of Insurance
120 Regulation to levy an emergency assessment up to an amount not
121 exceeding the amount of unused assessment authority from a
122 previous contract year or years, plus an additional 4 percent
123 provided that the assessments in the aggregate do not exceed the
124 limits specified in subparagraph 2.

125 6. The assessments otherwise payable to the corporation
126 under this paragraph shall be paid to the fund unless and until
127 the Office of Insurance Regulation and the Florida Surplus Lines
128 Service Office have received from the corporation and the fund a
129 notice, which shall be conclusive and upon which they may rely
130 without further inquiry, that the corporation has issued bonds
131 and the fund has no agreements in effect with local governments
132 under paragraph (c). On or after the date of the notice and
133 until the date the corporation has no bonds outstanding, the
134 fund shall have no right, title, or interest in or to the
135 assessments, except as provided in the fund's agreement with the
136 corporation.

137 7. Emergency assessments are not premium and are not
138 subject to the premium tax, to the surplus lines tax, to any
139 fees, or to any commissions. An insurer is liable for all
140 assessments that it collects and must treat the failure of an
141 insured to pay an assessment as a failure to pay the premium. An
142 insurer is not liable for uncollectible assessments.

143 8. When an insurer is required to return an unearned
144 premium, it shall also return any collected assessment
145 attributable to the unearned premium. A credit adjustment to the

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146 collected assessment may be made by the insurer with regard to
147 future remittances that are payable to the fund or corporation,
148 but the insurer is not entitled to a refund.

149 9. When a surplus lines insured or an insured who has
150 procured coverage and filed under s. 626.938 is entitled to the
151 return of an unearned premium, the Florida Surplus Lines Service
152 Office shall provide a credit or refund to the agent or such
153 insured for the collected assessment attributable to the
154 unearned premium prior to remitting the emergency assessment
155 collected to the fund or corporation.

156 10. The exemption of medical malpractice insurance premiums
157 from emergency assessments under this paragraph is repealed May
158 31, 2010, and medical malpractice insurance premiums shall be
159 subject to emergency assessments attributable to loss events
160 occurring in the contract years commencing on June 1, 2010.

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

163 627.062 Rate standards.—

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

165 (k)1. Notwithstanding any other provision of this section,
166 a rate filing for nonassessable residential property insurance
167 as defined in s. 627.4025 is not subject to a determination that
168 the rate is excessive or unfairly discriminatory, except as
169 provided in subparagraph 3.

170 2. This paragraph does not apply to filings for assessable
171 residential property insurance as defined in s. 627.4025.

172 3. This paragraph does not affect the power of the office
173 to disapprove rates as inadequate or to disapprove a rate filing
174 for the use of a rating factor that is unlawful under the laws

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175 of this state.

176

177 The provisions of this subsection shall not apply to workers'
178 compensation and employer's liability insurance and to motor
179 vehicle insurance.

180 Section 3. Paragraph (b) of subsection (6) of section
181 627.351, Florida Statutes, is amended to read:

182 627.351 Insurance risk apportionment plans.—

183 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

184 (b)1. All insurers authorized to write one or more subject
185 lines of business in this state are subject to assessment by the
186 corporation and, for the purposes of this subsection, are
187 referred to collectively as "assessable insurers." Insurers
188 writing one or more subject lines of business in this state
189 pursuant to part VIII of chapter 626 are not assessable
190 insurers, but insureds who procure one or more subject lines of
191 business in this state pursuant to part VIII of chapter 626 are
192 subject to assessment by the corporation and are referred to
193 collectively as "assessable insureds." An authorized insurer's
194 assessment liability shall begin on the first day of the
195 calendar year following the year in which the insurer was issued
196 a certificate of authority to transact insurance for subject
197 lines of business in this state and shall terminate 1 year after
198 the end of the first calendar year during which the insurer no
199 longer holds a certificate of authority to transact insurance
200 for subject lines of business in this state.

201 2.a. All revenues, assets, liabilities, losses, and
202 expenses of the corporation shall be divided into three separate
203 accounts as follows:

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204 (I) A personal lines account for personal residential
205 policies issued by the corporation or issued by the Residential
206 Property and Casualty Joint Underwriting Association and renewed
207 by the corporation that provide comprehensive, multiperil
208 coverage on risks that are not located in areas eligible for
209 coverage in the Florida Windstorm Underwriting Association as
210 those areas were defined on January 1, 2002, and for such
211 policies that do not provide coverage for the peril of wind on
212 risks that are located in such areas;

213 (II) A commercial lines account for commercial residential
214 and commercial nonresidential policies issued by the corporation
215 or issued by the Residential Property and Casualty Joint
216 Underwriting Association and renewed by the corporation that
217 provide coverage for basic property perils on risks that are not
218 located in areas eligible for coverage in the Florida Windstorm
219 Underwriting Association as those areas were defined on January
220 1, 2002, and for such policies that do not provide coverage for
221 the peril of wind on risks that are located in such areas; and

222 (III) A high-risk account for personal residential policies
223 and commercial residential and commercial nonresidential
224 property policies issued by the corporation or transferred to
225 the corporation that provide coverage for the peril of wind on
226 risks that are located in areas eligible for coverage in the
227 Florida Windstorm Underwriting Association as those areas were
228 defined on January 1, 2002. The corporation may offer policies
229 that provide multiperil coverage and the corporation shall
230 continue to offer policies that provide coverage only for the
231 peril of wind for risks located in areas eligible for coverage
232 in the high-risk account. In issuing multiperil coverage, the

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233 corporation may use its approved policy forms and rates for the
234 personal lines account. An applicant or insured who is eligible
235 to purchase a multiperil policy from the corporation may
236 purchase a multiperil policy from an authorized insurer without
237 prejudice to the applicant's or insured's eligibility to
238 prospectively purchase a policy that provides coverage only for
239 the peril of wind from the corporation. An applicant or insured
240 who is eligible for a corporation policy that provides coverage
241 only for the peril of wind may elect to purchase or retain such
242 policy and also purchase or retain coverage excluding wind from
243 an authorized insurer without prejudice to the applicant's or
244 insured's eligibility to prospectively purchase a policy that
245 provides multiperil coverage from the corporation. It is the
246 goal of the Legislature that there would be an overall average
247 savings of 10 percent or more for a policyholder who currently
248 has a wind-only policy with the corporation, and an ex-wind
249 policy with a voluntary insurer or the corporation, and who then
250 obtains a multiperil policy from the corporation. It is the
251 intent of the Legislature that the offer of multiperil coverage
252 in the high-risk account be made and implemented in a manner
253 that does not adversely affect the tax-exempt status of the
254 corporation or creditworthiness of or security for currently
255 outstanding financing obligations or credit facilities of the
256 high-risk account, the personal lines account, or the commercial
257 lines account. The high-risk account must also include quota
258 share primary insurance under subparagraph (c)2. The area
259 eligible for coverage under the high-risk account also includes
260 the area within Port Canaveral, which is bordered on the south
261 by the City of Cape Canaveral, bordered on the west by the

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262 Banana River, and bordered on the north by Federal Government
263 property.

264 b. The three separate accounts must be maintained as long
265 as financing obligations entered into by the Florida Windstorm
266 Underwriting Association or Residential Property and Casualty
267 Joint Underwriting Association are outstanding, in accordance
268 with the terms of the corresponding financing documents. When
269 the financing obligations are no longer outstanding, in
270 accordance with the terms of the corresponding financing
271 documents, the corporation may use a single account for all
272 revenues, assets, liabilities, losses, and expenses of the
273 corporation. Consistent with the requirement of this
274 subparagraph and prudent investment policies that minimize the
275 cost of carrying debt, the board shall exercise its best efforts
276 to retire existing debt or to obtain approval of necessary
277 parties to amend the terms of existing debt, so as to structure
278 the most efficient plan to consolidate the three separate
279 accounts into a single account. By February 1, 2007, the board
280 shall submit a report to the Financial Services Commission, the
281 President of the Senate, and the Speaker of the House of
282 Representatives which includes an analysis of consolidating the
283 accounts, the actions the board has taken to minimize the cost
284 of carrying debt, and its recommendations for executing the most
285 efficient plan.

286 c. Creditors of the Residential Property and Casualty Joint
287 Underwriting Association and of the accounts specified in sub-
288 sub-subparagraphs a.(I) and (II) may have a claim against, and
289 recourse to, the accounts referred to in sub-sub-subparagraphs
290 a.(I) and (II) and shall have no claim against, or recourse to,

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291 the account referred to in sub-sub-subparagraph a.(III).
292 Creditors of the Florida Windstorm Underwriting Association
293 shall have a claim against, and recourse to, the account
294 referred to in sub-sub-subparagraph a.(III) and shall have no
295 claim against, or recourse to, the accounts referred to in sub-
296 sub-subparagraphs a.(I) and (II).

297 d. Revenues, assets, liabilities, losses, and expenses not
298 attributable to particular accounts shall be prorated among the
299 accounts.

300 e. The Legislature finds that the revenues of the
301 corporation are revenues that are necessary to meet the
302 requirements set forth in documents authorizing the issuance of
303 bonds under this subsection.

304 f. No part of the income of the corporation may inure to
305 the benefit of any private person.

306 3. With respect to a deficit in an account:

307 a. After accounting for the Citizens policyholder surcharge
308 imposed under sub-subparagraph i., when the remaining projected
309 deficit incurred in a particular calendar year is not greater
310 than 6 percent of the aggregate statewide direct written premium
311 for the subject lines of business for the prior calendar year,
312 the entire deficit shall be recovered through regular
313 assessments of assessable insurers under paragraph (p) and
314 assessable insureds.

315 b. After accounting for the Citizens policyholder surcharge
316 imposed under sub-subparagraph i., when the remaining projected
317 deficit incurred in a particular calendar year exceeds 6 percent
318 of the aggregate statewide direct written premium for the
319 subject lines of business for the prior calendar year, the

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320 corporation shall levy regular assessments on assessable
321 insurers under paragraph (p) and on assessable insureds in an
322 amount equal to the greater of 6 percent of the deficit or 6
323 percent of the aggregate statewide direct written premium for
324 the subject lines of business for the prior calendar year. Any
325 remaining deficit shall be recovered through emergency
326 assessments under sub-subparagraph d.

327 c. Each assessable insurer's share of the amount being
328 assessed under sub-subparagraph a. or sub-subparagraph b. shall
329 be in the proportion that the assessable insurer's direct
330 written premium for the subject lines of business for the year
331 preceding the assessment bears to the aggregate statewide direct
332 written premium for the subject lines of business for that year.
333 The assessment percentage applicable to each assessable insured
334 is the ratio of the amount being assessed under sub-subparagraph
335 a. or sub-subparagraph b. to the aggregate statewide direct
336 written premium for the subject lines of business for the prior
337 year. For purposes of the calculation required by this sub-
338 subparagraph, the term "aggregate statewide direct written
339 premium for the subject lines of business" does not include
340 direct written premium for nonassessable property insurance
341 policies as defined in s. 627.4025. Assessments levied by the
342 corporation on assessable insurers under sub-subparagraphs a.
343 and b. shall be paid as required by the corporation's plan of
344 operation and paragraph (p). Assessments levied by the
345 corporation on assessable insureds under sub-subparagraphs a.
346 and b. shall be collected by the surplus lines agent at the time
347 the surplus lines agent collects the surplus lines tax required
348 by s. 626.932 and shall be paid to the Florida Surplus Lines

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349 Service Office at the time the surplus lines agent pays the
350 surplus lines tax to the Florida Surplus Lines Service Office.
351 Upon receipt of regular assessments from surplus lines agents,
352 the Florida Surplus Lines Service Office shall transfer the
353 assessments directly to the corporation as determined by the
354 corporation.

355 d. Upon a determination by the board of governors that a
356 deficit in an account exceeds the amount that will be recovered
357 through regular assessments under sub-subparagraph a. or sub-
358 subparagraph b., plus the amount that is expected to be
359 recovered through surcharges under sub-subparagraph i., as to
360 the remaining projected deficit the board shall levy, after
361 verification by the office, emergency assessments, for as many
362 years as necessary to cover the deficits, to be collected by
363 assessable insurers and the corporation and collected from
364 assessable insureds upon issuance or renewal of policies for
365 subject lines of business, excluding National Flood Insurance
366 policies. The amount of the emergency assessment collected in a
367 particular year shall be a uniform percentage of that year's
368 direct written premium for subject lines of business and all
369 accounts of the corporation, excluding National Flood Insurance
370 Program policy premiums, as annually determined by the board and
371 verified by the office. For purposes of the calculation required
372 by this sub-subparagraph, the term "aggregate statewide direct
373 written premium for the subject lines of business" does not
374 include direct written premium for nonassessable property
375 insurance policies as defined in s. 627.4025. The office shall
376 verify the arithmetic calculations involved in the board's
377 determination within 30 days after receipt of the information on

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378 which the determination was based. Notwithstanding any other
379 provision of law, the corporation and each assessable insurer
380 that writes subject lines of business shall collect emergency
381 assessments from its policyholders without such obligation being
382 affected by any credit, limitation, exemption, or deferment.
383 Emergency assessments levied by the corporation on assessable
384 insureds shall be collected by the surplus lines agent at the
385 time the surplus lines agent collects the surplus lines tax
386 required by s. 626.932 and shall be paid to the Florida Surplus
387 Lines Service Office at the time the surplus lines agent pays
388 the surplus lines tax to the Florida Surplus Lines Service
389 Office. The emergency assessments so collected shall be
390 transferred directly to the corporation on a periodic basis as
391 determined by the corporation and shall be held by the
392 corporation solely in the applicable account. The aggregate
393 amount of emergency assessments levied for an account under this
394 sub-subparagraph in any calendar year may, at the discretion of
395 the board of governors, be less than but may not exceed the
396 greater of 10 percent of the amount needed to cover the deficit,
397 plus interest, fees, commissions, required reserves, and other
398 costs associated with financing of the original deficit, or 10
399 percent of the aggregate statewide direct written premium for
400 subject lines of business and for all accounts of the
401 corporation for the prior year, plus interest, fees,
402 commissions, required reserves, and other costs associated with
403 financing the deficit.

404 e. The corporation may pledge the proceeds of assessments,
405 projected recoveries from the Florida Hurricane Catastrophe
406 Fund, other insurance and reinsurance recoverables, policyholder

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407 surcharges and other surcharges, and other funds available to
408 the corporation as the source of revenue for and to secure bonds
409 issued under paragraph (p), bonds or other indebtedness issued
410 under subparagraph (c)3., or lines of credit or other financing
411 mechanisms issued or created under this subsection, or to retire
412 any other debt incurred as a result of deficits or events giving
413 rise to deficits, or in any other way that the board determines
414 will efficiently recover such deficits. The purpose of the lines
415 of credit or other financing mechanisms is to provide additional
416 resources to assist the corporation in covering claims and
417 expenses attributable to a catastrophe. As used in this
418 subsection, the term "assessments" includes regular assessments
419 under sub-subparagraph a., sub-subparagraph b., or subparagraph
420 (p)1. and emergency assessments under sub-subparagraph d.
421 Emergency assessments collected under sub-subparagraph d. are
422 not part of an insurer's rates, are not premium, and are not
423 subject to premium tax, fees, or commissions; however, failure
424 to pay the emergency assessment shall be treated as failure to
425 pay premium. The emergency assessments under sub-subparagraph d.
426 shall continue as long as any bonds issued or other indebtedness
427 incurred with respect to a deficit for which the assessment was
428 imposed remain outstanding, unless adequate provision has been
429 made for the payment of such bonds or other indebtedness
430 pursuant to the documents governing such bonds or other
431 indebtedness.

432 f. As used in this subsection for purposes of any deficit
433 incurred on or after January 25, 2007, the term "subject lines
434 of business" means insurance written by assessable insurers or
435 procured by assessable insureds for all property and casualty

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436 lines of business in this state, but not including workers'
437 compensation or medical malpractice and any premiums for
438 nonassessable residential property insurance as defined in s.
439 627.4025. As used in this ~~the~~ sub-subparagraph, except as
440 otherwise provided in this sub-subparagraph, the term "property
441 and casualty lines of business" includes all lines of business
442 identified on Form 2, Exhibit of Premiums and Losses, in the
443 annual statement required of authorized insurers by s. 624.424
444 and any rule adopted under this section, except for those lines
445 identified as accident and health insurance and except for
446 policies written under the National Flood Insurance Program or
447 the Federal Crop Insurance Program. For purposes of this sub-
448 subparagraph, the term "workers' compensation" includes both
449 workers' compensation insurance and excess workers' compensation
450 insurance.

451 g. The Florida Surplus Lines Service Office shall determine
452 annually the aggregate statewide written premium in subject
453 lines of business procured by assessable insureds and shall
454 report that information to the corporation in a form and at a
455 time the corporation specifies to ensure that the corporation
456 can meet the requirements of this subsection and the
457 corporation's financing obligations.

458 h. The Florida Surplus Lines Service Office shall verify
459 the proper application by surplus lines agents of assessment
460 percentages for regular assessments and emergency assessments
461 levied under this subparagraph on assessable insureds and shall
462 assist the corporation in ensuring the accurate, timely
463 collection and payment of assessments by surplus lines agents as
464 required by the corporation.

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465 i. If a deficit is incurred in any account in 2008 or
466 thereafter, the board of governors shall levy a Citizens
467 policyholder surcharge against all policyholders of the
468 corporation for a 12-month period, which shall be collected at
469 the time of issuance or renewal of a policy, as a uniform
470 percentage of the premium for the policy of up to 15 percent of
471 such premium, which funds shall be used to offset the deficit.
472 Citizens policyholder surcharges under this sub-subparagraph are
473 not considered premium and are not subject to commissions, fees,
474 or premium taxes. However, failure to pay such surcharges shall
475 be treated as failure to pay premium.

476 j. If the amount of any assessments or surcharges collected
477 from corporation policyholders, assessable insurers or their
478 policyholders, or assessable insureds exceeds the amount of the
479 deficits, such excess amounts shall be remitted to and retained
480 by the corporation in a reserve to be used by the corporation,
481 as determined by the board of governors and approved by the
482 office, to pay claims or reduce any past, present, or future
483 plan-year deficits or to reduce outstanding debt.

484 Section 4. Subsection (1) of section 627.4025, Florida
485 Statutes, is amended to read:

486 627.4025 Residential coverage and hurricane coverage
487 defined.—

488 (1) Residential coverage includes both personal lines
489 residential coverage, which consists of the type of coverage
490 provided by homeowner's, mobile home owner's, dwelling,
491 tenant's, condominium unit owner's, cooperative unit owner's,
492 and similar policies, and commercial lines residential coverage,
493 which consists of the type of coverage provided by condominium

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494 association, cooperative association, apartment building, and
495 similar policies, including policies covering the common
496 elements of a homeowners' association. Residential coverage for
497 personal lines and commercial lines as set forth in this section
498 includes policies that provide coverage for particular perils
499 such as windstorm and hurricane or coverage for insurer
500 insolvency or deductibles. Policies providing personal lines
501 residential property insurance coverage as described in this
502 subsection consist of assessable residential property insurance
503 and nonassessable residential property insurance. As used in
504 this subsection, the term:

505 (a) "Assessable residential property insurance" means
506 personal lines residential property insurance that is subject to
507 the rate standards set forth in s. 627.062 and deficit
508 assessments by Citizens Property Insurance Corporation under s.
509 627.351(6) or emergency assessments levied for the Florida
510 Hurricane Catastrophe Fund under s. 215.555.

511 (b) "Nonassessable residential property insurance" means
512 personal lines residential property insurance that is not
513 subject to the rate standards set forth in s. 627.062, except as
514 provided in s. 627.062(2)(k), or deficit assessments by Citizens
515 Property Insurance Corporation under s. 627.351(6) or emergency
516 assessments levied for the Florida Hurricane Catastrophe Fund
517 under s. 215.555.

518 Section 5. Section 627.7031, Florida Statutes, is created
519 to read:

520 627.7031 Residential property insurance.—

521 (1) Any insurer authorized to write property insurance in
522 this state may offer nonassessable residential property

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523 insurance policies as defined in s. 627.4025.

524 (2) An owner of residential property may purchase a
 525 nonassessable residential property insurance policy if such a
 526 policy is offered by the insurer.

527 (3) The application for a nonassessable residential
 528 property insurance policy shall contain the following disclaimer
 529 printed in at least 12-point boldfaced type:

530
 531 THIS APPLICATION IS FOR A RESIDENTIAL PROPERTY POLICY THAT IS
 532 SUBJECT TO LIMITED RATE REGULATION REQUIREMENTS OF FLORIDA LAW
 533 AND IS NOT SUBJECT TO DEFICIT ASSESSMENTS BY CITIZENS PROPERTY
 534 INSURANCE CORPORATION OR THE FLORIDA HURRICANE CATASTROPHE FUND.
 535 A RESIDENTIAL PROPERTY POLICY THAT IS SUBJECT TO RATE REGULATION
 536 REQUIREMENTS AND DEFICIT ASSESSMENT BY CITIZENS PROPERTY
 537 INSURANCE CORPORATION AND THE FLORIDA HURRICANE CATASTROPHE FUND
 538 MAY BE AVAILABLE FROM THIS INSURER OR FROM CITIZENS PROPERTY
 539 INSURANCE CORPORATION. PLEASE DISCUSS YOUR POLICY OPTIONS WITH
 540 YOUR INSURANCE AGENT.

541 Section 6. This act shall take effect July 1, 2009.