

By the Committee on Banking and Insurance; and Senator Bennett

597-04424-09

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1                   A bill to be entitled  
2           An act relating to residential property insurance;  
3           amending s. 627.062, F.S.; authorizing certain  
4           insurers to use a rate in excess of the otherwise  
5           applicable filed rate; prohibiting the consideration  
6           of certain policies when making a specified  
7           calculation; preserving the authority of the Office of  
8           Insurance Regulation to disapprove rates as inadequate  
9           or disapprove a rate filing for using an unlawful  
10          rating factor; authorizing the office to direct an  
11          insurer to make a specified type of rate filing under  
12          certain circumstances; creating s. 627.7031, F.S.;  
13          authorizing an insurer to offer or renew policies at  
14          rates established in accordance with specified  
15          provisions of state law if certain conditions are met;  
16          requiring that certain policies contain a specified  
17          notice; providing for applicability; providing an  
18          effective date.

19  
20 Be It Enacted by the Legislature of the State of Florida:

21  
22           Section 1. Paragraph (k) is added to subsection (2) of  
23           section 627.062, Florida Statutes, to read:

24           627.062 Rate standards.—

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

26           (k)1. Insurers complying with the requirements of s.  
27           627.7031 may use a rate in excess of the otherwise applicable  
28           filed rate.

29           2. Policies subject to this paragraph may not be counted in

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30 the calculation under s. 627.171(2).

31 3. Such rates shall be filed with the office. This  
32 paragraph does not affect the authority of the office to  
33 disapprove a rate as inadequate or to disapprove a rate filing  
34 for using a rating factor that is unlawful under s. 626.9541(1).  
35 Upon finding that an insurer has used a rating factor that is  
36 unlawful under s. 626.9541(1), the office may direct the insurer  
37 to make a filing for rates governed by this paragraph and which  
38 do not use such rating factor.

39  
40 The provisions of this subsection shall not apply to workers'  
41 compensation and employer's liability insurance and to motor  
42 vehicle insurance.

43 Section 2. Section 627.7031, Florida Statutes, is created  
44 to read:

45 627.7031 Residential property insurance option.-

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

49 (a) The insurer is authorized to write property insurance  
50 in this state.

51 (b)1. The insurer has, at the time of issuance of the  
52 policy or at the time of first renewal at rates pursuant to s.  
53 627.062(2)(k), surplus as to policyholders equal to or greater  
54 than \$500 million; or

55 2. The ratio of the insurer's net written premium to its  
56 surplus as to policyholders, as calculated based on the  
57 information in the insurer's most recent annual statement, does  
58 not exceed two to one. For purposes of this subparagraph, the

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59 calculation of net written premium shall consider only  
60 reinsurance placed with reinsurers that have been given a  
61 financial strength rating of "A" or better by the A.M. Best  
62 Company, or have been given a comparable rating by another  
63 rating agency which is generally considered accurate or  
64 acceptable.

65 (c) The insurer may not purchase coverage relating to  
66 temporary increase in coverage limit options under s.  
67 215.555(17) from the Florida Hurricane Catastrophe Fund.

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

72  
73 THE RATE FOR THIS POLICY IS NOT REGULATED BY THE FLORIDA  
74 OFFICE OF INSURANCE REGULATION AND MAY BE HIGHER THAN THE RATE  
75 APPROVED BY THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT  
76 TO FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE FROM THIS  
77 INSURER, ANOTHER INSURER, OR CITIZENS PROPERTY INSURANCE  
78 CORPORATION. PLEASE DISCUSS YOUR POLICY OPTIONS WITH YOUR  
79 INSURANCE AGENT.

80  
81 (e) Before the issuance of a policy at a rate established  
82 in accordance with s. 627.062(2)(k), or before the first renewal  
83 at such rate of a policy originally before the effective date of  
84 this section, the applicant or insured must:

85 1. For purposes of comparison, be given a premium quote for  
86 a policy from Citizens Property Insurance Corporation,  
87 reflecting comparable coverages, limits, and deductibles to the

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88 extent available from the corporation.

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

91 ACKNOWLEDGEMENT

92 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND THE  
93 REQUIRED PREMIUM QUOTE FROM CITIZENS PROPERTY INSURANCE  
94 CORPORATION.

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

99 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY INSURANCE  
100 POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY BE  
101 AVAILABLE FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS  
102 PROPERTY INSURANCE CORPORATION.

103 (2) For policies renewed at a rate established in  
104 accordance with s. 627.062(2)(k), the notice described in  
105 paragraph (1)(d) must be furnished in writing at the same time  
106 as the renewal notice on a document separate from the renewal  
107 notice, but may be contained within the same mailing as the  
108 renewal notice.

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

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