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1                   A bill to be entitled  
2     An act relating to sinkhole losses; amending s.  
3     627.706, F.S.; authorizing an insurer offering  
4     sinkhole coverage before or after a certain date to  
5     nonrenew the policies of policyholders maintaining  
6     sinkhole coverage in Pasco and Hernando Counties, at  
7     the option of the insurer, and provide an offer of  
8     coverage to such policyholders which includes  
9     catastrophic ground cover collapse and excludes  
10    sinkhole coverage; requiring that an insurer taking  
11    such action meet specified requirements; creating s.  
12    627.7063, F.S.; defining the term "sinkhole loss  
13    prevention ordinance"; requiring the Financial  
14    Services Commission to adopt a building code  
15    effectiveness grading schedule by rule to evaluate the  
16    effectiveness of sinkhole loss prevention ordinances  
17    in reducing the number of sinkhole claims and the  
18    severity of sinkhole losses; requiring insurance  
19    discounts and surcharges based on the grade assigned  
20    to a sinkhole loss prevention ordinance; providing an  
21    effective date.

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

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25           Section 1. Subsection (5) is added to section 627.706,  
26    Florida Statutes, to read:

27           627.706 Sinkhole insurance; catastrophic ground cover  
28    collapse; definitions.—

29           (5) An insurer offering sinkhole coverage to policyholders

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30 before or after the adoption of s. 30, chapter 2007-1, Laws of  
31 Florida, may nonrenew the policies of policyholders maintaining  
32 sinkhole coverage in Pasco County or Hernando County, at the  
33 option of the insurer, and provide an offer of coverage to such  
34 policyholders which includes catastrophic ground cover collapse  
35 and excludes sinkhole coverage. Insurers acting in accordance  
36 with this subsection are subject to the following requirements:

37 (a) Policyholders must be notified that a nonrenewal is for  
38 purposes of removing sinkhole coverage, and that the  
39 policyholder is still being offered a policy that provides  
40 coverage for catastrophic ground cover collapse.

41 (b) Policyholders must be provided an actuarially  
42 reasonable premium credit or discount for the removal of  
43 sinkhole coverage and provision of only catastrophic ground  
44 cover collapse.

45 (c) Subject to the provisions of this subsection and the  
46 insurer's approved underwriting or insurability guidelines, the  
47 insurer shall provide each policyholder with the opportunity to  
48 purchase an endorsement to his or her policy providing sinkhole  
49 coverage and may require an inspection of the property before  
50 issuance of a sinkhole coverage endorsement.

51 (d) Section 624.4305 does not apply to nonrenewal notices  
52 issued pursuant to this subsection.

53 Section 2. Section 627.7063, Florida Statutes, is created  
54 to read:

55 627.7063 Building code effectiveness grading schedule.—

56 (1) As used in this section, the term "sinkhole loss  
57 prevention ordinance" means a county ordinance that amends the  
58 Florida Building Code and that is intended to reduce the number

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59 of sinkhole claims and the severity of sinkhole losses.

60 (2) The commission shall adopt a building code  
61 effectiveness grading schedule by rule. The grading schedule  
62 shall evaluate the effectiveness of each sinkhole loss  
63 prevention ordinance in reducing the number of sinkhole claims  
64 and severity of sinkhole losses. Each ordinance shall be  
65 evaluated 4 years after the ordinance takes effect. The grading  
66 schedule shall be based on the effectiveness of code enforcement  
67 in each county and scientific, modeling, and engineering  
68 methodologies. The rules shall further mandate insurance premium  
69 discounts or surcharges on personal residential property  
70 insurance based on a property's compliance with an ordinance and  
71 the grade assigned to the applicable sinkhole loss prevention  
72 ordinance.

73 Section 3. This act shall take effect January 1, 2010.