The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Banking and Insurance Committee

BILL: SB 634

INTRODUCER: Senator Simmons

SUBJECT: Citizens Property Insurance Corporation

DATE: February 18, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Knudson	Burgess	BI	**Pre-meeting**
2.			CA	
3.			BC	
4.				
5.				
6.				

I. Summary:

Senate Bill 634 repeals s. 215.55951, F.S. The statute prohibits Citizens Property Insurance Corporation (Citizens) from seeking a rate or assessment increase based on amendments enacted in ch. 2008-66, L.O.F., to the Insurance Capital Build-Up Incentive Program.

This bill repeals the following sections of the Florida Statutes: 215.55951

II. Present Situation:

Section 215.55951, F.S., prohibits Citizens from justifying a rate or assessment increase based on amendments enacted by ch. 2008-66, L.O.F., to s. 215.5595, F.S., the Insurance Capital Build-Up Incentive Program. The Legislature created the Program in 2006 to provide surplus note loans to insurers of up to $25 million, repayable over 20 years at the 10-year Treasury bond rate. The Program was funded with a $250 million dollar appropriation from the General Revenue Fund. To receive the loan an insurer was required to contribute an equal amount of new capital, commit to meeting a specified minimum premium-to-surplus writing ratio for residential policies covering windstorm, and maintain at least a $50 million surplus after receiving program funds. Thirteen insurers received surplus note loans pursuant to the 2006 Program totaling $247.5 million dollars.[1]

Chapter 2008-66, L.O.F., revised the requirements for the program, and committed an additional $250 million to write new loans. The 2008 Program loans were intended to be funded by the

[1] In 2009 the Legislature required all principal, interest, and late fees received from insurers to be transferred to General Revenue.

transfer of $250 million from Citizens surplus to the General Revenue Fund. The 2008 loans State Board of Administration quarterly transfers to Citizens the principal payments and interest for the 2008 surplus note loans. The Legislature enacted s. 215.55951, F.S., prohibiting Citizens from using the 2008 Program to justify rate or assessment increases. However, Governor Crist vetoed the transfer of Citizens surplus to fund the Program. As a result, no insurers received loans pursuant to the 2008 iteration of the Program due to a lack of funding.

III. Effect of Proposed Changes:

Section 1. The bill repeals s. 215.55951, F.S. Section 215.55951, F.S., prohibits Citizens from justifying a rate or assessment increase based on amendments enacted in ch. 2008-66, L.O.F., to the Insurance Capital Build-Up Incentive Program. Chapter 2008-66, L.O.F., funded the program by requiring Citizens to transfer $250 million to the General Revenue Fund for transfer to the SBA to fund the Capital Build-Up Incentive Program. No loans were issued using Citizens monies because the transfer was vetoed by the Governor.

Other Potential Implications:

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.