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LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
12/07/2011	.	
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The Committee on Banking and Insurance (Bennett) recommended the following:

Senate Amendment (with title amendment)

Delete lines 25 - 28
and insert:

Section 1. Paragraphs (a), (q), and (x) of subsection (6)
of section 627.351, Florida Statutes, are amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(a) The public purpose of this subsection is to ensure that
there is an orderly market for property insurance for residents
and businesses of this state.

1. The Legislature finds that private insurers are



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13 unwilling or unable to provide affordable property insurance
14 coverage in this state to the extent sought and needed. The
15 absence of affordable property insurance threatens the public
16 health, safety, and welfare and likewise threatens the economic
17 health of the state. The state therefore has a compelling public
18 interest and a public purpose to assist in assuring that
19 property in the state is insured and that it is insured at
20 affordable rates so as to facilitate the remediation,
21 reconstruction, and replacement of damaged or destroyed property
22 in order to reduce or avoid the negative effects otherwise
23 resulting to the public health, safety, and welfare, to the
24 economy of the state, and to the revenues of ~~the~~ state and local
25 governments which are needed to provide for the public welfare.
26 It is necessary, therefore, to provide affordable property
27 insurance to applicants who are in good faith entitled to
28 procure insurance through the voluntary market but are unable to
29 do so. The Legislature intends, ~~therefore,~~ that affordable
30 property insurance be provided and that it continue to be
31 provided, as long as necessary, through Citizens Property
32 Insurance Corporation, a government entity that is an integral
33 part of the state, and that is not a private insurance company.
34 To that end, the corporation shall strive to increase the
35 availability of affordable property insurance in this state,
36 while achieving efficiencies and economies, and while providing
37 service to policyholders, applicants, and agents which is no
38 less than the quality generally provided in the voluntary
39 market, for the achievement of the foregoing public purposes.
40 Because it is essential for this governmental ~~government~~ entity
41 to have the maximum financial resources to pay claims following



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42 a catastrophic hurricane, it is the intent of the Legislature
43 that the corporation continue to be an integral part of the
44 state and that the income of the corporation ~~be exempt from~~
45 ~~federal income taxation~~ and that interest on the debt
46 obligations issued by the corporation be exempt from federal
47 income taxation.

48 2. The Residential Property and Casualty Joint Underwriting
49 Association originally created by this statute shall be known as
50 the Citizens Property Insurance Corporation. The corporation
51 shall provide insurance for residential and commercial property,
52 for applicants who are entitled, but, in good faith, are unable
53 to procure insurance through the voluntary market. The
54 corporation shall operate pursuant to a plan of operation
55 approved by order of the Financial Services Commission. The plan
56 is subject to continuous review by the commission. The
57 commission may, by order, withdraw approval of all or part of a
58 plan if the commission determines that conditions have changed
59 since approval was granted and that the purposes of the plan
60 require changes in the plan. For the purposes of this
61 subsection, residential coverage includes both personal lines
62 residential coverage, which consists of the type of coverage
63 provided by homeowner's, mobile home owner's, dwelling,
64 tenant's, condominium unit owner's, and similar policies; and
65 commercial lines residential coverage, which consists of the
66 type of coverage provided by condominium association, apartment
67 building, and similar policies.

68 3. Effective January 1, 2009, a personal lines residential
69 structure that has a dwelling replacement cost of \$2 million or
70 more, or a single condominium unit that has a combined dwelling



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71 and contents replacement cost of \$2 million or more is not
72 eligible for coverage by the corporation. Such dwellings insured
73 by the corporation on December 31, 2008, may continue to be
74 covered by the corporation until the end of the policy term.
75 However, such dwellings may reapply and obtain coverage if the
76 property owner provides the corporation with a sworn affidavit
77 from one or more insurance agents, on a form provided by the
78 corporation, stating that the agents have made their best
79 efforts to obtain coverage and that the property has been
80 rejected for coverage by at least one authorized insurer and at
81 least three surplus lines insurers. If such conditions are met,
82 the dwelling may be insured by the corporation for up to 3
83 years, after which time the dwelling is ineligible for coverage.
84 The office shall approve the method used by the corporation for
85 valuing the dwelling replacement cost for the purposes of this
86 subparagraph. If a policyholder is insured by the corporation
87 before ~~prior to~~ being determined to be ineligible pursuant to
88 this subparagraph and such policyholder files a lawsuit
89 challenging the determination, the policyholder may remain
90 insured by the corporation until the conclusion of the
91 litigation.

92 4. It is the intent of the Legislature that policyholders,
93 applicants, and agents of the corporation receive service and
94 treatment of the highest possible level but never less than that
95 generally provided in the voluntary market. It is also intended
96 that the corporation be held to service standards no less than
97 those applied to insurers in the voluntary market by the office
98 with respect to responsiveness, timeliness, customer courtesy,
99 and overall dealings with policyholders, applicants, or agents



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100 of the corporation.

101 5. Effective October 1, 2012 ~~January 1, 2009~~, a personal
102 lines residential structure that is located in the "wind-borne
103 debris region," as defined in s. 1609.2, International Building
104 Code (2006), and that has an insured value on the structure of
105 \$750,000 or more is ~~not~~ eligible for coverage by the
106 corporation. However, unless the structure has opening
107 protections as required under the Florida Building Code for a
108 newly constructed residential structure in that area, the
109 corporation may charge a surcharge that it deems appropriate for
110 such structures, notwithstanding any restrictions on rates
111 provided in this subsection or in s. 627.062. A residential
112 structure shall be deemed to comply with this subparagraph if it
113 has shutters or opening protections on all openings and if such
114 opening protections complied with the Florida Building Code at
115 the time they were installed.

116 6. For any claim filed under a ~~any~~ policy of the corporation, a
117 public adjuster may not charge, agree to, or accept any
118 compensation, payment, commission, fee, or other thing of value
119 greater than 10 percent of the additional amount actually paid
120 over the amount that was originally offered by the corporation
121 for any one claim.

122
123 ===== T I T L E A M E N D M E N T =====

124 And the title is amended as follows:

125 Delete lines 2 - 4

126 and insert:

127 An act relating to the Citizens Property Insurance
128 Corporation; amending s. 627.351, F.S.; removing



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129 certain exclusions for residential coverage; directing
130 the corporation to provide coverage to certain
131 residential structures but at rates deemed appropriate
132 by the corporation; providing that eligible surplus
133 lines