



728946

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/22/2013	.	
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The Committee on Appropriations (Richter) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 1097 - 1115  
and insert:  
premium for employers that have exposure in more than one state,  
an estimated annual standard premium in this state of \$175,000,  
and an estimated annual countrywide standard premium of \$1  
million or more for workers' compensation.

Section 28. Subsection (2) of section 627.281, Florida Statutes, is amended to read:

627.281 Appeal from rating organization; workers' compensation and employer's liability insurance filings.-



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13 (2) If such appeal is based upon the failure of the rating  
14 organization to make a filing on behalf of such member or  
15 subscriber which is based on a system of expense provisions  
16 which differs, in accordance with the right granted in s.  
17 627.072(3) ~~627.072(2)~~, from the system of expense provisions  
18 included in a filing made by the rating organization, the office  
19 shall, if it grants the appeal, order the rating organization to  
20 make the requested filing for use by the appellant. In deciding  
21 such appeal, the office shall apply the applicable standards set  
22 forth in ss. 627.062 and 627.072.

23 Section 29. Paragraphs (gg), (hh), and (ii) are added to  
24 subsection (6) of section 627.351, Florida Statutes, to read:

25 627.351 Insurance risk apportionment plans.—

26 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

27 (gg) At least once every 6 months, the corporation shall  
28 submit a report to the office and the Insurance Consumer  
29 Advocate disclosing:

30 1. The total number of requests received for residential  
31 sinkhole loss coverage;

32 2. The total number of policies issued for residential  
33 sinkhole loss coverage;

34 3. The total number of requests declined for residential  
35 sinkhole loss coverage; and

36 4. The reasons for declining the requests for residential  
37 sinkhole loss coverage.

38 (hh) The Legislature finds that it is in the public  
39 interest that sinkhole loss claims are resolved by stabilizing  
40 the land and structure and making repairs to the foundation of  
41 the damaged structure. Therefore, a Citizens Sinkhole



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42 Stabilization Repair Program is established by the corporation.  
43 By March 31, 2014, any claim against a corporation policy that  
44 covers residential sinkhole loss for which it is determined that  
45 such loss has occurred must be included in and governed by the  
46 repair program for the purpose of stabilizing the land and  
47 structure and making repairs to the foundation.

48 1. As used in this paragraph, the terms:

49 a. "Engineering report" means the report issued pursuant to  
50 s. 627.7073(1).

51 b. "Recommendation of the engineer" means the  
52 recommendation of the engineer engaged by the corporation  
53 pursuant to s. 627.7073(1)(a)5.

54 c. "Stabilization repairs" means stabilizing the land and  
55 structure and making repairs to the foundation.

56 d. "Stabilization repair contractor" means a contractor who  
57 stabilizes the land and structure and makes repairs to the  
58 foundation of the damaged structure.

59 2. The repair program may be managed by the corporation or  
60 a third-party administrator and, at a minimum, must include the  
61 following components:

62 a. The corporation may not require the policyholder to  
63 advance payment for repairs.

64 b. Stabilization repairs shall be conducted by  
65 stabilization repair contractors selected from an approved  
66 stabilization repair contractor pool procured by the corporation  
67 pursuant to an open and transparent process. Each stabilization  
68 repair contractor within the pool must be qualified and approved  
69 by the corporation based upon criteria including the following  
70 minimum requirements:



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71           (I) The stabilization repair contractor must be certified  
72 as a contractor pursuant s. 489.113(1).

73           (II) The stabilization repair contractor corporate entity  
74 must demonstrate experience in stabilization of sinkhole  
75 activity pursuant to requirements to be established by the  
76 corporation.

77           (III) The stabilization repair contractor must demonstrate  
78 capacity to be bonded and provide performance, surety, or other  
79 bonds as described in this section which may be supplemented by  
80 additional requirements as determined by the corporation.

81           (IV) The stabilization repair contractor must demonstrate  
82 insurance coverage requirements, including, but not limited to,  
83 commercial general liability coverage and workers' compensation,  
84 to be established by the corporation.

85           (V) The stabilization repair contractor must maintain a  
86 valid drug-free workplace program.

87           (VI) Such other requirements as established by the  
88 corporation.

89           c. Pursuant to the stabilization repair program, qualified  
90 stabilization repair contractors shall be selected from the  
91 approved stabilization repair contractor pool to stabilize the  
92 land and structure and repair the foundation of the damaged  
93 structure pursuant to a fixed-price contract between the  
94 contractor and the corporation. Such contracts are not subject  
95 to paragraph (6) (e) or s. 287.057. Pursuant to the terms of the  
96 contract, the selected stabilization repair contractor is solely  
97 responsible for the performance of all necessary stabilization  
98 repairs specified in the engineering report and recommendations  
99 of the engineer.



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100       d. The corporation shall develop a standard stabilization  
101 repair contract for the purpose of stabilizing the land and  
102 structure and repairing the foundation of all properties within  
103 the program. The contract must include the following minimum  
104 requirements:

105       (I) The assigned stabilization repair contractor must agree  
106 to make all stabilization repairs identified in the engineering  
107 report based upon a fixed price.

108       (II) Each stabilization repair contractor must post a  
109 payment bond in favor of the corporation as obligee for each  
110 project assigned and must post a performance bond, secured by a  
111 third-party surety, in favor of the corporation as obligee, in a  
112 principal amount equal to the total cost of all fixed-price  
113 contracts annually awarded to that contractor.

114       (III) In addition to the required performance bond, each  
115 stabilization repair contractor must also provide a warranty,  
116 secured by a third-party surety, to the policyholder which  
117 covers all repairs provided by the stabilization repair  
118 contractor for at least 5 years after completion of the  
119 stabilization repairs.

120       (IV) Throughout the course of the stabilization repairs  
121 performed by the contractor, the engineer shall monitor the  
122 property and confirm that stabilization has been satisfactorily  
123 completed and that no further stabilization is necessary to  
124 remedy the damage identified in the engineering report and  
125 recommendation of the engineer.

126       (V) If the engineer concludes that additional stabilization  
127 repair is necessary to complete the repairs specified in the  
128 engineering report and recommendations of the engineer, the



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129 stabilization repair contractor must perform the additional  
130 stabilization repairs at no cost to the corporation or the  
131 policyholder. The contract between the corporation and the  
132 contractor must contain provisions specifying the remedy and  
133 sanctions for failing to perform such additional repairs.

134 e. The corporation shall enter into contracts to perform  
135 repairs pursuant to a process that includes, but is not limited  
136 to, the following requirements:

137 (I) Within 30 days after the completion of the engineering  
138 report, the report shall be identified on a list which shall be  
139 made available to all stabilization contractors.

140 (II) The corporation shall establish a selection process  
141 for assigning stabilization repair contractors to perform  
142 repairs for each property within the program. The selection  
143 process must include:

144 (A) All stabilization repair contractors within the  
145 stabilization repair contractor pool shall be provided with an  
146 opportunity to submit an offer, that includes an itemized  
147 statement of work, to perform the stabilization repairs  
148 recommended in the engineering report.

149 (B) The corporation shall review the offers and provide the  
150 policyholder with a list of stabilization repair contractors  
151 from which the policyholder shall be provided a reasonable time,  
152 not to exceed 30 days, to participate in the selection by  
153 choosing the stabilization repair contractor from among those  
154 qualified contractors on the list provided by the corporation.

155 (C) If the policyholder has not made such a selection  
156 within the 30-day period described herein, the corporation may  
157 make the selection.



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158       (D) The corporation may reserve the right to include any or  
159 all contractors on the list provided to the policyholder based  
160 upon quality, cost-effectiveness, and such other criteria as the  
161 corporation shall determine.

162       (III) If no stabilization repair contractor submits an  
163 offer to perform the stabilization repairs for a property within  
164 the program or all offers are above the policyholder's policy  
165 limit, the corporation may enter the property into the selection  
166 process again or the corporation may pay the policyholder an  
167 amount up to the policy limits on the structure.

168       f. The corporation is not responsible for serving as a  
169 stabilization repair contractor. The corporation's obligations  
170 pursuant to the repair program are not an election to repair by  
171 the corporation and therefore do not imply or result in a new  
172 contractual relationship with the policyholder.

173       g. The corporation's liability related to repair activity,  
174 including stabilization repairs pursuant to the sinkhole  
175 stabilization program and all other repairs to the structure in  
176 accordance with the terms of the policy, is no greater than the  
177 policy limits on the structure.

178       h. This section does not prohibit the corporation from  
179 establishing a managed repair program for other repairs to the  
180 structure in accordance with the terms of the policy.

181       i. If a dispute arises between the corporation and the  
182 policyholder as to the nature or extent of stabilization repairs  
183 to be conducted under the program, the sole remedy for resolving  
184 such disputes shall be specific performance.

185       j. This section supersedes s. 627.707(5), except for  
186 paragraph (5) (e).



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187           3. The corporation shall pay for other repairs to the  
188 structure and contents in accordance with the terms of the  
189 policy.

190           (ii) A policy for residential property insurance issued by  
191 the corporation must include a deductible amount applicable to  
192 sinkhole losses, offered in amounts equal to 2 percent, 5  
193 percent, and 10 percent of the policy dwelling limits, with  
194 appropriate premium discounts offered with each deductible  
195 amount.

196           Section 30. Section 627.3519, Florida Statutes, is amended  
197 to read:

198           627.3519 Annual report of aggregate net probable maximum  
199 losses, financing options, and potential assessments.—No later  
200 than February 1 of each year, the Florida Hurricane Catastrophe  
201 Fund and Citizens Property Insurance Corporation Financial  
202 Services Commission shall provide to the Legislature and the  
203 Financial Services Commission a report of their respective the  
204 aggregate net probable maximum losses, financing options, and  
205 potential assessments ~~of the Florida Hurricane Catastrophe Fund~~  
206 ~~and Citizens Property Insurance Corporation~~. The report of the  
207 fund and the corporation must include their the respective 50-  
208 year, 100-year, and 250-year probable maximum losses ~~of the fund~~  
209 ~~and the corporation~~; analysis of all reasonable financing  
210 strategies for each such probable maximum loss, including the  
211 amount and term of debt instruments; specification of the  
212 percentage assessments that would be needed to support each of  
213 the financing strategies; and calculations of the aggregate  
214 assessment burden on Florida property and casualty policyholders  
215 for each of the probable maximum losses. ~~The commission shall~~





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216 ~~require the fund and the corporation to provide the commission~~  
217 ~~with such data and analysis as the commission considers~~  
218 ~~necessary to prepare the report.~~

219  
220 ===== T I T L E A M E N D M E N T =====

221 And the title is amended as follows:

222 Delete lines 119 - 125

223 and insert:

224 conforming a cross-reference; amending s. 627.351,  
225 F.S.; requiring Citizens Property Insurance  
226 Corporation to submit a biannual report on the number  
227 of residential sinkhole policies issued and declined;  
228 providing legislative intent; establishing a Citizens  
229 Sinkhole Stabilization Repair Program for sinkhole  
230 claims; providing definitions; providing program  
231 components; specifying the corporation's liability  
232 with respect to sinkhole claims; requiring the  
233 corporation to offer specified deductible amounts for  
234 sinkhole loss coverage; amending s. 627.3519, F.S.;;  
235 requiring the Florida Hurricane Catastrophe Fund and  
236 Citizens Property Insurance Corporation to provide an  
237 annual report to the Legislature and the Financial  
238 Services Commission of their respective aggregate net  
239 probable maximum losses, financing options, and  
240 potential assessments; amending s. 627.4133, F.S.;;  
241 increasing