

HB 1247

2013

1 A bill to be entitled  
2 An act relating to hurricane mitigation; transferring  
3 responsibility for the public model for hurricane loss  
4 projection from the Office of Insurance Regulation to  
5 the Division of Emergency Management; amending s.  
6 215.559, F.S.; revising provisions relating to the  
7 Hurricane Loss Mitigation Program; deleting provisions  
8 specifying how program funds are to be spent,  
9 including the Manufactured Housing and Mobile Home  
10 Mitigation and Enhancement Program, and the Florida  
11 International University International Hurricane  
12 Research Center; deleting reports prepared by  
13 Tallahassee Community College and a report prepared by  
14 the division; specifying program components, including  
15 responsibility for the public model for hurricane loss  
16 projections, which includes the charging of an access  
17 fee, the development of a mitigation database,  
18 mitigation credits and inspections, mitigation grants,  
19 mitigation outreach, and mitigation research;  
20 authorizing the division to leverage program funding;  
21 repealing s. 627.06281, F.S., relating to the public  
22 hurricane loss projection model; transferring  
23 provisions of that section to ss. 212.559 and  
24 627.06292, F.S.; amending s. 627.0629, F.S.; revising  
25 factors that must be considered or included in the  
26 rate filings for residential property insurance;  
27 reordering and amending s. 627.06292, F.S.; revising  
28 provisions relating to the public model for hurricane

29 |       loss projections; conforming a cross-reference;  
 30 |       amending s. 627.351, F.S.; conforming a cross-  
 31 |       reference; deleting obsolete provisions; providing an  
 32 |       effective date.

34 | Be It Enacted by the Legislature of the State of Florida:

36 |       Section 1. Responsibility for the public hurricane loss  
 37 | projection model currently located in the Office of Insurance  
 38 | Regulation of the Department of Financial Services is  
 39 | transferred to the Division of Emergency Management in the  
 40 | Executive Office of the Governor by a type two transfer, as  
 41 | provided in s. 20.06(2), Florida Statutes.

42 |       Section 2. Section 215.559, Florida Statutes, is amended  
 43 | to read:

44 |       (Substantial rewording of section. See  
 45 | s. 215.559, F.S., for present text.)

46 |       215.559 Hurricane Loss Mitigation Program.—A Hurricane  
 47 | Loss Mitigation Program is established in the Division of  
 48 | Emergency Management.

49 |       (1) ANNUAL APPROPRIATION.—The \$10 million annual  
 50 | appropriation authorized under s. 215.555(7) from the Florida  
 51 | Hurricane Catastrophe Fund shall be used for the purposes  
 52 | specified in that subsection and to coordinate and centralize  
 53 | mitigation efforts in this state in accordance with the program  
 54 | established in this section. Of that amount:

55 |       (a) Seven million dollars shall be used for mitigation  
 56 | programs to improve the hazard resistance of residential

HB 1247

2013

57 property in this state, including loans, subsidies, grants,  
58 demonstration projects, and direct assistance; educating state  
59 residents concerning hazard risk and risk reduction or  
60 mitigation; hurricane mitigation research; and other efforts to  
61 prevent or reduce losses or reduce the cost of rebuilding after  
62 a disaster.

63 (b) Three million dollars shall be used to retrofit  
64 existing facilities used as public hurricane shelters. The  
65 division shall annually prioritize the use of these funds for  
66 projects included in the annual report of the Shelter Retrofit  
67 Report prepared in accordance with s. 252.385(3). The division  
68 shall give funding priority to projects in regional planning  
69 council regions that have shelter deficits and to projects that  
70 maximize the use of state funds.

71 (2) ADVISORY COUNCIL.—An advisory council is created to  
72 provide advice and assistance to the division regarding  
73 administration of the public hurricane model, the mitigation  
74 database, and the development of appropriate standards for  
75 mitigation credits.

76 (a) The advisory council is composed of:

77 1. The director of the Division of Emergency Management,  
78 or his or her designee.

79 2. A representative from the Office of Insurance  
80 Regulation.

81 3. The chief executive officer of Citizens Property  
82 Insurance Corporation, or his or her designee.

83 4. The Insurance Consumer Advocate, or his or her  
84 designee.

85           5. The lead scientist from the team that runs the public  
 86 hurricane loss projection model, or his or her designee.

87           6. Three representatives from educational institutions  
 88 with programs dedicated to mitigation research or testing,  
 89 selected by the director of the Division of Emergency  
 90 Management.

91           7. A representative of property insurers recommended by  
 92 the Chief Financial Officer.

93           8. A representative of reinsurers recommended by the Chief  
 94 Financial Officer.

95           9. A representative designated by the Florida Building  
 96 Commission.

97           10. A representative designated by the Building Officials  
 98 Association of Florida.

99           11. The chief executive officer of the Institute for  
 100 Business and Home Safety, or his or her designee.

101           12. The chief executive officer of the Federal Alliance  
 102 for Safe Homes, Inc., or his or her designee.

103           13. A real estate professional recommended by Florida  
 104 Realtors.

105           (b) Beginning the first fiscal year after July 1, 2013,  
 106 members of the advisory council serve 2-year terms. Members  
 107 serve without compensation, but are entitled to reimbursement as  
 108 provided in s. 112.061 for per diem and travel expenses incurred  
 109 in the performance of their official duties. All members of the  
 110 advisory council shall sign the same code of ethics form used by  
 111 the Executive Office of the Governor.

112           (3) PROGRAM COMPONENTS.—The division shall develop and

HB 1247

2013

113 | administer a comprehensive and coordinated program for hurricane  
114 | damage mitigation which includes:

115 | (a) Hurricane loss projection model.—The division is  
116 | responsible for the supervision and administration of the public  
117 | model for hurricane loss projections developed, maintained, and  
118 | updated by the Florida International University center  
119 | established pursuant to s. 627.06292.

120 | 1. A property insurer may have access to and use the  
121 | public model, including all assumptions and factors and all  
122 | detailed loss results, for the purpose of calculating rate  
123 | indications in a rate filing and for analytical purposes,  
124 | including any analysis or evaluation of the model required under  
125 | actuarial standards of practice.

126 | 2. The division may charge a fee for private sector access  
127 | to and use of the public model, which may not exceed the  
128 | reasonable costs associated with the operation and maintenance  
129 | of the model by the division. Such fees do not apply to access  
130 | and use of the model by the Office of Insurance Regulation.

131 | (b) Mitigation database.—The division shall develop a  
132 | centralized public database that contains information regarding  
133 | the inspection and mitigation of residential property throughout  
134 | the state. The purpose of this database is to accurately collect  
135 | all information regarding the construction and mitigation  
136 | features for each property. The mitigation database may contain,  
137 | but is not limited to, the elements of the loss and exposure  
138 | data reported for the hurricane loss projection model under s.  
139 | 627.06292, with the exception of proprietary information  
140 | submitted by insurers relating to reserves for future payments.

HB 1247

2013

141 (c) Mitigation credits and inspections.—The division, in  
142 consultation with the council, shall establish mitigation  
143 features eligible for mitigation credit to be published yearly  
144 and used for hurricane mitigation inspection forms adopted  
145 pursuant to s. 627.711. Using the hurricane loss projection  
146 model, methodology shall be developed to incorporate appropriate  
147 standards for mitigation credits into any model approved by the  
148 Florida Commission on Hurricane Loss Projection Methodology  
149 under s. 627.0628. The methodology established shall be applied  
150 in the commission's review of the public model.

151 (d) Mitigation grants.—Financial grants shall be used to  
152 encourage property owners to retrofit their properties to make  
153 them less vulnerable to hurricane damage. The division shall  
154 establish objective, reasonable criteria for prioritizing grant  
155 applications in accordance with the division's standard  
156 operating procedures as set forth in state and federal law.

157 (e) Mitigation outreach.—The division shall conduct  
158 outreach to stakeholders interested in mitigation in order to  
159 promote a better understanding of risk and the reduction of risk  
160 in the form of mitigation practices and policies.

161 (f) Mitigation research.—The division shall research  
162 mitigation practices and products in order to better inform the  
163 public and the division's mitigation initiatives.

164 (4) FUNDING.—Moneys provided to the division under this  
165 section are intended to supplement, not supplant, the division's  
166 other funding sources. The division may seek out and leverage  
167 local, state, federal, or private funds to enhance financial  
168 resources for mitigation initiatives.

HB 1247

2013

169 Section 3. Section 627.06281, Florida Statutes, is  
170 repealed.

171 Section 4. Subsection (1) of section 627.0629, Florida  
172 Statutes, is amended to read:

173 627.0629 Residential property insurance; rate filings.—

174 (1) It is the intent of the Legislature that insurers  
175 provide savings to consumers who install or implement windstorm  
176 damage mitigation techniques, alterations, or solutions to their  
177 properties to prevent windstorm losses. Therefore, a rate filing  
178 for residential property insurance must include actuarially  
179 reasonable discounts, credits, or other rate differentials, or  
180 appropriate reductions in deductibles, for properties on which  
181 fixtures or construction techniques demonstrated to reduce the  
182 amount of loss in a windstorm have been installed or  
183 implemented. ~~The fixtures or construction techniques must~~  
184 ~~include, but are not limited to, fixtures or construction~~  
185 ~~techniques that enhance roof strength, roof covering~~  
186 ~~performance, roof-to-wall strength, wall-to-floor-to-foundation~~  
187 ~~strength, opening protection, and window, door, and skylight~~  
188 ~~strength. Credits, discounts, or other rate differentials, or~~  
189 ~~appropriate reductions in deductibles, for fixtures and~~  
190 ~~construction techniques that meet the minimum requirements of~~  
191 ~~the Florida Building Code must be included in the rate filing.~~  
192 The hurricane loss projection model established pursuant to s.  
193 627.06292 shall be used to establish the appropriate methodology  
194 for determining such ~~office shall determine the~~ discounts,  
195 credits, other rate differentials, and appropriate reductions in  
196 deductibles that reflect the full actuarial value of such

197 revaluation, which may be used by insurers in rate filings.

198 Section 5. Section 627.06292, Florida Statutes, is  
 199 reordered and amended to read:

200 627.06292 Public model for hurricane loss projections;  
 201 annual report ~~Reports of hurricane loss data and associated~~  
 202 ~~exposure data;~~ public records exemption.—The Florida  
 203 International University center is established to conduct  
 204 hurricane research and study hurricane mitigation for the  
 205 purposes of developing, maintaining, and updating a public model  
 206 for hurricane loss projections.

207 (1) Within 30 days after receipt of a written request for  
 208 loss data and associated exposure data from the Division of  
 209 Emergency Management, property insurers and licensed rating and  
 210 advisory organizations that compile property insurance loss data  
 211 shall provide loss data and associated exposure data, including  
 212 data related to property insurance policies, to the center. The  
 213 loss data and associated exposure data provided may be provided  
 214 electronically.

215 (2) The public model shall be submitted to the Florida  
 216 Commission on Hurricane Loss Projection Methodology for review  
 217 under s. 627.0628. The Office of Insurance Regulation may  
 218 continue to use the model for its review of rate filings  
 219 pursuant to ss. 627.062 and 627.351 until such time as the  
 220 Florida Commission on Hurricane Loss Projection Methodology  
 221 determines that the public model is not accurate or reliable  
 222 pursuant to the same process and standards as the commission  
 223 uses for the review of other hurricane loss projection models.

224 (5) ~~(1)~~ Reports of hurricane loss data and associated



HB 1247

2013

225 exposure data that are specific to a particular insurance  
226 company, as reported by an insurer or a licensed rating  
227 organization to the ~~office or to a center~~ pursuant to this  
228 section at a state university pursuant to s. 627.06281, are  
229 exempt from s. 119.07(1) and s. 24(a), Art. I of the State  
230 Constitution.

231 (4)(2) For the purposes of this section, the term "loss  
232 data and associated exposure data" means the type, age, wind  
233 mitigation features, and location of each property insured; the  
234 amount and type of coverage written on each of those properties;  
235 the amount, date, and type of damage paid for by the insurer on  
236 each property; and the amount of any reserves held by an insurer  
237 for future payments or expenses on damages associated with the  
238 date or dates of occurrence of hurricanes.

239 (3) Annually by ~~On October 1, 2011, and on each~~ October 1  
240 ~~thereafter~~, the Florida International University center ~~that~~  
241 ~~develops, maintains, and updates the public model for hurricane~~  
242 ~~loss projections~~ shall publish a report summarizing loss data  
243 and associated exposure data collected from residential property  
244 insurers and licensed rating and advisory organizations. The  
245 ~~Florida International University~~ center shall submit the report  
246 ~~annually~~, on or before October 1, to the Governor, the President  
247 of the Senate, and the Speaker of the House of Representatives.

248 (a) Such report must include a summary of the data  
249 supplied by residential property insurers and licensed rating  
250 and advisory organizations from September 1 of the prior year to  
251 August 31 of the current year, and ~~must include~~ the following  
252 information:

- 253 1. The total amount of insurance written by county.
- 254 2. The number of property insurance policies by county.
- 255 3. The number of property insurance policies by county and  
256 by construction type.
- 257 4. The number of property insurance policies by county and  
258 by decade of construction.
- 259 5. The number of property insurance policies by county and  
260 by deductible amount.
- 261 6. The number of property insurance policies by county and  
262 by wind mitigation features if ~~when~~ the information is supplied  
263 by the residential property insurer or licensed rating and  
264 advisory organization.
- 265 7. The total amount of hurricane losses by county and by  
266 decade of construction.
- 267 8. The total amount of hurricane losses by county and by  
268 deductible amount.
- 269 9. The total amount of hurricane losses by county and by  
270 wind mitigation features if ~~when~~ the information is supplied by  
271 the residential property insurer or licensed rating and advisory  
272 organization.
- 273 (b) Separate compilations of the data obtained shall be  
274 presented in order to use the public model for calculating rate  
275 indications and to update, validate, or calibrate the public  
276 model. Additional detail and a description of the operation and  
277 maintenance of the public model may be included in the report.
- 278 (c) The report may not contain any information that  
279 identifies a specific insurer or policyholder.
- 280 Section 6. Paragraph (n) of subsection (6) of section

281 627.351, Florida Statutes, is amended to read:

282 627.351 Insurance risk apportionment plans.—

283 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

284 (n)~~1~~. Rates for coverage provided by the corporation must  
 285 be actuarially sound and subject to s. 627.062, except as  
 286 otherwise provided in this paragraph.

287 1. The corporation shall file its recommended rates with  
 288 the office at least annually. The corporation shall provide any  
 289 additional information regarding the rates which the office  
 290 requires. The office shall consider the recommendations of the  
 291 board and issue a final order establishing the rates for the  
 292 corporation within 45 days after the recommended rates are  
 293 filed. The corporation may not pursue an administrative  
 294 challenge or judicial review of the final order of the office.

295 ~~2. In addition to the rates otherwise determined pursuant~~  
 296 ~~to this paragraph,~~ The corporation shall also impose and collect  
 297 an amount equal to the premium tax provided in s. 624.509 to  
 298 augment the financial resources of the corporation.

299 3. After the public hurricane loss-projection model under  
 300 s. 627.06292 ~~s. 627.06281~~ has been found to be accurate and  
 301 reliable by the Florida Commission on Hurricane Loss Projection  
 302 Methodology, the model must ~~shall~~ serve as the minimum benchmark  
 303 for determining the windstorm portion of the corporation's  
 304 rates. This subparagraph does not require or allow the  
 305 corporation to adopt rates lower than the rates otherwise  
 306 required or allowed by this paragraph.

307 4. The rate filings for the corporation which were  
 308 approved by the office and took effect January 1, 2007, are

HB 1247

2013

309 rescinded, except for those rates that were lowered. As soon as  
310 possible, the corporation shall begin using the lower rates that  
311 were in effect on December 31, 2006, and provide refunds to  
312 policyholders who paid higher rates as a result of that rate  
313 filing. The rates in effect on December 31, 2006, remain in  
314 effect for the 2007 and 2008 calendar years except for any rate  
315 change that results in a lower rate. The next rate change that  
316 may increase rates shall take effect pursuant to a new rate  
317 filing recommended by the corporation and established by the  
318 office, subject to this paragraph.

319 5. Beginning on July 15, 2009, and annually thereafter,  
320 the corporation shall ~~must~~ make a recommended actuarially sound  
321 rate filing for each personal and commercial line of business it  
322 writes, ~~to be effective no earlier than January 1, 2010.~~

323 6. ~~Beginning on or after January 1, 2010, and~~  
324 Notwithstanding the board's recommended rates and the office's  
325 final order regarding the corporation's filed rates under  
326 subparagraph 1., the corporation shall annually implement a rate  
327 increase that ~~which~~, except for sinkhole coverage, does not  
328 exceed 10 percent for any single policy issued by the  
329 corporation, excluding coverage changes and surcharges.

330 7. The corporation may also implement an increase to  
331 reflect the effect on the corporation of the cash buildup factor  
332 pursuant to s. 215.555(5)(b).

333 8. The corporation's implementation of rates as prescribed  
334 in subparagraph 6. shall cease for any line of business written  
335 by the corporation upon the corporation's implementation of  
336 actuarially sound rates. Thereafter, the corporation shall

HB 1247

2013

337 | annually make a recommended actuarially sound rate filing for  
338 | each commercial and personal line of business the corporation  
339 | writes.

340 |       Section 7. This act shall take effect July 1, 2013.