

Amendment No. 7

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Regulatory Affairs
2 Committee

3 Representative Fresen offered the following:

Amendment (with title amendment)

6 Between lines 1173 and 1174, insert:

7 Section 26. Paragraphs (hh), (ii), and (jj) are added to
8 subsection (6) of section 627.351, Florida Statutes, to read:

9 627.351 Insurance risk apportionment plans.—

10 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

11 (hh) At least once every six months, the corporation shall
12 submit a report to the office and the Insurance Consumer

13 Advocate disclosing:

14 1. The total number of requests received for residential
15 sinkhole loss coverage;

16 2. The total number of policies issued for residential
17 sinkhole loss coverage;

18 3. The total number of requests declined for residential
19 sinkhole loss coverage; and

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20 4. The reasons for declining the requests for residential
21 sinkhole loss coverage.

22 (ii) The Legislature finds that it is in the public
23 interest that indemnity funds paid pursuant to sinkhole loss
24 claims are applied to repairing property damage and that damaged
25 property is repaired. Therefore, a Citizens Sinkhole Repair
26 Program shall be established by the corporation. By January 1,
27 2014, any claim against a corporation policy that covers
28 residential sinkhole loss for which it is determined that such
29 loss has occurred must be included in and governed by the repair
30 program. The repair program may be managed by a third-party
31 administrator and, at a minimum, must include the following
32 components:

33 1. The corporation may not require the policyholder to
34 advance payment for repairs.

35 2. Repairs shall be conducted by stabilization repair
36 contractors who are qualified and approved by the corporation
37 based upon criteria including the following minimum
38 requirements:

39 a. The repair contractor shall be certified as a contractor
40 pursuant s. 489.113(1).

41 b. The repair contractor corporate entity must demonstrate
42 compliance with minimum experience requirements to be
43 established by the corporation.

44 c. The repair contractor must demonstrate capacity to be
45 bonded and provide performance, surety or other bonds as
46 described in this section which may be supplemented by
47 additional requirements as determined by the corporation.

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48 d. The repair contractor shall demonstrate insurance
49 coverage requirements including but not limited to commercial
50 general liability coverage and workers compensation to be
51 established by the corporation.

52 e. The repair contractor shall maintain a valid Drug Free
53 Workplace program.

54 f. Such other requirements as established by the
55 corporation.

56 3. The repair program shall select qualified repair
57 contractors to perform repairs to damaged property pursuant to a
58 fixed-price contract between the contractor and the corporation.
59 Pursuant to the terms of the contract, the selected repair
60 contractor is solely responsible for the performance of all
61 necessary repairs specified in the initial engineering report.

62 4. The administrator, with the approval of the corporation,
63 shall develop a standard repair contract that will be used for
64 stabilization of all properties within the program. The contract
65 shall include the following minimum requirements:

66 a. The assigned stabilization contractor shall agree to
67 make all stabilization repairs identified in the initial
68 engineering report based upon a fixed price.

69 b. Each stabilization contractor shall post a payment bond
70 in favor of the corporation as obligee and shall post a
71 performance bond, secured by a third party surety, in favor of
72 the corporation as obligee, in a principle amount equal to the
73 total cost of all fixed-price contracts annually awarded to that
74 contactor.

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75 c. In addition to the required performance bond, each
76 stabilization repair contractor shall also provide a warranty,
77 secured by a third party surety, to the policyholder which
78 covers all repairs provided by the contractor for at least five
79 years after completion of the repairs.

80 d. Once the stabilization repair contractor has concluded
81 the repairs, the engineer shall re-examine the property and
82 confirm that the repairs have been satisfactorily completed and
83 that no further repairs are necessary to remedy the damage
84 identified in the initial engineering report.

85 e. If the engineer concludes that additional repair is
86 necessary to complete the repairs specified in the initial
87 engineering report, the repair contractor shall be required to
88 perform the repairs at no additional cost to the corporation or
89 the policyholder.

90 5. The corporation shall enter into contracts to perform
91 repairs pursuant to a process which includes but is not limited
92 to the following requirements:

93 a. Within 30 days following the completion of the final
94 engineering report that includes a remediation plan for a
95 damaged property within the program, the report shall be
96 identified on a list which shall be made available to all
97 contractors within the program. The list shall include an
98 estimate of the cost to complete all repairs recommended in the
99 initial engineering report which shall be made available upon
100 request to all contractors within the program.

101 b. The corporation shall establish a selection process for
102 assigning repair contractors to perform repairs for each

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103 property within the program which shall include solicitation of
104 sealed offers by all repair contractors within the program who
105 decide to submit a proposal; and selection by the administrator
106 of no more than three proposals from those submitted based upon
107 factors including but not limited to cost, quality and
108 qualifications.

109 c. Following the selection process for each property, the
110 administrator shall provide the policyholder with a list of the
111 top three stabilization repair contractors from which the
112 policyholder shall be provided an opportunity to select the
113 stabilization repair contractor to perform the repairs.

114 d. In the event that no stabilization repair contractor
115 submits a bid to perform the stabilization repairs for a
116 property within the program, the administrator may enter the
117 property into the selection process again or the corporation may
118 pay to the policyholder an amount to be agreed between the
119 policyholder and the corporation which may include the full
120 amount of policy coverage.

121 6. The corporation is not responsible for serving as a
122 repair contractor. The corporation's obligations pursuant to the
123 repair program are not an election to repair by the corporation
124 and therefore do not imply a new contractual relationship.

125 7. Except for the provisions of s. 627.707 (5) and (6), the
126 corporation's liability related to repair activity for damaged
127 property included in the repair program is no greater than the
128 limits of the policy covering that property.

129 8. The provisions of s. 627.707(5) (d) and any other
130 provisions of law do not relieve the obligation under s.

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131 627.351(6) to apply the proceeds of a sinkhole loss claim to
132 stabilize the land and the building and to repair the foundation
133 pursuant to the repair program.

134 (jj) A policy for residential property insurance issued by
135 the corporation shall include a deductible amount applicable to
136 sinkhole losses offered in amounts equal to 2 percent, 5
137 percent, and 10 percent of the policy dwelling limits, with
138 appropriate premium discounts offered with each deductible
139 amount.

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T I T L E A M E N D M E N T

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Remove line 104 and insert:

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627.281, F.S.; conforming a cross-reference; amending s.627.351,

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F.S., requiring the corporation to submit a biannual report on

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the number of residential sinkhole policies issued and declined;

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establishing a Citizens Sinkhole Repair Program for sinkhole

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claims; providing program components; specifying the

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corporation's liability with respect to sinkhole claims;

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requiring the offering by Citizens of specified deductible

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amounts for sinkhole loss coverage; repealing

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