

HB 835

2013

1 A bill to be entitled  
2 An act relating to Citizens Property Insurance  
3 Corporation; amending s. 627.351, F.S.; deleting  
4 provisions that, with respect to personal and  
5 commercial lines residential risks, allow  
6 policyholders of the corporation or policyholders  
7 removed from the corporation through an assumption  
8 agreement to remain eligible for coverage from the  
9 corporation for a certain period; revising authority  
10 and procedures for establishing rates for coverage  
11 provided by the corporation; deleting obsolete  
12 provisions; providing that the annual percentage cap  
13 applicable to a rate increase for any single policy of  
14 the corporation applies only to renewals; creating  
15 exceptions with respect to such limitation for  
16 personal lines residential policies that cover  
17 dwellings for specified insured values when such  
18 policies are renewed during certain time periods;  
19 conforming provisions to changes made by the act;  
20 requiring the corporation to prepare a report for each  
21 calendar year relating to the loss ratio attributable  
22 to losses that are not catastrophic losses for  
23 residential coverage provided by the corporation;  
24 providing an effective date.

25  
26 Be It Enacted by the Legislature of the State of Florida:

27  
28 Section 1. Paragraphs (c) and (n) of subsection (6) of

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29 section 627.351, Florida Statutes, are amended, and a new  
30 paragraph (gg) is added to that subsection, to read:

31 627.351 Insurance risk apportionment plans.—

32 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

33 (c) The corporation's plan of operation:

34 1. Must provide for adoption of residential property and  
35 casualty insurance policy forms and commercial residential and  
36 nonresidential property insurance forms, which must be approved  
37 by the office before use. The corporation shall adopt the  
38 following policy forms:

39 a. Standard personal lines policy forms that are  
40 comprehensive multiperil policies providing full coverage of a  
41 residential property equivalent to the coverage provided in the  
42 private insurance market under an HO-3, HO-4, or HO-6 policy.

43 b. Basic personal lines policy forms that are policies  
44 similar to an HO-8 policy or a dwelling fire policy that provide  
45 coverage meeting the requirements of the secondary mortgage  
46 market, but which is more limited than the coverage under a  
47 standard policy.

48 c. Commercial lines residential and nonresidential policy  
49 forms that are generally similar to the basic perils of full  
50 coverage obtainable for commercial residential structures and  
51 commercial nonresidential structures in the admitted voluntary  
52 market.

53 d. Personal lines and commercial lines residential  
54 property insurance forms that cover the peril of wind only. The  
55 forms are applicable only to residential properties located in  
56 areas eligible for coverage under the coastal account referred

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57 | to in sub-subparagraph (b)2.a.

58 | e. Commercial lines nonresidential property insurance  
59 | forms that cover the peril of wind only. The forms are  
60 | applicable only to nonresidential properties located in areas  
61 | eligible for coverage under the coastal account referred to in  
62 | sub-subparagraph (b)2.a.

63 | f. The corporation may adopt variations of the policy  
64 | forms listed in sub-subparagraphs a.-e. which contain more  
65 | restrictive coverage.

66 | g. Effective January 1, 2013, the corporation shall offer  
67 | a basic personal lines policy similar to an HO-8 policy with  
68 | dwelling repair based on common construction materials and  
69 | methods.

70 | 2. Must provide that the corporation adopt a program in  
71 | which the corporation and authorized insurers enter into quota  
72 | share primary insurance agreements for hurricane coverage, as  
73 | defined in s. 627.4025(2)(a), for eligible risks, and adopt  
74 | property insurance forms for eligible risks which cover the  
75 | peril of wind only.

76 | a. As used in this subsection, the term:

77 | (I) "Quota share primary insurance" means an arrangement  
78 | in which the primary hurricane coverage of an eligible risk is  
79 | provided in specified percentages by the corporation and an  
80 | authorized insurer. The corporation and authorized insurer are  
81 | each solely responsible for a specified percentage of hurricane  
82 | coverage of an eligible risk as set forth in a quota share  
83 | primary insurance agreement between the corporation and an  
84 | authorized insurer and the insurance contract. The

85 responsibility of the corporation or authorized insurer to pay  
86 its specified percentage of hurricane losses of an eligible  
87 risk, as set forth in the agreement, may not be altered by the  
88 inability of the other party to pay its specified percentage of  
89 losses. Eligible risks that are provided hurricane coverage  
90 through a quota share primary insurance arrangement must be  
91 provided policy forms that set forth the obligations of the  
92 corporation and authorized insurer under the arrangement,  
93 clearly specify the percentages of quota share primary insurance  
94 provided by the corporation and authorized insurer, and  
95 conspicuously and clearly state that the authorized insurer and  
96 the corporation may not be held responsible beyond their  
97 specified percentage of coverage of hurricane losses.

98 (II) "Eligible risks" means personal lines residential and  
99 commercial lines residential risks that meet the underwriting  
100 criteria of the corporation and are located in areas that were  
101 eligible for coverage by the Florida Windstorm Underwriting  
102 Association on January 1, 2002.

103 b. The corporation may enter into quota share primary  
104 insurance agreements with authorized insurers at corporation  
105 coverage levels of 90 percent and 50 percent.

106 c. If the corporation determines that additional coverage  
107 levels are necessary to maximize participation in quota share  
108 primary insurance agreements by authorized insurers, the  
109 corporation may establish additional coverage levels. However,  
110 the corporation's quota share primary insurance coverage level  
111 may not exceed 90 percent.

112 d. Any quota share primary insurance agreement entered

113 into between an authorized insurer and the corporation must  
114 provide for a uniform specified percentage of coverage of  
115 hurricane losses, by county or territory as set forth by the  
116 corporation board, for all eligible risks of the authorized  
117 insurer covered under the agreement.

118 e. Any quota share primary insurance agreement entered  
119 into between an authorized insurer and the corporation is  
120 subject to review and approval by the office. However, such  
121 agreement shall be authorized only as to insurance contracts  
122 entered into between an authorized insurer and an insured who is  
123 already insured by the corporation for wind coverage.

124 f. For all eligible risks covered under quota share  
125 primary insurance agreements, the exposure and coverage levels  
126 for both the corporation and authorized insurers shall be  
127 reported by the corporation to the Florida Hurricane Catastrophe  
128 Fund. For all policies of eligible risks covered under such  
129 agreements, the corporation and the authorized insurer must  
130 maintain complete and accurate records for the purpose of  
131 exposure and loss reimbursement audits as required by fund  
132 rules. The corporation and the authorized insurer shall each  
133 maintain duplicate copies of policy declaration pages and  
134 supporting claims documents.

135 g. The corporation board shall establish in its plan of  
136 operation standards for quota share agreements which ensure that  
137 there is no discriminatory application among insurers as to the  
138 terms of the agreements, pricing of the agreements, incentive  
139 provisions if any, and consideration paid for servicing policies  
140 or adjusting claims.

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141 h. The quota share primary insurance agreement between the  
142 corporation and an authorized insurer must set forth the  
143 specific terms under which coverage is provided, including, but  
144 not limited to, the sale and servicing of policies issued under  
145 the agreement by the insurance agent of the authorized insurer  
146 producing the business, the reporting of information concerning  
147 eligible risks, the payment of premium to the corporation, and  
148 arrangements for the adjustment and payment of hurricane claims  
149 incurred on eligible risks by the claims adjuster and personnel  
150 of the authorized insurer. Entering into a quota sharing  
151 insurance agreement between the corporation and an authorized  
152 insurer is voluntary and at the discretion of the authorized  
153 insurer.

154 3.a. May provide that the corporation may employ or  
155 otherwise contract with individuals or other entities to provide  
156 administrative or professional services that may be appropriate  
157 to effectuate the plan. The corporation may borrow funds by  
158 issuing bonds or by incurring other indebtedness, and shall have  
159 other powers reasonably necessary to effectuate the requirements  
160 of this subsection, including, without limitation, the power to  
161 issue bonds and incur other indebtedness in order to refinance  
162 outstanding bonds or other indebtedness. The corporation may  
163 seek judicial validation of its bonds or other indebtedness  
164 under chapter 75. The corporation may issue bonds or incur other  
165 indebtedness, or have bonds issued on its behalf by a unit of  
166 local government pursuant to subparagraph (q)2. in the absence  
167 of a hurricane or other weather-related event, upon a  
168 determination by the corporation, subject to approval by the

169 office, that such action would enable it to efficiently meet the  
170 financial obligations of the corporation and that such  
171 financings are reasonably necessary to effectuate the  
172 requirements of this subsection. The corporation may take all  
173 actions needed to facilitate tax-free status for such bonds or  
174 indebtedness, including formation of trusts or other affiliated  
175 entities. The corporation may pledge assessments, projected  
176 recoveries from the Florida Hurricane Catastrophe Fund, other  
177 reinsurance recoverables, policyholder surcharges and other  
178 surcharges, and other funds available to the corporation as  
179 security for bonds or other indebtedness. In recognition of s.  
180 10, Art. I of the State Constitution, prohibiting the impairment  
181 of obligations of contracts, it is the intent of the Legislature  
182 that no action be taken whose purpose is to impair any bond  
183 indenture or financing agreement or any revenue source committed  
184 by contract to such bond or other indebtedness.

185       b. To ensure that the corporation is operating in an  
186 efficient and economic manner while providing quality service to  
187 policyholders, applicants, and agents, the board shall  
188 commission an independent third-party consultant having  
189 expertise in insurance company management or insurance company  
190 management consulting to prepare a report and make  
191 recommendations on the relative costs and benefits of  
192 outsourcing various policy issuance and service functions to  
193 private servicing carriers or entities performing similar  
194 functions in the private market for a fee, rather than  
195 performing such functions in-house. In making such  
196 recommendations, the consultant shall consider how other

197 residual markets, both in this state and around the country,  
198 outsource appropriate functions or use servicing carriers to  
199 better match expenses with revenues that fluctuate based on a  
200 widely varying policy count. The report must be completed by  
201 July 1, 2012. Upon receiving the report, the board shall develop  
202 a plan to implement the report and submit the plan for review,  
203 modification, and approval to the Financial Services Commission.  
204 Upon the commission's approval of the plan, the board shall  
205 begin implementing the plan by January 1, 2013.

206 4. Must require that the corporation operate subject to  
207 the supervision and approval of a board of governors consisting  
208 of eight individuals who are residents of this state, from  
209 different geographical areas of this state.

210 a. The Governor, the Chief Financial Officer, the  
211 President of the Senate, and the Speaker of the House of  
212 Representatives shall each appoint two members of the board. At  
213 least one of the two members appointed by each appointing  
214 officer must have demonstrated expertise in insurance and is  
215 deemed to be within the scope of the exemption provided in s.  
216 112.313(7)(b). The Chief Financial Officer shall designate one  
217 of the appointees as chair. All board members serve at the  
218 pleasure of the appointing officer. All members of the board are  
219 subject to removal at will by the officers who appointed them.  
220 All board members, including the chair, must be appointed to  
221 serve for 3-year terms beginning annually on a date designated  
222 by the plan. However, for the first term beginning on or after  
223 July 1, 2009, each appointing officer shall appoint one member  
224 of the board for a 2-year term and one member for a 3-year term.

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225 A board vacancy shall be filled for the unexpired term by the  
226 appointing officer. The Chief Financial Officer shall appoint a  
227 technical advisory group to provide information and advice to  
228 the board in connection with the board's duties under this  
229 subsection. The executive director and senior managers of the  
230 corporation shall be engaged by the board and serve at the  
231 pleasure of the board. Any executive director appointed on or  
232 after July 1, 2006, is subject to confirmation by the Senate.  
233 The executive director is responsible for employing other staff  
234 as the corporation may require, subject to review and  
235 concurrence by the board.

236 b. The board shall create a Market Accountability Advisory  
237 Committee to assist the corporation in developing awareness of  
238 its rates and its customer and agent service levels in  
239 relationship to the voluntary market insurers writing similar  
240 coverage.

241 (I) The members of the advisory committee consist of the  
242 following 11 persons, one of whom must be elected chair by the  
243 members of the committee: four representatives, one appointed by  
244 the Florida Association of Insurance Agents, one by the Florida  
245 Association of Insurance and Financial Advisors, one by the  
246 Professional Insurance Agents of Florida, and one by the Latin  
247 American Association of Insurance Agencies; three  
248 representatives appointed by the insurers with the three highest  
249 voluntary market share of residential property insurance  
250 business in the state; one representative from the Office of  
251 Insurance Regulation; one consumer appointed by the board who is  
252 insured by the corporation at the time of appointment to the

253 | committee; one representative appointed by the Florida  
254 | Association of Realtors; and one representative appointed by the  
255 | Florida Bankers Association. All members shall be appointed to  
256 | 3-year terms and may serve for consecutive terms.

257 |       (II) The committee shall report to the corporation at each  
258 | board meeting on insurance market issues which may include rates  
259 | and rate competition with the voluntary market; service,  
260 | including policy issuance, claims processing, and general  
261 | responsiveness to policyholders, applicants, and agents; and  
262 | matters relating to depopulation.

263 |       5. Must provide a procedure for determining the  
264 | eligibility of a risk for coverage, as follows:

265 |       a. Subject to s. 627.3517, with respect to personal lines  
266 | residential risks, if the risk is offered coverage from an  
267 | authorized insurer at the insurer's approved rate under a  
268 | standard policy including wind coverage or, if consistent with  
269 | the insurer's underwriting rules as filed with the office, a  
270 | basic policy including wind coverage, for a new application to  
271 | the corporation for coverage, the risk is not eligible for any  
272 | policy issued by the corporation unless the premium for coverage  
273 | from the authorized insurer is more than 15 percent greater than  
274 | the premium for comparable coverage from the corporation. If the  
275 | risk is not able to obtain such offer, the risk is eligible for  
276 | a standard policy including wind coverage or a basic policy  
277 | including wind coverage issued by the corporation; however, if  
278 | the risk could not be insured under a standard policy including  
279 | wind coverage regardless of market conditions, the risk is  
280 | eligible for a basic policy including wind coverage unless

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281 | ~~rejected under subparagraph 8. However, a policyholder of the~~  
282 | ~~corporation or a policyholder removed from the corporation~~  
283 | ~~through an assumption agreement until the end of the assumption~~  
284 | ~~period remains eligible for coverage from the corporation~~  
285 | ~~regardless of any offer of coverage from an authorized insurer~~  
286 | ~~or surplus lines insurer.~~ The corporation shall determine the  
287 | type of policy to be provided on the basis of objective  
288 | standards specified in the underwriting manual and based on  
289 | generally accepted underwriting practices.

290 | (I) If the risk accepts an offer of coverage through the  
291 | market assistance plan or through a mechanism established by the  
292 | corporation before a policy is issued to the risk by the  
293 | corporation or during the first 30 days of coverage by the  
294 | corporation, and the producing agent who submitted the  
295 | application to the plan or to the corporation is not currently  
296 | appointed by the insurer, the insurer shall:

297 | (A) Pay to the producing agent of record of the policy for  
298 | the first year, an amount that is the greater of the insurer's  
299 | usual and customary commission for the type of policy written or  
300 | a fee equal to the usual and customary commission of the  
301 | corporation; or

302 | (B) Offer to allow the producing agent of record of the  
303 | policy to continue servicing the policy for at least 1 year and  
304 | offer to pay the agent the greater of the insurer's or the  
305 | corporation's usual and customary commission for the type of  
306 | policy written.

307 |

308 | If the producing agent is unwilling or unable to accept

309 | appointment, the new insurer shall pay the agent in accordance  
 310 | with sub-sub-sub-subparagraph (A).

311 | (II) If the corporation enters into a contractual  
 312 | agreement for a take-out plan, the producing agent of record of  
 313 | the corporation policy is entitled to retain any unearned  
 314 | commission on the policy, and the insurer shall:

315 | (A) Pay to the producing agent of record, for the first  
 316 | year, an amount that is the greater of the insurer's usual and  
 317 | customary commission for the type of policy written or a fee  
 318 | equal to the usual and customary commission of the corporation;  
 319 | or

320 | (B) Offer to allow the producing agent of record to  
 321 | continue servicing the policy for at least 1 year and offer to  
 322 | pay the agent the greater of the insurer's or the corporation's  
 323 | usual and customary commission for the type of policy written.

324 |  
 325 | If the producing agent is unwilling or unable to accept  
 326 | appointment, the new insurer shall pay the agent in accordance  
 327 | with sub-sub-sub-subparagraph (A).

328 | b. With respect to commercial lines residential risks, for  
 329 | a new application to the corporation for coverage, if the risk  
 330 | is offered coverage under a policy including wind coverage from  
 331 | an authorized insurer at its approved rate, the risk is not  
 332 | eligible for a policy issued by the corporation unless the  
 333 | premium for coverage from the authorized insurer is more than 15  
 334 | percent greater than the premium for comparable coverage from  
 335 | the corporation. ~~If the risk is not able to obtain any such~~  
 336 | ~~offer, the risk is eligible for a policy including wind coverage~~

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337 ~~issued by the corporation. However, a policyholder of the~~  
338 ~~corporation or a policyholder removed from the corporation~~  
339 ~~through an assumption agreement until the end of the assumption~~  
340 ~~period remains eligible for coverage from the corporation~~  
341 ~~regardless of an offer of coverage from an authorized insurer or~~  
342 ~~surplus lines insurer.~~

343 (I) If the risk accepts an offer of coverage through the  
344 market assistance plan or through a mechanism established by the  
345 corporation before a policy is issued to the risk by the  
346 corporation or during the first 30 days of coverage by the  
347 corporation, and the producing agent who submitted the  
348 application to the plan or the corporation is not currently  
349 appointed by the insurer, the insurer shall:

350 (A) Pay to the producing agent of record of the policy,  
351 for the first year, an amount that is the greater of the  
352 insurer's usual and customary commission for the type of policy  
353 written or a fee equal to the usual and customary commission of  
354 the corporation; or

355 (B) Offer to allow the producing agent of record of the  
356 policy to continue servicing the policy for at least 1 year and  
357 offer to pay the agent the greater of the insurer's or the  
358 corporation's usual and customary commission for the type of  
359 policy written.

360  
361 If the producing agent is unwilling or unable to accept  
362 appointment, the new insurer shall pay the agent in accordance  
363 with sub-sub-sub-subparagraph (A).

364 (II) If the corporation enters into a contractual

365 | agreement for a take-out plan, the producing agent of record of  
 366 | the corporation policy is entitled to retain any unearned  
 367 | commission on the policy, and the insurer shall:

368 |       (A) Pay to the producing agent of record, for the first  
 369 | year, an amount that is the greater of the insurer's usual and  
 370 | customary commission for the type of policy written or a fee  
 371 | equal to the usual and customary commission of the corporation;  
 372 | or

373 |       (B) Offer to allow the producing agent of record to  
 374 | continue servicing the policy for at least 1 year and offer to  
 375 | pay the agent the greater of the insurer's or the corporation's  
 376 | usual and customary commission for the type of policy written.

377 |  
 378 | If the producing agent is unwilling or unable to accept  
 379 | appointment, the new insurer shall pay the agent in accordance  
 380 | with sub-sub-sub-subparagraph (A).

381 |       c. For purposes of determining comparable coverage under  
 382 | sub-subparagraphs a. and b., the comparison must be based on  
 383 | those forms and coverages that are reasonably comparable. The  
 384 | corporation may rely on a determination of comparable coverage  
 385 | and premium made by the producing agent who submits the  
 386 | application to the corporation, made in the agent's capacity as  
 387 | the corporation's agent. A comparison may be made solely of the  
 388 | premium with respect to the main building or structure only on  
 389 | the following basis: the same coverage A or other building  
 390 | limits; the same percentage hurricane deductible that applies on  
 391 | an annual basis or that applies to each hurricane for commercial  
 392 | residential property; the same percentage of ordinance and law

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393 coverage, if the same limit is offered by both the corporation  
394 and the authorized insurer; the same mitigation credits, to the  
395 extent the same types of credits are offered both by the  
396 corporation and the authorized insurer; the same method for loss  
397 payment, such as replacement cost or actual cash value, if the  
398 same method is offered both by the corporation and the  
399 authorized insurer in accordance with underwriting rules; and  
400 any other form or coverage that is reasonably comparable as  
401 determined by the board. If an application is submitted to the  
402 corporation for wind-only coverage in the coastal account, the  
403 premium for the corporation's wind-only policy plus the premium  
404 for the ex-wind policy that is offered by an authorized insurer  
405 to the applicant must be compared to the premium for multiperil  
406 coverage offered by an authorized insurer, subject to the  
407 standards for comparison specified in this subparagraph. If the  
408 corporation or the applicant requests from the authorized  
409 insurer a breakdown of the premium of the offer by types of  
410 coverage so that a comparison may be made by the corporation or  
411 its agent and the authorized insurer refuses or is unable to  
412 provide such information, the corporation may treat the offer as  
413 not being an offer of coverage from an authorized insurer at the  
414 insurer's approved rate.

415       6. Must include rules for classifications of risks and  
416 rates.

417       7. Must provide that if premium and investment income for  
418 an account attributable to a particular calendar year are in  
419 excess of projected losses and expenses for the account  
420 attributable to that year, such excess shall be held in surplus

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421 in the account. Such surplus must be available to defray  
422 deficits in that account as to future years and used for that  
423 purpose before assessing assessable insurers and assessable  
424 insureds as to any calendar year.

425 8. Must provide objective criteria and procedures to be  
426 uniformly applied to all applicants in determining whether an  
427 individual risk is so hazardous as to be uninsurable. In making  
428 this determination and in establishing the criteria and  
429 procedures, the following must be considered:

430 a. Whether the likelihood of a loss for the individual  
431 risk is substantially higher than for other risks of the same  
432 class; and

433 b. Whether the uncertainty associated with the individual  
434 risk is such that an appropriate premium cannot be determined.

435

436 The acceptance or rejection of a risk by the corporation shall  
437 be construed as the private placement of insurance, and the  
438 provisions of chapter 120 do not apply.

439 9. Must provide that the corporation make its best efforts  
440 to procure catastrophe reinsurance at reasonable rates, to cover  
441 its projected 100-year probable maximum loss as determined by  
442 the board of governors.

443 10. The policies issued by the corporation must provide  
444 that if the corporation or the market assistance plan obtains an  
445 offer from an authorized insurer to cover the risk at its  
446 approved rates, the risk is no longer eligible for renewal  
447 through the corporation, except as otherwise provided in this  
448 subsection.

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449           11. Corporation policies and applications must include a  
450 notice that the corporation policy could, under this section, be  
451 replaced with a policy issued by an authorized insurer which  
452 does not provide coverage identical to the coverage provided by  
453 the corporation. The notice must also specify that acceptance of  
454 corporation coverage creates a conclusive presumption that the  
455 applicant or policyholder is aware of this potential.

456           12. May establish, subject to approval by the office,  
457 different eligibility requirements and operational procedures  
458 for any line or type of coverage for any specified county or  
459 area if the board determines that such changes are justified due  
460 to the voluntary market being sufficiently stable and  
461 competitive in such area or for such line or type of coverage  
462 and that consumers who, in good faith, are unable to obtain  
463 insurance through the voluntary market through ordinary methods  
464 continue to have access to coverage from the corporation. If  
465 coverage is sought in connection with a real property transfer,  
466 the requirements and procedures may not provide an effective  
467 date of coverage later than the date of the closing of the  
468 transfer as established by the transferor, the transferee, and,  
469 if applicable, the lender.

470           13. Must provide that, with respect to the coastal  
471 account, any assessable insurer with a surplus as to  
472 policyholders of \$25 million or less writing 25 percent or more  
473 of its total countrywide property insurance premiums in this  
474 state may petition the office, within the first 90 days of each  
475 calendar year, to qualify as a limited apportionment company. A  
476 regular assessment levied by the corporation on a limited

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477 apportionment company for a deficit incurred by the corporation  
478 for the coastal account may be paid to the corporation on a  
479 monthly basis as the assessments are collected by the limited  
480 apportionment company from its insureds, but a limited  
481 apportionment company must begin collecting the regular  
482 assessments not later than 90 days after the regular assessments  
483 are levied by the corporation, and the regular assessments must  
484 be paid in full within 15 months after being levied by the  
485 corporation. A limited apportionment company shall collect from  
486 its policyholders any emergency assessment imposed under sub-  
487 subparagraph (b)3.d. The plan must provide that, if the office  
488 determines that any regular assessment will result in an  
489 impairment of the surplus of a limited apportionment company,  
490 the office may direct that all or part of such assessment be  
491 deferred as provided in subparagraph (q)4. However, an emergency  
492 assessment to be collected from policyholders under sub-  
493 subparagraph (b)3.d. may not be limited or deferred.

494 14. Must provide that the corporation appoint as its  
495 licensed agents only those agents who also hold an appointment  
496 as defined in s. 626.015(3) with an insurer who at the time of  
497 the agent's initial appointment by the corporation is authorized  
498 to write and is actually writing personal lines residential  
499 property coverage, commercial residential property coverage, or  
500 commercial nonresidential property coverage within the state.

501 15. Must provide a premium payment plan option to its  
502 policyholders which, at a minimum, allows for quarterly and  
503 semiannual payment of premiums. A monthly payment plan may, but  
504 is not required to, be offered.

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505 | 16. Must limit coverage on mobile homes or manufactured  
506 | homes built before 1994 to actual cash value of the dwelling  
507 | rather than replacement costs of the dwelling.

508 | 17. May provide such limits of coverage as the board  
509 | determines, consistent with the requirements of this subsection.

510 | 18. May require commercial property to meet specified  
511 | hurricane mitigation construction features as a condition of  
512 | eligibility for coverage.

513 | 19. Must provide that new or renewal policies issued by  
514 | the corporation on or after January 1, 2012, which cover  
515 | sinkhole loss do not include coverage for any loss to  
516 | appurtenant structures, driveways, sidewalks, decks, or patios  
517 | that are directly or indirectly caused by sinkhole activity. The  
518 | corporation shall exclude such coverage using a notice of  
519 | coverage change, which may be included with the policy renewal,  
520 | and not by issuance of a notice of nonrenewal of the excluded  
521 | coverage upon renewal of the current policy.

522 | 20. As of January 1, 2012, must require that the agent  
523 | obtain from an applicant for coverage from the corporation an  
524 | acknowledgment signed by the applicant, which includes, at a  
525 | minimum, the following statement:

526 |                   ACKNOWLEDGMENT OF POTENTIAL SURCHARGE

527 |                   AND ASSESSMENT LIABILITY:

528 |           1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
529 | CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
530 | DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
531 | MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
532 | PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE

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533 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
534 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
535 LEGISLATURE.

536 2. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
537 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
538 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
539 FLORIDA LEGISLATURE.

540 3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
541 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
542 STATE OF FLORIDA.

543 a. The corporation shall maintain, in electronic format or  
544 otherwise, a copy of the applicant's signed acknowledgment and  
545 provide a copy of the statement to the policyholder as part of  
546 the first renewal after the effective date of this subparagraph.

547 b. The signed acknowledgment form creates a conclusive  
548 presumption that the policyholder understood and accepted his or  
549 her potential surcharge and assessment liability as a  
550 policyholder of the corporation.

551 (n)1. Rates for coverage provided by the corporation must  
552 be actuarially sound and subject to s. 627.062, except as  
553 otherwise provided in this paragraph. The board of governors of  
554 the corporation shall establish the corporation's file its  
555 recommended rates ~~with the office~~ at least annually. The  
556 corporation shall file ~~provide any additional~~ information  
557 regarding the rates with which the office, including any forms  
558 that the office requires. ~~The office shall consider the~~  
559 ~~recommendations of the board and issue a final order~~  
560 ~~establishing the rates for the corporation within 45 days after~~

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561 ~~the recommended rates are filed. The corporation may not pursue~~  
562 ~~an administrative challenge or judicial review of the final~~  
563 ~~order of the office.~~

564 2. In addition to the rates otherwise determined pursuant  
565 to this paragraph, the corporation shall impose and collect an  
566 amount equal to the premium tax provided in s. 624.509 to  
567 augment the financial resources of the corporation.

568 3. After the public hurricane loss-projection model under  
569 s. 627.06281 has been found to be accurate and reliable by the  
570 Florida Commission on Hurricane Loss Projection Methodology, the  
571 model shall serve as the minimum benchmark for determining the  
572 windstorm portion of the corporation's rates. This subparagraph  
573 does not require or allow the corporation to adopt rates lower  
574 than the rates otherwise required or allowed by this paragraph.

575 ~~4. The rate filings for the corporation which were~~  
576 ~~approved by the office and took effect January 1, 2007, are~~  
577 ~~rescinded, except for those rates that were lowered. As soon as~~  
578 ~~possible, the corporation shall begin using the lower rates that~~  
579 ~~were in effect on December 31, 2006, and provide refunds to~~  
580 ~~policyholders who paid higher rates as a result of that rate~~  
581 ~~filing. The rates in effect on December 31, 2006, remain in~~  
582 ~~effect for the 2007 and 2008 calendar years except for any rate~~  
583 ~~change that results in a lower rate. The next rate change that~~  
584 ~~may increase rates shall take effect pursuant to a new rate~~  
585 ~~filing recommended by the corporation and established by the~~  
586 ~~office, subject to this paragraph.~~

587 ~~5. Beginning on July 15, 2009, and annually thereafter,~~  
588 ~~the corporation must make a recommended actuarially sound rate~~

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589 ~~filing for each personal and commercial line of business it~~  
590 ~~writes, to be effective no earlier than January 1, 2010.~~

591 ~~4.6.~~ Beginning on or after January 1, 2010, and  
592 notwithstanding the board's established ~~recommended~~ rates and  
593 ~~the office's final order regarding the corporation's filed rates~~  
594 under subparagraph 1., the corporation shall annually implement  
595 a rate increase which, except for sinkhole coverage, does not  
596 exceed 10 percent for any single policy renewed ~~issued~~ by the  
597 corporation, excluding coverage changes and surcharges. However,  
598 this limitation does not apply to any personal lines residential  
599 policy that insures a dwelling for an insured value:

600 a. Equal to \$800,000 or more for renewal business between  
601 and including January 1, 2014, and December 31, 2014.

602 b. Equal to \$600,000 or more for renewal business between  
603 and including January 1, 2015, and December 31, 2015.

604 c. Equal to \$400,000 or more for renewal business on and  
605 after January 1, 2016.

606 ~~5.7.~~ The corporation may also implement an increase to  
607 reflect the effect on the corporation of the cash buildup factor  
608 pursuant to s. 215.555(5) (b).

609 ~~6.8.~~ The corporation's implementation of rates as  
610 prescribed in subparagraph ~~4. 6.~~ shall cease for any line of  
611 business written by the corporation upon the corporation's  
612 implementation of actuarially sound rates. Thereafter, the  
613 corporation shall annually establish ~~make a recommended~~  
614 actuarially sound rates and make an informational rate filing  
615 with the office for each commercial and personal line of  
616 business the corporation writes.

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617        (gg) The corporation must prepare a report for each  
618 calendar year outlining both the statewide average and county-  
619 specific details of the loss ratio attributable to losses that  
620 are not catastrophic losses for residential coverage provided by  
621 the corporation, which information must be presented to the  
622 office and available for public inspection on the Internet  
623 website of the corporation by January 15th of the following  
624 calendar year.

625        Section 2. This act shall take effect July 1, 2013.