

1 A bill to be entitled

2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; extending the
4 date after which certain structures cease to be
5 eligible for coverage by the corporation; providing an
6 effective date.

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8 Be It Enacted by the Legislature of the State of Florida:

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10 Section 1. Paragraph (a) of subsection (6) of section
11 627.351, Florida Statutes, is amended to read:

12 627.351 Insurance risk apportionment plans.—

13 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

17 1. The Legislature finds that private insurers are
18 unwilling or unable to provide affordable property insurance
19 coverage in this state to the extent sought and needed. The
20 absence of affordable property insurance threatens the public
21 health, safety, and welfare and likewise threatens the economic
22 health of the state. The state therefore has a compelling public
23 interest and a public purpose to assist in assuring that
24 property in the state is insured and that it is insured at
25 affordable rates so as to facilitate the remediation,
26 reconstruction, and replacement of damaged or destroyed property

27 | in order to reduce or avoid the negative effects otherwise
28 | resulting to the public health, safety, and welfare, to the
29 | economy of the state, and to the revenues of the state and local
30 | governments which are needed to provide for the public welfare.
31 | It is necessary, therefore, to provide affordable property
32 | insurance to applicants who are in good faith entitled to
33 | procure insurance through the voluntary market but are unable to
34 | do so. The Legislature intends, therefore, that affordable
35 | property insurance be provided and that it continue to be
36 | provided, as long as necessary, through Citizens Property
37 | Insurance Corporation, a government entity that is an integral
38 | part of the state, and that is not a private insurance company.
39 | To that end, the corporation shall strive to increase the
40 | availability of affordable property insurance in this state,
41 | while achieving efficiencies and economies, and while providing
42 | service to policyholders, applicants, and agents which is no
43 | less than the quality generally provided in the voluntary
44 | market, for the achievement of the foregoing public purposes.
45 | Because it is essential for this government entity to have the
46 | maximum financial resources to pay claims following a
47 | catastrophic hurricane, it is the intent of the Legislature that
48 | the corporation continue to be an integral part of the state and
49 | that the income of the corporation be exempt from federal income
50 | taxation and that interest on the debt obligations issued by the
51 | corporation be exempt from federal income taxation.

52 | 2. The Residential Property and Casualty Joint

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

72 3. With respect to coverage for personal lines residential
73 structures:

74 a. Effective January 1, 2014, a structure that has a
75 dwelling replacement cost of \$1 million or more, or a single
76 condominium unit that has a combined dwelling and contents
77 replacement cost of \$1 million or more is not eligible for
78 coverage by the corporation. Such dwellings insured by the

79 corporation on December 31, 2013, may continue to be covered by
80 the corporation until the end of the policy term. The office
81 shall approve the method used by the corporation for valuing the
82 dwelling replacement cost for the purposes of this subparagraph.
83 If a policyholder is insured by the corporation before being
84 determined to be ineligible pursuant to this subparagraph and
85 such policyholder files a lawsuit challenging the determination,
86 the policyholder may remain insured by the corporation until the
87 conclusion of the litigation.

88 b. Effective January 1, 2015, a structure that has a
89 dwelling replacement cost of \$900,000 or more, or a single
90 condominium unit that has a combined dwelling and contents
91 replacement cost of \$900,000 or more, is not eligible for
92 coverage by the corporation. Such dwellings insured by the
93 corporation on December 31, 2014, may continue to be covered by
94 the corporation only until the end of the policy term.

95 c. Effective January 1, 2016, a structure that has a
96 dwelling replacement cost of \$800,000 or more, or a single
97 condominium unit that has a combined dwelling and contents
98 replacement cost of \$800,000 or more, is not eligible for
99 coverage by the corporation. Such dwellings insured by the
100 corporation on December 31, 2015, may continue to be covered by
101 the corporation until the end of the policy term.

102 d. Effective January 1, 2017, a structure that has a
103 dwelling replacement cost of \$700,000 or more, or a single
104 condominium unit that has a combined dwelling and contents

105 replacement cost of \$700,000 or more, is not eligible for
106 coverage by the corporation. Such dwellings insured by the
107 corporation on December 31, 2016, may continue to be covered by
108 the corporation until the end of the policy term.

109

110 The requirements of sub-subparagraphs b.-d. do not apply in
111 counties where the office determines there is not a reasonable
112 degree of competition. In such counties a personal lines
113 residential structure that has a dwelling replacement cost of
114 less than \$1 million, or a single condominium unit that has a
115 combined dwelling and contents replacement cost of less than \$1
116 million, is eligible for coverage by the corporation.

117 4. It is the intent of the Legislature that policyholders,
118 applicants, and agents of the corporation receive service and
119 treatment of the highest possible level but never less than that
120 generally provided in the voluntary market. It is also intended
121 that the corporation be held to service standards no less than
122 those applied to insurers in the voluntary market by the office
123 with respect to responsiveness, timeliness, customer courtesy,
124 and overall dealings with policyholders, applicants, or agents
125 of the corporation.

126 5.a. Effective January 1, 2009, a personal lines
127 residential structure that is located in the "wind-borne debris
128 region," as defined in s. 1609.2, International Building Code
129 (2006), and that has an insured value on the structure of
130 \$750,000 or more is not eligible for coverage by the corporation

131 unless the structure has opening protections as required under
132 the Florida Building Code for a newly constructed residential
133 structure in that area. A residential structure is deemed to
134 comply with this sub-subparagraph ~~subparagraph~~ if it has
135 shutters or opening protections on all openings and if such
136 opening protections complied with the Florida Building Code at
137 the time they were installed.

138 b. Any major structure as defined in s. 161.54(6)(a) for
139 which a permit is applied on or after July 1, 2015 ~~2014~~, for new
140 construction or substantial improvement as defined in s.
141 161.54(12) is not eligible for coverage by the corporation if
142 the structure is seaward of the coastal construction control
143 line established pursuant to s. 161.053 or is within the Coastal
144 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
145 3510.

146 Section 2. This act shall take effect July 1, 2014.