



452718

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/08/2014	.	
	.	
	.	
	.	

The Committee on Community Affairs (Stargel) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

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

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(a) The public purpose of this subsection is to ensure that
there is an orderly market for property insurance for residents



452718

11 and businesses of this state.

12 1. The Legislature finds that private insurers are
13 unwilling or unable to provide affordable property insurance
14 coverage in this state to the extent sought and needed. The
15 absence of affordable property insurance threatens the public
16 health, safety, and welfare and ~~likewise threatens~~ the economic
17 health of the state. The state therefore has a compelling public
18 interest and a public purpose to assist in assuring that
19 property in the state is insured and that it is insured at
20 affordable rates so as to facilitate the remediation,
21 reconstruction, and replacement of damaged or destroyed property
22 in order to reduce or avoid the negative effects on otherwise
23 ~~resulting to~~ the public health, safety, and welfare, to the
24 economy of the state, and to the revenues of the state and local
25 governments which are needed to provide for the public welfare.
26 It is necessary, therefore, to provide affordable property
27 insurance to applicants who are in good faith entitled to
28 procure insurance through the voluntary market but are unable to
29 do so. The Legislature intends, therefore, that affordable
30 property insurance be provided and that it continue to be
31 provided, as long as necessary, through Citizens Property
32 Insurance Corporation, a government entity that is an integral
33 part of the state, ~~and that is~~ not a private insurance company.
34 To that end, the corporation shall strive to increase the
35 availability of affordable property insurance in this state,
36 while achieving efficiencies and economies, and while providing
37 service to policyholders, applicants, and agents which is no
38 less than the quality generally provided in the voluntary
39 market, for the achievement of the foregoing public purposes.



452718

40 Because it is essential for this government entity to have the
41 maximum financial resources to pay claims following a
42 catastrophic hurricane, it is further the intent of the
43 Legislature that the corporation continue to be an integral part
44 of the state, ~~and~~ that the income of the corporation be exempt
45 from federal income taxation, and that interest on the debt
46 obligations issued by the corporation be exempt from federal
47 income taxation.

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

68 3. With respect to coverage for personal lines residential



452718

69 structures:

70 a. Effective January 1, 2014, a structure that has a
71 dwelling replacement cost of \$1 million or more, or a single
72 condominium unit that has a combined dwelling and contents
73 replacement cost of \$1 million or more is not eligible for
74 coverage by the corporation. Such dwellings insured by the
75 corporation on December 31, 2013, may continue to be covered by
76 the corporation until the end of the policy term. The office
77 shall approve the method used by the corporation for valuing the
78 dwelling replacement costs under ~~cost for the purposes of~~ this
79 subparagraph. If a policyholder is insured by the corporation
80 before being determined to be ineligible pursuant to this
81 subparagraph and such policyholder files a lawsuit challenging
82 the determination, the policyholder may remain insured by the
83 corporation until the conclusion of the litigation.

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

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



452718

98 d. Effective January 1, 2017, a structure that has a
99 dwelling replacement cost of \$700,000 or more, or a single
100 condominium unit that has a combined dwelling and contents
101 replacement cost of \$700,000 or more, is not eligible for
102 coverage by the corporation. Such dwellings insured by the
103 corporation on December 31, 2016, may continue to be covered by
104 the corporation until the end of the policy term.

105

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

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

122 5.a. Effective January 1, 2009, a personal lines
123 residential structure that is located in the "wind-borne debris
124 region," as defined in s. 1609.2, International Building Code
125 (2006), and that has an insured value on the structure of
126 \$750,000 or more is not eligible for coverage by the corporation



452718

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

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

142 6. With respect to wind-only coverage for commercial lines
143 residential condominiums, effective July 1, 2014, a condominium
144 shall be deemed ineligible for coverage if 50 percent or more of
145 the units are rented more than eight times in a calendar year
146 for a rental agreement period of less than 30 days.

147
148 ===== T I T L E A M E N D M E N T =====

149 And the title is amended as follows:

150 Delete everything before the enacting clause
151 and insert:

152 A bill to be entitled
153 An act relating to Citizens Property Insurance
154 Corporation; amending s. 627.351, F.S.; providing that
155 a condominium association is ineligible for commercial



452718

156
157

residential wind-only coverage under certain
conditions; providing an effective date.