

By Senator Hays

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1 A bill to be entitled
2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; providing
4 exemptions from the restriction on obtaining coverage
5 from Citizens Property Insurance Corporation for major
6 structures under certain conditions; amending s.
7 627.711, F.S.; authorizing the corporation to create
8 an addendum to the uniform mitigation verification
9 form for use by counties under certain circumstances;
10 providing an effective date.

11
12 Be It Enacted by the Legislature of the State of Florida:

13
14 Section 1. Paragraph (a) of subsection (6) of section
15 627.351, Florida Statutes, is amended to read:

16 627.351 Insurance risk apportionment plans.—

17 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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

56 2. The Residential Property and Casualty Joint Underwriting
57 Association originally created by this statute shall be known as
58 the Citizens Property Insurance Corporation. The corporation

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

76 3. With respect to coverage for personal lines residential
77 structures:

78 a. Effective January 1, 2014, a structure that has a
79 dwelling replacement cost of \$1 million or more, or a single
80 condominium unit that has a combined dwelling and contents
81 replacement cost of \$1 million or more is not eligible for
82 coverage by the corporation. Such dwellings insured by the
83 corporation on December 31, 2013, may continue to be covered by
84 the corporation until the end of the policy term. The office
85 shall approve the method used by the corporation for valuing the
86 dwelling replacement cost for the purposes of this subparagraph.
87 If a policyholder is insured by the corporation before being

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88 determined to be ineligible pursuant to this subparagraph and
89 such policyholder files a lawsuit challenging the determination,
90 the policyholder may remain insured by the corporation until the
91 conclusion of the litigation.

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

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

106 d. Effective January 1, 2017, a structure that has a
107 dwelling replacement cost of \$700,000 or more, or a single
108 condominium unit that has a combined dwelling and contents
109 replacement cost of \$700,000 or more, is not eligible for
110 coverage by the corporation. Such dwellings insured by the
111 corporation on December 31, 2016, may continue to be covered by
112 the corporation until the end of the policy term.

113
114 The requirements of sub-subparagraphs b.-d. do not apply in
115 counties where the office determines there is not a reasonable
116 degree of competition. In such counties a personal lines

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117 residential structure that has a dwelling replacement cost of
118 less than \$1 million, or a single condominium unit that has a
119 combined dwelling and contents replacement cost of less than \$1
120 million, is eligible for coverage by the corporation.

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

130 5.a. Effective January 1, 2009, a personal lines
131 residential structure that is located in the "wind-borne debris
132 region," as defined in s. 1609.2, International Building Code
133 (2006), and that has an insured value on the structure of
134 \$750,000 or more is not eligible for coverage by the corporation
135 unless the structure has opening protections as required under
136 the Florida Building Code for a newly constructed residential
137 structure in that area. A residential structure is deemed to
138 comply with this subparagraph if it has shutters or opening
139 protections on all openings and if such opening protections
140 complied with the Florida Building Code at the time they were
141 installed.

142 b. Any major structure as defined in s. 161.54(6)(a) for
143 which a permit is applied on or after July 1, 2014, for new
144 construction or substantial improvement as defined in s.
145 161.54~~(12)~~ is not eligible for coverage by the corporation if

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146 the structure is seaward of the coastal construction control
147 line established pursuant to s. 161.053 or is within the Coastal
148 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
149 3510. The restrictions of this subparagraph imposed on major
150 structures located within the Coastal Barrier Resources System
151 do not apply in a county where the corporation provides
152 windstorm coverage on more than 75 percent of personal lines
153 residential policies.

154 Section 2. Subsection (9) is added to section 627.711,
155 Florida Statutes, to read:

156 627.711 Notice of premium discounts for hurricane loss
157 mitigation; uniform mitigation verification inspection form.—

158 (9) Citizens Property Insurance Corporation may create an
159 addendum to the uniform mitigation verification form for use by
160 a county when applying mitigation credits if that county has:

161 (a) Implemented a building code that is stronger than the
162 highest code recognized on the uniform mitigation verification
163 form; and

164 (b) Completed a study verifying the use of the stronger
165 code.

166 Section 3. This act shall take effect July 1, 2014.