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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.; postponing the
4 date that certain major structures become ineligible
5 for coverage by the corporation; providing that a
6 condominium association is ineligible for commercial
7 residential wind-only coverage under certain
8 conditions; providing an effective date.

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

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

14 627.351 Insurance risk apportionment plans.—

15 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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

55 2. The Residential Property and Casualty Joint Underwriting
56 Association originally created by this statute shall be known as
57 the Citizens Property Insurance Corporation. The corporation
58 shall provide insurance for residential and commercial property,

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

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

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

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88 subparagraph and such policyholder files a lawsuit challenging
89 the determination, the policyholder may remain insured by the
90 corporation until the conclusion of the litigation.

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

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

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

112

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

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

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

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

141 b. Any major structure as defined in s. 161.54(6) (a) for
142 which a permit is applied on or after July 1, 2015 ~~2014~~, for new
143 construction or substantial improvement as defined in s. 161.54
144 ~~s. 161.54(12)~~ is not eligible for coverage by the corporation if
145 the structure is seaward of the coastal construction control

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146 line established pursuant to s. 161.053 or is within the Coastal
147 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
148 3510.

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

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