

1 A bill to be entitled
 2 An act relating to insurance; amending s. 627.351,
 3 F.S.; requiring Citizens Property Insurance
 4 Corporation to submit a biannual report on the number
 5 of residential sinkhole policies issued and declined;
 6 providing legislative findings; establishing a
 7 Citizens Sinkhole Stabilization Repair Program for
 8 sinkhole claims; providing definitions; providing
 9 program components; specifying the corporation's
 10 liability with respect to sinkhole claims; requiring
 11 the corporation to offer specified deductible amounts
 12 for sinkhole loss coverage; providing an effective
 13 date.

14
 15 Be It Enacted by the Legislature of the State of Florida:

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 17 Section 1. Paragraphs (ii), (jj), and (kk) are added to
 18 subsection (6) of section 627.351, Florida Statutes, to read:

19 627.351 Insurance risk apportionment plans.—

20 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

21 (ii) At least once every 6 months, the corporation shall
 22 submit a report to the office and the Insurance Consumer

23 Advocate disclosing:

24 1. The total number of requests received for residential
 25 sinkhole loss coverage;

26 2. The total number of policies issued for residential
 27 sinkhole loss coverage;

28 3. The total number of requests declined for residential

29 sinkhole loss coverage; and

30 4. The reasons for declining the requests for residential
31 sinkhole loss coverage.

32 (jj) The Legislature finds that it is in the public
33 interest that sinkhole loss claims be resolved by stabilizing
34 the land and structure and making repairs to the foundation of
35 the damaged structure. Therefore, a Citizens Sinkhole
36 Stabilization Repair Program is established by the corporation.
37 By March 31, 2015, any claim against a corporation policy that
38 covers residential sinkhole loss for which it is determined that
39 a covered sinkhole loss has occurred must be included in and
40 governed by the stabilization repair program for the purpose of
41 stabilizing the land and structure and making repairs to the
42 foundation.

43 1. As used in this paragraph, the term:

44 a. "Engineering report" means the report issued pursuant
45 to s. 627.7073(1).

46 b. "Recommendation of the engineer" means the
47 recommendation of the engineer engaged by the corporation
48 pursuant to s. 627.7073(1)(a)5.

49 c. "Stabilization repair contractor" means a contractor
50 who stabilizes the land and structure and makes repairs to the
51 foundation of the damaged structure.

52 d. "Stabilization repairs" means stabilizing the land and
53 structure and making repairs to the foundation.

54 2. The stabilization repair program may be managed by the
55 corporation or a third-party administrator and, at a minimum,
56 must include the following components:

57 a. The corporation may not require the policyholder to
58 advance payment for repairs.

59 b. Stabilization repairs shall be conducted by
60 stabilization repair contractors selected from an approved
61 stabilization repair contractor pool procured by the corporation
62 pursuant to an open and transparent process. Each stabilization
63 repair contractor within the pool must be qualified and approved
64 by the corporation based upon criteria including the following
65 minimum requirements:

66 (I) The stabilization repair contractor must be certified
67 as a contractor pursuant s. 489.113(1).

68 (II) The stabilization repair contractor corporate entity
69 must demonstrate experience in stabilization of sinkhole
70 activity pursuant to requirements to be established by the
71 corporation.

72 (III) The stabilization repair contractor must demonstrate
73 capacity to be bonded and provide performance, surety, or other
74 bonds as described in this paragraph, which may be supplemented
75 by additional requirements as determined by the corporation.

76 (IV) The stabilization repair contractor must demonstrate
77 insurance coverage requirements, including, but not limited to,
78 commercial general liability coverage and workers' compensation,
79 to be established by the corporation.

80 (V) The stabilization repair contractor must maintain a
81 valid drug-free workplace program.

82 (VI) Such other requirements as established by the
83 corporation.

84 c. Pursuant to the stabilization repair program, qualified

85 stabilization repair contractors shall be selected from the
86 approved stabilization repair contractor pool to stabilize the
87 land and structure and repair the foundation of the damaged
88 structure pursuant to a fixed-price contract between the
89 contractor and the corporation. Such contracts are not subject
90 to paragraph (e) or s. 287.057. Pursuant to the terms of the
91 contract, the selected stabilization repair contractor is solely
92 responsible for the performance of all necessary stabilization
93 repairs specified in the engineering report and recommendations
94 of the engineer.

95 d. The corporation shall develop a standard stabilization
96 repair contract for the purpose of stabilizing the land and
97 structure and repairing the foundation of all properties within
98 the stabilization repair program. The contract must include the
99 following minimum requirements:

100 (I) The assigned stabilization repair contractor must
101 agree to make all stabilization repairs identified in the
102 engineering report based upon a fixed price.

103 (II) Each stabilization repair contractor must post a
104 payment bond in favor of the corporation as obligee for each
105 project assigned and must post a performance bond, secured by a
106 third-party surety, in favor of the corporation as obligee, in a
107 principal amount equal to the total cost of all fixed-price
108 contracts annually awarded to that contractor.

109 (III) In addition to the required performance bond, each
110 stabilization repair contractor must provide a warranty, secured
111 by a third-party surety, to the policyholder which covers all
112 repairs provided by the stabilization repair contractor for at

113 | least 5 years after completion of the stabilization repairs.

114 | (IV) Throughout the course of the stabilization repairs
115 | performed by the stabilization repair contractor, the engineer
116 | shall monitor the property and confirm that stabilization has
117 | been satisfactorily completed and that no further stabilization
118 | is necessary to remedy the damage identified in the engineering
119 | report and recommendation of the engineer.

120 | (V) If the engineer concludes that additional
121 | stabilization repair is necessary to complete the repairs
122 | specified in the engineering report and recommendations of the
123 | engineer, the stabilization repair contractor must perform the
124 | additional stabilization repairs at no cost to the corporation
125 | or the policyholder. The contract between the corporation and
126 | the stabilization repair contractor must contain provisions
127 | specifying the remedy and sanctions for failing to perform
128 | additional repairs pursuant to this sub-sub-subparagraph.

129 | e. The corporation shall enter into contracts to perform
130 | repairs pursuant to a process that includes, but is not limited
131 | to, the following requirements:

132 | (I) Within 30 days after the completion of the engineering
133 | report, the report shall be identified on a list which shall be
134 | made available to all stabilization repair contractors.

135 | (II) The corporation shall establish a selection process
136 | for assigning stabilization repair contractors to perform
137 | repairs for each property within the stabilization repair
138 | program. The selection process shall proceed as follows:

139 | (A) All stabilization repair contractors within the
140 | stabilization repair contractor pool shall be provided with an

141 opportunity to submit an offer, which includes an itemized
142 statement of work, to perform the stabilization repairs
143 recommended in the engineering report.

144 (B) The corporation shall review the offers and provide
145 the policyholder with a list of qualified stabilization repair
146 contractors from whom the policyholder shall be provided a
147 reasonable time, not to exceed 30 days, to choose a
148 stabilization repair contractor.

149 (C) If the policyholder has not made such a selection
150 within the 30-day period, the corporation may make the
151 selection.

152 (D) The corporation may include any or all stabilization
153 repair contractors on the list provided to the policyholder
154 based upon quality, cost-effectiveness, and such other criteria
155 as the corporation determines.

156 (III) If no stabilization repair contractor submits an
157 offer to perform the stabilization repairs for a property within
158 the stabilization repair program or all offers are above the
159 policyholder's policy limit, the corporation may enter the
160 property into the selection process again or may pay the
161 policyholder an amount up to the policy limits on the structure.

162 f. The corporation is not responsible for serving as a
163 stabilization repair contractor. The corporation's obligations
164 pursuant to the stabilization repair program are not an election
165 to repair by the corporation and therefore do not imply or
166 result in a new contractual relationship with the policyholder.

167 g. The corporation's liability related to repair activity,
168 including stabilization repairs pursuant to the sinkhole

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169 stabilization repair program and all other repairs to the
170 structure in accordance with the terms of the policy, is no
171 greater than the policy limits on the structure.

172 h. This paragraph does not prohibit the corporation from
173 establishing a managed repair program for other repairs to the
174 structure in accordance with the terms of the policy.

175 i. If a dispute arises between the corporation and the
176 policyholder as to the nature or extent of stabilization repairs
177 to be conducted under the stabilization repair program, the sole
178 remedy for resolving such disputes shall be specific
179 performance.

180 j. This paragraph supersedes s. 627.707(5), except for s.
181 627.707(5)(e).

182 3. The corporation shall pay for other repairs to the
183 structure and contents in accordance with the terms of the
184 policy.

185 (kk) A policy for residential property insurance issued by
186 the corporation must include a deductible amount applicable to
187 sinkhole losses, offered in amounts equal to 2 percent, 5
188 percent, and 10 percent of the policy dwelling limits, with
189 appropriate premium discounts offered with each deductible
190 amount.

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