



364132

LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
03/11/2014	.	
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The Committee on Banking and Insurance (Hays) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 90 - 93

and insert:

Section 2. Paragraphs (a), (b), and (hh) of subsection (6) of section 627.351, Florida Statutes, are 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



364132

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  
18 public 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.



364132

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



364132

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.



364132

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



364132

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 subparagraph if it has shutters or opening  
131 protections on all openings and if such opening protections  
132 complied with the Florida Building Code at the time they were  
133 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, 2014, for new  
136 construction or substantial improvement as defined in s.  
137 161.54~~(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. The restrictions of this subparagraph imposed on major  
142 structures located within the Coastal Barrier Resources System  
143 do not apply in a county where the corporation provides  
144 windstorm coverage on more than 75 percent of personal lines  
145 residential policies.

146  
147 ===== T I T L E A M E N D M E N T =====

148 And the title is amended as follows:

149 Delete line 14

150 and insert:

151 reference; amending s. 627.351, F.S.; providing  
152 exemptions from the restriction on obtaining coverage  
153 from Citizens Property Insurance Corporation for major  
154 structures under certain conditions; deleting