

By Senator Benacquisto

30-01118A-15

2015842__

1 A bill to be entitled
2 An act relating to Citizens Property Insurance
3 Corporation eligibility for coverage; amending s.
4 627.351, F.S.; removing the prohibition against
5 permits for substantial improvements from being
6 eligible for coverage; authorizing coverage for major
7 structures built before a certain date and
8 subsequently rebuilt, repaired, restored, or remodeled
9 to a specified percentage less than the major
10 structure's original square footage; reenacting s.
11 627.712(1), F.S., to incorporate the amendment made by
12 this act to s. 627.351, F.S.; 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. Paragraph (a) of subsection (6) of section
18 627.351, Florida Statutes, is amended to read:

19 627.351 Insurance risk apportionment plans.—

20 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

24 1. The Legislature finds that private insurers are
25 unwilling or unable to provide affordable property insurance
26 coverage in this state to the extent sought and needed. The
27 absence of affordable property insurance threatens the public
28 health, safety, and welfare and likewise threatens the economic
29 health of the state. The state therefore has a compelling public

30-01118A-15

2015842__

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

30-01118A-15

2015842__

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

79 3. With respect to coverage for personal lines residential
80 structures:

81 a. Effective January 1, 2014, a structure that has a
82 dwelling replacement cost of \$1 million or more, or a single
83 condominium unit that has a combined dwelling and contents
84 replacement cost of \$1 million or more is not eligible for
85 coverage by the corporation. Such dwellings insured by the
86 corporation on December 31, 2013, may continue to be covered by
87 the corporation until the end of the policy term. The office

30-01118A-15

2015842__

88 shall approve the method used by the corporation for valuing the
89 dwelling replacement cost for the purposes of this subparagraph.
90 If a policyholder is insured by the corporation before being
91 determined to be ineligible pursuant to this subparagraph and
92 such policyholder files a lawsuit challenging the determination,
93 the policyholder may remain insured by the corporation until the
94 conclusion of the litigation.

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

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

109 d. Effective January 1, 2017, a structure that has a
110 dwelling replacement cost of \$700,000 or more, or a single
111 condominium unit that has a combined dwelling and contents
112 replacement cost of \$700,000 or more, is not eligible for
113 coverage by the corporation. Such dwellings insured by the
114 corporation on December 31, 2016, may continue to be covered by
115 the corporation until the end of the policy term.
116

30-01118A-15

2015842__

117 The requirements of sub-subparagraphs b.-d. do not apply in
118 counties where the office determines there is not a reasonable
119 degree of competition. In such counties a personal lines
120 residential structure that has a dwelling replacement cost of
121 less than \$1 million, or a single condominium unit that has a
122 combined dwelling and contents replacement cost of less than \$1
123 million, is eligible for coverage by the corporation.

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

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

145 b. Any major structure as defined in s. 161.54(6)(a) for

30-01118A-15

2015842__

146 which a permit is applied on or after July 1, 2015, for new
147 construction ~~or substantial improvement as defined in s.~~
148 ~~161.54(12)~~ is not eligible for coverage by the corporation if
149 the structure is seaward of the coastal construction control
150 line established pursuant to s. 161.053 or is within the Coastal
151 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
152 3510. This sub-subparagraph does not apply to any major
153 structure built before July 1, 2015, and subsequently rebuilt,
154 repaired, restored, or remodeled to a size less than 125 percent
155 of the major structure's original square footage.

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

161 Section 2. For the purpose of incorporating the amendment
162 made by this act to section 627.351, Florida Statutes, in a
163 reference thereto, subsection (1) of section 627.712, Florida
164 Statutes, is reenacted to read:

165 627.712 Residential windstorm coverage required;
166 availability of exclusions for windstorm or contents.-

167 (1) An insurer issuing a residential property insurance
168 policy must provide windstorm coverage. Except as provided in
169 paragraph (2)(c), this section does not apply to risks that are
170 eligible for wind-only coverage from Citizens Property Insurance
171 Corporation under s. 627.351(6), and risks that are not eligible
172 for coverage from Citizens Property Insurance Corporation under
173 s. 627.351(6)(a)3. or 5. A risk ineligible for coverage by the
174 corporation under s. 627.351(6)(a)3. or 5. is exempt from this

30-01118A-15

2015842__

175 section only if the risk is located within the boundaries of the
176 coastal account of the corporation.

177 Section 3. This act shall take effect July 1, 2015.