

By Senator Brandes

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1 A bill to be entitled
2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 215.555, F.S.; revising the
4 definition of the term "covered policy"; amending s.
5 626.752, F.S.; expanding an exemption from the
6 requirements of that section which applies to the
7 corporation to exempt additional specified activities
8 of the corporation; amending s. 627.351, F.S.;
9 revising requirements relating to quota share primary
10 insurance agreements; requiring the corporation's plan
11 of operation to adopt a program that facilitates the
12 removal of risks in which the corporation offers
13 reinsurance to authorized insurers that are willing to
14 assume risks from the corporation; specifying
15 limitations on the corporation's participation in the
16 assumption of risk in agreements executed under the
17 program; deleting and revising related terms;
18 providing that entering into specified agreements is
19 at the discretion of the insurer; providing that if
20 the corporation is the reinsurer, all forms and
21 endorsements must be approved by the Office of
22 Insurance Regulation; prohibiting the corporation from
23 sharing risk for certain damages; requiring the
24 corporation and each insurer to report additional
25 information to the fund and requiring the State Board
26 of Administration to adopt rules to administer this
27 requirement; revising the procedures for determining
28 whether a risk is eligible for the corporation;
29 providing an effective date.

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

32
33 Section 1. Paragraph (c) of subsection (2) of section
34 215.555, Florida Statutes, is amended to read:

35 215.555 Florida Hurricane Catastrophe Fund.—

36 (2) DEFINITIONS.—As used in this section:

37 (c) "Covered policy" means any insurance policy covering
38 residential property in this state, including, but not limited
39 to, a ~~any~~ homeowner, mobile home owner, farm owner, condominium
40 association, condominium unit owner, tenant, or apartment
41 building policy, or any other policy covering a residential
42 structure or its contents issued by an ~~any~~ authorized insurer,
43 including a commercial self-insurance fund holding a certificate
44 of authority issued by the Office of Insurance Regulation under
45 s. 624.462, the Citizens Property Insurance Corporation, and any
46 joint underwriting association or similar entity created under
47 law. The term "~~covered policy~~" includes any collateral
48 protection insurance policy covering personal residences which
49 protects both the borrower's and the lender's financial
50 interests, in an amount at least equal to the coverage for the
51 dwelling in place under the lapsed homeowner's policy, if such
52 policy can be accurately reported as required under ~~in~~
53 subsection (5). ~~Additionally,~~ Covered policies also include
54 policies covering the peril of wind removed from ~~the Florida~~
55 ~~Residential Property and Casualty Joint Underwriting Association~~
56 ~~or from the~~ Citizens Property Insurance Corporation, created
57 under s. 627.351(6), ~~or from the Florida Windstorm Underwriting~~
58 ~~Association, created under s. 627.351(2),~~ by an authorized

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59 insurer under the terms and conditions of an executed Citizens
60 Property Insurance Corporation assumption or reinsurance
61 agreement between the authorized insurer and the ~~such~~
62 ~~association or Citizens Property Insurance~~ corporation. Each
63 assumption or reinsurance agreement between the ~~association and~~
64 ~~such~~ authorized insurer and the ~~or Citizens Property Insurance~~
65 corporation must be approved by the Office of Insurance
66 Regulation before the effective date of the agreement
67 ~~assumption~~, and the office ~~of Insurance Regulation~~ must provide
68 written notification to the board within 15 working days after
69 such approval. The term "covered policy" does not include any
70 policy that excludes wind coverage or hurricane coverage or any
71 reinsurance agreement, other than a Citizens Property Insurance
72 Corporation reinsurance agreement, and does not include any
73 policy otherwise meeting this definition which is issued by a
74 surplus lines insurer or a reinsurer. All commercial residential
75 excess policies and all deductible buy-back policies that, based
76 on sound actuarial principles, require individual ratemaking
77 shall be excluded by rule if the actuarial soundness of the fund
78 is not jeopardized. For this purpose, the term "excess policy"
79 means a policy that provides insurance protection for large
80 commercial property risks and that provides a layer of coverage
81 above a primary layer insured by another insurer.

82 Section 2. Subsection (4) of section 626.752, Florida
83 Statutes, is amended to read:

84 626.752 Exchange of business.—

85 (4) The foregoing limitations and restrictions do ~~shall not~~
86 ~~be construed and shall~~ not apply to the placing of surplus lines
87 business under the provisions of part VIII of this chapter or to

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88 the activities of Citizens Property Insurance Corporation in
89 placing new and renewal business with authorized insurers in
90 accordance with s. 627.3518 or in conjunction with efforts to
91 reduce the size of the corporation pursuant to s. 627.351(6).

92 Section 3. Paragraph (c) of subsection (6) of section
93 627.351, Florida Statutes, is amended to read:

94 627.351 Insurance risk apportionment plans.—

95 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

96 (c) The corporation's plan of operation:

97 1. Must provide for adoption of residential property and
98 casualty insurance policy forms and commercial residential and
99 nonresidential property insurance forms, which must be approved
100 by the office before use. The corporation shall adopt the
101 following policy forms:

102 a. Standard personal lines policy forms that are
103 comprehensive multiperil policies providing full coverage of a
104 residential property equivalent to the coverage provided in the
105 private insurance market under an HO-3, HO-4, or HO-6 policy.

106 b. Basic personal lines policy forms that are policies
107 similar to an HO-8 policy or a dwelling fire policy that provide
108 coverage meeting the requirements of the secondary mortgage
109 market, but which is more limited than the coverage under a
110 standard policy.

111 c. Commercial lines residential and nonresidential policy
112 forms that are generally similar to the basic perils of full
113 coverage obtainable for commercial residential structures and
114 commercial nonresidential structures in the admitted voluntary
115 market.

116 d. Personal lines and commercial lines residential property

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117 insurance forms that cover the peril of wind only. Such ~~The~~
118 forms are applicable only to residential properties located in
119 areas eligible for coverage under the coastal account referred
120 to in sub-subparagraph (b)2.a.

121 e. Commercial lines nonresidential property insurance forms
122 that cover the peril of wind only. Such ~~The~~ forms are applicable
123 only to nonresidential properties located in areas eligible for
124 coverage under the coastal account referred to in sub-
125 subparagraph (b)2.a.

126 f. The corporation may adopt variations of the policy forms
127 listed in sub-subparagraphs a.-e. which contain more restrictive
128 coverage.

129 g. Effective January 1, 2013, the corporation shall offer a
130 basic personal lines policy similar to an HO-8 policy with
131 dwelling repair based on common construction materials and
132 methods.

133 2. Must ~~provide that the corporation~~ adopt a program for
134 the purpose of encouraging and facilitating the removal of risks
135 from the corporation in which the corporation offers reinsurance
136 that may be proportional or nonproportional to ~~and~~ authorized
137 insurers that are willing to assume risks from the corporation
138 pursuant to terms and conditions that are acceptable to the
139 corporation. The corporation's participation in each agreement
140 executed under the program may not exceed assumption of 80
141 percent of the risk subject to the agreement ~~enter into quota~~
142 ~~share primary insurance agreements for hurricane coverage, as~~
143 ~~defined in s. 627.4025(2) (a), for eligible risks, and adopt~~
144 ~~property insurance forms for eligible risks which cover the~~
145 ~~peril of wind only.~~ Such agreement may provide for a decline in

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146 the corporation's participation in the assumption of risk for a
147 period of up to 5 years.

148 a. As used in this subsection, the term:

149 ~~(I) "Quota share primary insurance" means an arrangement in~~
150 ~~which the primary hurricane coverage of an eligible risk is~~
151 ~~provided in specified percentages by the corporation and an~~
152 ~~authorized insurer. The corporation and authorized insurer are~~
153 ~~each solely responsible for a specified percentage of hurricane~~
154 ~~coverage of an eligible risk as set forth in a quota share~~
155 ~~primary insurance agreement between the corporation and an~~
156 ~~authorized insurer and the insurance contract. The~~
157 ~~responsibility of the corporation or authorized insurer to pay~~
158 ~~its specified percentage of hurricane losses of an eligible~~
159 ~~risk, as set forth in the agreement, may not be altered by the~~
160 ~~inability of the other party to pay its specified percentage of~~
161 ~~losses. Eligible risks that are provided hurricane coverage~~
162 ~~through a quota share primary insurance arrangement must be~~
163 ~~provided policy forms that set forth the obligations of the~~
164 ~~corporation and authorized insurer under the arrangement,~~
165 ~~clearly specify the percentages of quota share primary insurance~~
166 ~~provided by the corporation and authorized insurer, and~~
167 ~~conspicuously and clearly state that the authorized insurer and~~
168 ~~the corporation may not be held responsible beyond their~~
169 ~~specified percentage of coverage of hurricane losses.~~

170 ~~(II) "eligible risks" means personal lines residential and~~
171 ~~commercial lines residential risks that are currently insured by~~
172 ~~meet the underwriting criteria of the corporation and are~~
173 ~~located in areas that were eligible for coverage by the Florida~~
174 ~~Windstorm Underwriting Association on January 1, 2002.~~

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175 b. Entering into an excess-of-loss reinsurance agreement,
176 quota share reinsurance agreement, or quota share primary
177 insurance agreement between the corporation and an authorized
178 insurer is voluntary and at the discretion of the authorized
179 insurer.

180 ~~b. The corporation may enter into quota share primary~~
181 ~~insurance agreements with authorized insurers at corporation~~
182 ~~coverage levels of 90 percent and 50 percent.~~

183 ~~e. If the corporation determines that additional coverage~~
184 ~~levels are necessary to maximize participation in quota share~~
185 ~~primary insurance agreements by authorized insurers, the~~
186 ~~corporation may establish additional coverage levels. However,~~
187 ~~the corporation's quota share primary insurance coverage level~~
188 ~~may not exceed 90 percent.~~

189 ~~d. Any quota share primary insurance agreement entered into~~
190 ~~between an authorized insurer and the corporation must provide~~
191 ~~for a uniform specified percentage of coverage of hurricane~~
192 ~~losses, by county or territory as set forth by the corporation~~
193 ~~board, for all eligible risks of the authorized insurer covered~~
194 ~~under the agreement.~~

195 c.e. Any excess-of-loss reinsurance agreement, quota share
196 reinsurance agreement, or quota share primary insurance
197 agreement entered into between an authorized insurer and the
198 corporation is subject to review and approval by the office.
199 However, such agreement may shall be authorized only for as to
200 insurance contracts entered into between an authorized insurer
201 and an insured who is already insured by the corporation for
202 wind coverage. If the corporation is the reinsurer, the
203 insurance policy forms and endorsements offered by the

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204 authorized insurer must be approved by the office, cover all
205 perils that are the subjects of the risk-sharing agreement, and
206 cover at least the same limits as the corporation policies being
207 replaced.

208 d. The corporation may not share risk for extra contractual
209 damages at common law or under s. 624.155.

210 ~~e.f.~~ For all eligible risks covered under quota share
211 primary insurance agreements, the exposure and coverage levels
212 for both the corporation and authorized insurers must ~~shall~~ be
213 reported by the corporation to the Florida Hurricane Catastrophe
214 Fund. For all policies of eligible risks covered under such
215 agreements, the corporation and the authorized insurer must
216 maintain complete and accurate records for the purpose of
217 exposure and loss reimbursement audits as required by fund
218 rules. The corporation and the authorized insurer shall each
219 maintain duplicate copies of policy declaration pages and
220 supporting claims documents.

221 f. To ensure that exposures are accurately reported to the
222 Florida Hurricane Catastrophe Fund, the corporation and each
223 insurer participating in the reinsurance program shall report
224 its exposure under covered policies to the fund as required
225 under s. 215.555(5)(c). Each report must also specify the
226 percentage of liability applicable to the corporation and the
227 percentage applicable to the insurer with respect to quota share
228 and similar agreements, or the terms of the excess-of-loss
229 agreement in the case of such an agreement. Pursuant to its
230 authority under s. 215.555, the State Board of Administration
231 shall adopt rules to administer this sub-subparagraph.

232 ~~g. The corporation board shall establish in its plan of~~

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233 ~~operation standards for quota share agreements which ensure that~~
234 ~~there is no discriminatory application among insurers as to the~~
235 ~~terms of the agreements, pricing of the agreements, incentive~~
236 ~~provisions if any, and consideration paid for servicing policies~~
237 ~~or adjusting claims.~~

238 ~~h. The quota share primary insurance agreement between the~~
239 ~~corporation and an authorized insurer must set forth the~~
240 ~~specific terms under which coverage is provided, including, but~~
241 ~~not limited to, the sale and servicing of policies issued under~~
242 ~~the agreement by the insurance agent of the authorized insurer~~
243 ~~producing the business, the reporting of information concerning~~
244 ~~eligible risks, the payment of premium to the corporation, and~~
245 ~~arrangements for the adjustment and payment of hurricane claims~~
246 ~~incurred on eligible risks by the claims adjuster and personnel~~
247 ~~of the authorized insurer. Entering into a quota sharing~~
248 ~~insurance agreement between the corporation and an authorized~~
249 ~~insurer is voluntary and at the discretion of the authorized~~
250 ~~insurer.~~

251 3. May provide that the corporation may employ or otherwise
252 contract with individuals or other entities to provide
253 administrative or professional services that may be appropriate
254 to effectuate the plan. The corporation may borrow funds by
255 issuing bonds or by incurring other indebtedness, and shall have
256 other powers reasonably necessary to effectuate the requirements
257 of this subsection, including, without limitation, the power to
258 issue bonds and incur other indebtedness in order to refinance
259 outstanding bonds or other indebtedness. The corporation may
260 seek judicial validation of its bonds or other indebtedness
261 under chapter 75. The corporation may issue bonds or incur other

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262 indebtedness, or have bonds issued on its behalf by a unit of
263 local government pursuant to subparagraph (q)2. in the absence
264 of a hurricane or other weather-related event, upon a
265 determination by the corporation, subject to approval by the
266 office, that such action would enable it to efficiently meet the
267 financial obligations of the corporation and that such
268 financings are reasonably necessary to effectuate the
269 requirements of this subsection. The corporation may take all
270 actions needed to facilitate tax-free status for such bonds or
271 indebtedness, including formation of trusts or other affiliated
272 entities. The corporation may pledge assessments, projected
273 recoveries from the Florida Hurricane Catastrophe Fund, other
274 reinsurance recoverables, policyholder surcharges and other
275 surcharges, and other funds available to the corporation as
276 security for bonds or other indebtedness. In recognition of s.
277 10, Art. I of the State Constitution, prohibiting the impairment
278 of obligations of contracts, it is the intent of the Legislature
279 that ~~no~~ action may not be taken whose purpose is to impair any
280 bond indenture or financing agreement or any revenue source
281 committed by contract to such bond or other indebtedness.

282 4. Must require that the corporation operate subject to the
283 supervision and approval of a board of governors consisting of
284 nine individuals who are residents of this state and who are
285 from different geographical areas of the state, one of whom is
286 appointed by the Governor and serves solely to advocate on
287 behalf of the consumer. The appointment of a consumer
288 representative by the Governor is in addition to the
289 appointments authorized under sub-subparagraph a.

290 a. The Governor, the Chief Financial Officer, the President

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291 of the Senate, and the Speaker of the House of Representatives
292 shall each appoint two members of the board. At least one of the
293 two members appointed by each appointing officer must have
294 demonstrated expertise in insurance and be deemed to be within
295 the scope of the exemption provided in s. 112.313(7)(b). The
296 Chief Financial Officer shall designate one of the appointees as
297 chair. All board members serve at the pleasure of the appointing
298 officer. All members of the board are subject to removal at will
299 by the officers who appointed them. All board members, including
300 the chair, must be appointed to serve for 3-year terms beginning
301 annually on a date designated by the plan. However, for the
302 first term beginning on or after July 1, 2009, each appointing
303 officer shall appoint one member of the board for a 2-year term
304 and one member for a 3-year term. A board vacancy shall be
305 filled for the unexpired term by the appointing officer. The
306 Chief Financial Officer shall appoint a technical advisory group
307 to provide information and advice to the board in connection
308 with the board's duties under this subsection. The executive
309 director and senior managers of the corporation shall be engaged
310 by the board and serve at the pleasure of the board. Any
311 executive director appointed on or after July 1, 2006, is
312 subject to confirmation by the Senate. The executive director is
313 responsible for employing other staff as the corporation may
314 require, subject to review and concurrence by the board.

315 b. The board shall create a Market Accountability Advisory
316 Committee to assist the corporation in developing awareness of
317 its rates and its customer and agent service levels in
318 relationship to the voluntary market insurers writing similar
319 coverage.

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320 (I) The members of the advisory committee consist of the
321 following 11 persons, one of whom must be elected chair by the
322 members of the committee: four representatives, one appointed by
323 the Florida Association of Insurance Agents, one by the Florida
324 Association of Insurance and Financial Advisors, one by the
325 Professional Insurance Agents of Florida, and one by the Latin
326 American Association of Insurance Agencies; three
327 representatives appointed by the insurers with the three highest
328 voluntary market share of residential property insurance
329 business in the state; one representative from the Office of
330 Insurance Regulation; one consumer appointed by the board who is
331 insured by the corporation at the time of appointment to the
332 committee; one representative appointed by the Florida
333 Association of Realtors; and one representative appointed by the
334 Florida Bankers Association. All members shall be appointed to
335 3-year terms and may serve for consecutive terms.

336 (II) The committee shall report to the corporation at each
337 board meeting on insurance market issues that ~~which~~ may include
338 rates and rate competition within ~~with~~ the voluntary market;
339 service, including policy issuance, claims processing, and
340 general responsiveness to policyholders, applicants, and agents;
341 and matters relating to depopulation.

342 5. Must provide a procedure for determining the eligibility
343 of a risk for coverage, as follows:

344 a. Subject to s. 627.3517, with respect to personal lines
345 residential risks, if the risk is offered new or renewal
346 coverage from an authorized insurer at the insurer's approved
347 rate under a standard policy including wind coverage or, if
348 consistent with the insurer's underwriting rules as filed with

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349 the office, a new or renewal basic policy including wind
350 coverage, for a new or renewal application to the corporation
351 for coverage, the risk is not eligible for any new or renewal
352 policy issued by the corporation unless the premium for coverage
353 from the authorized insurer is more than 15 percent greater than
354 the premium for comparable coverage from the corporation.
355 Whenever an offer of coverage for a personal lines residential
356 risk is received for a policyholder of the corporation at
357 renewal from an authorized insurer, if the offer is equal to or
358 less than the corporation's renewal premium for comparable
359 coverage, the risk is not eligible for coverage with the
360 corporation. If the risk is not able to obtain such offer, the
361 risk is eligible for a standard policy including wind coverage
362 or a basic policy including wind coverage issued by the
363 corporation; however, if the risk could not be insured under a
364 standard policy including wind coverage regardless of market
365 conditions, the risk is eligible for a basic policy including
366 wind coverage unless rejected under subparagraph 8. ~~However, a~~
367 ~~policyholder removed from the corporation through an assumption~~
368 ~~agreement remains eligible for coverage from the corporation~~
369 ~~until the end of the assumption period.~~ The corporation shall
370 determine the type of policy to be provided on the basis of
371 objective standards specified in the underwriting manual and
372 based on generally accepted underwriting practices.

373 (I) If the risk accepts an offer of coverage through the
374 market assistance plan or through a mechanism established by the
375 corporation other than a plan established by s. 627.3518, before
376 a policy is issued to the risk by the corporation or during the
377 first 30 days of coverage by the corporation, and the producing

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378 agent who submitted the application to the plan or to the
379 corporation is not currently appointed by the insurer, the
380 insurer shall:

381 (A) Pay to the producing agent of record ~~of the policy~~ for
382 the first year, an amount that is the greater of the insurer's
383 usual and customary commission for the type of policy written or
384 a fee equal to the usual and customary commission of the
385 corporation; or

386 (B) Offer to allow the producing agent of record ~~of the~~
387 ~~policy~~ to continue servicing the policy for at least 1 year and
388 offer to pay the agent the greater of the insurer's or the
389 corporation's usual and customary commission for the type of
390 policy written.

391
392 If the producing agent is unwilling or unable to accept
393 appointment, the new insurer shall pay the agent in accordance
394 with sub-sub-sub-subparagraph (A).

395 (II) If the corporation enters into a contractual agreement
396 for a take-out plan, the producing agent of record of the
397 corporation policy is entitled to retain any unearned commission
398 on the policy, and the insurer shall:

399 (A) Pay to the producing agent of record, for the first
400 year, an amount that is the greater of the insurer's usual and
401 customary commission for the type of policy written or a fee
402 equal to the usual and customary commission of the corporation;
403 or

404 (B) Offer to allow the producing agent of record to
405 continue servicing the policy for at least 1 year and offer to
406 pay the agent the greater of the insurer's or the corporation's

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407 usual and customary commission for the type of policy written.

408

409 If the producing agent is unwilling or unable to accept
410 appointment, the new insurer shall pay the agent in accordance
411 with sub-sub-sub-subparagraph (A).

412 b. With respect to commercial lines residential risks, for
413 a new application to the corporation for coverage, if the risk
414 is offered coverage under a policy including wind coverage from
415 an authorized insurer at its approved rate, the risk is not
416 eligible for a policy issued by the corporation unless the
417 premium for coverage from the authorized insurer is more than 15
418 percent greater than the premium for comparable coverage from
419 the corporation. Whenever an offer of coverage for a commercial
420 lines residential risk is received for a policyholder of the
421 corporation at renewal from an authorized insurer, if the offer
422 is equal to or less than the corporation's renewal premium for
423 comparable coverage, the risk is not eligible for coverage with
424 the corporation. If the risk is not able to obtain ~~any~~ such
425 offer, the risk is eligible for a policy including wind coverage
426 issued by the corporation. However, a policyholder removed from
427 the corporation through an assumption agreement remains eligible
428 for coverage from the corporation until the end of the
429 assumption period.

430 (I) If the risk accepts an offer of coverage through the
431 market assistance plan or through a mechanism established by the
432 corporation other than a plan established by s. 627.3518, before
433 a policy is issued to the risk by the corporation or during the
434 first 30 days of coverage by the corporation, and the producing
435 agent who submitted the application to the plan or the

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436 corporation is not currently appointed by the insurer, the
437 insurer shall:

438 (A) Pay to the producing agent of record ~~of the policy~~, for
439 the first year, an amount that is the greater of the insurer's
440 usual and customary commission for the type of policy written or
441 a fee equal to the usual and customary commission of the
442 corporation; or

443 (B) Offer to allow the producing agent of record ~~of the~~
444 ~~policy~~ to continue servicing the policy for at least 1 year and
445 offer to pay the agent the greater of the insurer's or the
446 corporation's usual and customary commission for the type of
447 policy written.

448
449 If the producing agent is unwilling or unable to accept
450 appointment, the new insurer shall pay the agent in accordance
451 with sub-sub-sub-subparagraph (A).

452 (II) If the corporation enters into a contractual agreement
453 for a take-out plan, the producing agent of record of the
454 corporation policy is entitled to retain any unearned commission
455 on the policy, and the insurer shall:

456 (A) Pay to the producing agent of record, for the first
457 year, an amount that is the greater of the insurer's usual and
458 customary commission for the type of policy written or a fee
459 equal to the usual and customary commission of the corporation;
460 or

461 (B) Offer to allow the producing agent of record to
462 continue servicing the policy for at least 1 year and offer to
463 pay the agent the greater of the insurer's or the corporation's
464 usual and customary commission for the type of policy written.

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466 If the producing agent is unwilling or unable to accept
467 appointment, the new insurer shall pay the agent in accordance
468 with sub-sub-sub-subparagraph (A).

469 c. For purposes of determining comparable coverage under
470 sub-subparagraphs a. and b., the comparison must be based on
471 those forms and coverages that are reasonably comparable. The
472 corporation may rely on a determination of comparable coverage
473 and premium made by the producing agent who submits the
474 application to the corporation, made in the agent's capacity as
475 the corporation's agent. A comparison may be made ~~solely~~ of the
476 premium with respect to the main building or structure only on
477 the following basis: the same coverage A or other building
478 limits; the same percentage hurricane deductible that applies on
479 an annual basis or that applies to each hurricane for commercial
480 residential property; the same percentage of ordinance and law
481 coverage, if the same limit is offered by both the corporation
482 and the authorized insurer; the same mitigation credits, to the
483 extent the same types of credits are offered both by the
484 corporation and the authorized insurer; the same method for loss
485 payment, such as replacement cost or actual cash value, if the
486 same method is offered both by the corporation and the
487 authorized insurer in accordance with underwriting rules; and
488 any other form or coverage that is reasonably comparable as
489 determined by the board. If an application is submitted to the
490 corporation for wind-only coverage in the coastal account, the
491 premium for the corporation's wind-only policy plus the premium
492 for the ex-wind policy that is offered by an authorized insurer
493 to the applicant must be compared to the premium for multiperil

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494 coverage offered by an authorized insurer, subject to the
495 standards for comparison specified in this subparagraph. If the
496 corporation or the applicant requests from the authorized
497 insurer a breakdown of the premium of the offer by types of
498 coverage so that a comparison may be made by the corporation or
499 its agent and the authorized insurer refuses or is unable to
500 provide such information, the corporation may treat the offer as
501 not being an offer of coverage from an authorized insurer at the
502 insurer's approved rate.

503 6. Must include rules for classifications of risks and
504 rates.

505 7. Must provide that if premium and investment income for
506 an account attributable to a particular calendar year are in
507 excess of projected losses and expenses for the account
508 attributable to that year, such excess shall be held in surplus
509 in the account. Such surplus must be available to defray
510 deficits in that account as to future years and used for that
511 purpose before assessing assessable insurers and assessable
512 insureds as to any calendar year.

513 8. Must provide objective criteria and procedures to be
514 uniformly applied to all applicants in determining whether an
515 individual risk is so hazardous as to be uninsurable. In making
516 this determination and in establishing the criteria and
517 procedures, the following must be considered:

518 a. Whether the likelihood of a loss for the individual risk
519 is substantially higher than for other risks of the same class;
520 and

521 b. Whether the uncertainty associated with the individual
522 risk is such that an appropriate premium cannot be determined.

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524 The acceptance or rejection of a risk by the corporation shall
525 be construed as the private placement of insurance, and the
526 provisions of chapter 120 do not apply.

527 9. Must provide that the corporation make its best efforts
528 to procure catastrophe reinsurance at reasonable rates, to cover
529 its projected 100-year probable maximum loss as determined by
530 the board of governors.

531 10. The policies issued by the corporation must provide
532 that if the corporation or the market assistance plan obtains an
533 offer from an authorized insurer to cover the risk at its
534 approved rates, the risk is no longer eligible for renewal
535 through the corporation, except as otherwise provided in this
536 subsection.

537 11. Corporation policies and applications must include a
538 notice that the corporation policy could, under this section, be
539 replaced with a policy issued by an authorized insurer which
540 does not provide coverage identical to the coverage provided by
541 the corporation. The notice must also specify that acceptance of
542 corporation coverage creates a conclusive presumption that the
543 applicant or policyholder is aware of this potential.

544 12. May establish, subject to approval by the office,
545 different eligibility requirements and operational procedures
546 for any line or type of coverage for any specified county or
547 area if the board determines that such changes are justified due
548 to the voluntary market being sufficiently stable and
549 competitive in such area or for such line or type of coverage
550 and that consumers who, in good faith, are unable to obtain
551 insurance through the voluntary market through ordinary methods

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552 continue to have access to coverage from the corporation. If
553 coverage is sought in connection with a real property transfer,
554 the requirements and procedures may not provide an effective
555 date of coverage later than the date of the closing of the
556 transfer as established by the transferor, the transferee, and,
557 if applicable, the lender.

558 13. Must provide that, with respect to the coastal account,
559 any assessable insurer with a surplus as to policyholders of \$25
560 million or less writing 25 percent or more of its total
561 countrywide property insurance premiums in this state may
562 petition the office, within the first 90 days of each calendar
563 year, to qualify as a limited apportionment company. A regular
564 assessment levied by the corporation on a limited apportionment
565 company for a deficit incurred by the corporation for the
566 coastal account may be paid to the corporation on a monthly
567 basis as the assessments are collected by the limited
568 apportionment company from its insureds, but a limited
569 apportionment company must begin collecting the regular
570 assessments not later than 90 days after the regular assessments
571 are levied by the corporation, and the regular assessments must
572 be paid in full within 15 months after being levied by the
573 corporation. A limited apportionment company shall collect from
574 its policyholders any emergency assessment imposed under sub-
575 subparagraph (b)3.d. The plan must provide that, if the office
576 determines that any regular assessment will result in an
577 impairment of the surplus of a limited apportionment company,
578 the office may direct that all or part of such assessment be
579 deferred as provided in subparagraph (q)4. However, an emergency
580 assessment to be collected from policyholders under sub-

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581 subparagraph (b)3.d. may not be limited or deferred.

582 14. Must provide that the corporation appoint as its
583 licensed agents only those agents who also hold an appointment
584 as defined in s. 626.015(3) with an insurer who at the time of
585 the agent's initial appointment by the corporation is authorized
586 to write and is actually writing personal lines residential
587 property coverage, commercial residential property coverage, or
588 commercial nonresidential property coverage within the state.

589 15. Must provide a premium payment plan option to its
590 policyholders which, at a minimum, allows for quarterly and
591 semiannual payment of premiums. A monthly payment plan may, but
592 is not required to, be offered.

593 16. Must limit coverage on mobile homes or manufactured
594 homes built before 1994 to actual cash value of the dwelling
595 rather than replacement costs of the dwelling.

596 17. Must provide coverage for manufactured or mobile home
597 dwellings. Such coverage must also include the following
598 attached structures:

599 a. Screened enclosures that are aluminum framed or screened
600 enclosures that are not covered by the same or substantially the
601 same materials as those of the primary dwelling;

602 b. Carports that are aluminum or carports that are not
603 covered by the same or substantially the same materials as those
604 of the primary dwelling; and

605 c. Patios that have a roof covering that is constructed of
606 materials that are not the same or substantially the same
607 materials as those of the primary dwelling.

608
609 The corporation shall make available a policy for mobile homes

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610 or manufactured homes for a minimum insured value of at least
611 \$3,000.

612 18. May provide such limits of coverage as the board
613 determines, consistent with the requirements of this subsection.

614 19. May require commercial property to meet specified
615 hurricane mitigation construction features as a condition of
616 eligibility for coverage.

617 20. Must provide that new or renewal policies issued by the
618 corporation on or after January 1, 2012, which cover sinkhole
619 loss do not include coverage for any loss to appurtenant
620 structures, driveways, sidewalks, decks, or patios that are
621 directly or indirectly caused by sinkhole activity. The
622 corporation shall exclude such coverage using a notice of
623 coverage change, which may be included with the policy renewal,
624 and not by issuance of a notice of nonrenewal of the excluded
625 coverage upon renewal of the current policy.

626 21. As of January 1, 2012, must require that the agent
627 obtain from an applicant for coverage from the corporation an
628 acknowledgment signed by the applicant, which includes, at a
629 minimum, the following statement:

630
631 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE
632 AND ASSESSMENT LIABILITY:
633

634 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE
635 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A
636 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,
637 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
638 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE

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639 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT
640 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA
641 LEGISLATURE.

642 2. I UNDERSTAND THAT I CAN AVOID THE CITIZENS POLICYHOLDER
643 SURCHARGE, WHICH COULD BE AS HIGH AS 45 PERCENT OF MY PREMIUM,
644 BY OBTAINING COVERAGE FROM A PRIVATE MARKET INSURER AND THAT TO
645 BE ELIGIBLE FOR COVERAGE BY CITIZENS, I MUST FIRST TRY TO OBTAIN
646 PRIVATE MARKET COVERAGE BEFORE APPLYING FOR OR RENEWING COVERAGE
647 WITH CITIZENS. I UNDERSTAND THAT PRIVATE MARKET INSURANCE RATES
648 ARE REGULATED AND APPROVED BY THE STATE.

649 3. I UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY
650 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER
651 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE
652 FLORIDA LEGISLATURE.

653 4. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE
654 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE
655 STATE OF FLORIDA.

656 a. The corporation shall maintain, in electronic format or
657 otherwise, a copy of the applicant's signed acknowledgment and
658 provide a copy of the statement to the policyholder as part of
659 the first renewal after the effective date of this subparagraph.

660 b. The signed acknowledgment form creates a conclusive
661 presumption that the policyholder understood and accepted his or
662 her potential surcharge and assessment liability as a
663 policyholder of the corporation.

664 Section 4. This act shall take effect July 1, 2015.