

By Senator Flores

39-01369C-19

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1 A bill to be entitled
2 An act relating to the Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; specifying a
4 limit on annual rate increases, except for certain
5 coverage, in policies issued by the corporation to
6 insureds located in certain counties; providing for
7 future expiration; providing an effective date.
8

9 Be It Enacted by the Legislature of the State of Florida:
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11 Section 1. Paragraph (n) of subsection (6) of section
12 627.351, Florida Statutes, is amended to read:

13 627.351 Insurance risk apportionment plans.—

14 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

15 (n)1. Rates for coverage provided by the corporation must
16 be actuarially sound and subject to s. 627.062, except as
17 otherwise provided in this paragraph. The corporation shall file
18 its recommended rates with the office at least annually. The
19 corporation shall provide any additional information regarding
20 the rates which the office requires. The office shall consider
21 the recommendations of the board and issue a final order
22 establishing the rates for the corporation within 45 days after
23 the recommended rates are filed. The corporation may not pursue
24 an administrative challenge or judicial review of the final
25 order of the office.

26 2. In addition to the rates otherwise determined pursuant
27 to this paragraph, the corporation shall impose and collect an
28 amount equal to the premium tax provided in s. 624.509 to
29 augment the financial resources of the corporation.

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30 3. After the public hurricane loss-projection model under
31 s. 627.06281 has been found to be accurate and reliable by the
32 Florida Commission on Hurricane Loss Projection Methodology, the
33 model shall be considered when establishing the windstorm
34 portion of the corporation's rates. The corporation may use the
35 public model results in combination with the results of private
36 models to calculate rates for the windstorm portion of the
37 corporation's rates. This subparagraph does not require or allow
38 the corporation to adopt rates lower than the rates otherwise
39 required or allowed by this paragraph.

40 4. The rate filings for the corporation which were approved
41 by the office and took effect January 1, 2007, are rescinded,
42 except for those rates that were lowered. As soon as possible,
43 the corporation shall begin using the lower rates that were in
44 effect on December 31, 2006, and provide refunds to
45 policyholders who paid higher rates as a result of that rate
46 filing. The rates in effect on December 31, 2006, remain in
47 effect for the 2007 and 2008 calendar years except for any rate
48 change that results in a lower rate. The next rate change that
49 may increase rates shall take effect pursuant to a new rate
50 filing recommended by the corporation and established by the
51 office, subject to this paragraph.

52 5. Beginning on July 15, 2009, and annually thereafter, the
53 corporation must make a recommended actuarially sound rate
54 filing for each personal and commercial line of business it
55 writes, to be effective no earlier than January 1, 2010.

56 6.a. Beginning ~~on or after~~ January 1, 2010, and
57 notwithstanding the board's recommended rates and the office's
58 final order regarding the corporation's filed rates under

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59 subparagraph 1., the corporation shall annually implement a rate
60 increase that ~~which~~, except for sinkhole coverage, does not
61 exceed 10 percent for any single policy issued by the
62 corporation, excluding coverage changes and surcharges.

63 b. Beginning January 1, 2020, and notwithstanding the
64 board's recommended rates and the office's final order regarding
65 the corporation's filed rates under subparagraph 1., the
66 corporation shall annually implement a rate increase that,
67 except for sinkhole coverage, does not exceed 10 percent for any
68 single policy issued by the corporation and does not exceed 5
69 percent for any single policy issued by the corporation to an
70 insured located in a county where the office has determined
71 there is not a reasonable degree of competition and that is
72 designated as an area of critical state concern, excluding
73 coverage changes and surcharges. This sub-subparagraph expires
74 January 1, 2024.

75 7. The corporation may also implement an increase to
76 reflect the effect on the corporation of the cash buildup factor
77 pursuant to s. 215.555(5) (b).

78 8. The corporation's implementation of rates as prescribed
79 in subparagraph 6. shall cease for any line of business written
80 by the corporation upon the corporation's implementation of
81 actuarially sound rates. Thereafter, the corporation shall
82 annually make a recommended actuarially sound rate filing for
83 each commercial and personal line of business the corporation
84 writes.

85 Section 2. This act shall take effect July 1, 2019.