

Amendment No.

CHAMBER ACTION

Senate

House

.

Representative Cassel offered the following:

Amendment

Remove lines 163-393 and insert:

(c) "Covered event" means all weather events.

(d) "Covered policy" has the same meaning as in s.

215.555(2)(c).

(e) "FHCF" means the Florida Hurricane Catastrophe Fund
created under s. 215.555.

(f) "Final FORA premium" means the premium due no later
than March 1, 2024, paid by a FORA insurer after the actual 2023
FHCF premiums are calculated.

(g) "FORA" means the Florida Optional Reinsurance

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

14 Assistance program created under this section.

15 (h) "FORA eligible insurer" means a FHCF participating
16 insurer as of November 30, 2022. New FHCF participants after
17 that date are ineligible for FORA coverage. In addition, any
18 joint underwriting association, risk apportionment plan, or
19 other entity created under s. 627.351 is not considered a FORA
20 insurer and may not obtain coverage under FORA.

21 (i) "FORA insurer" means a FORA eligible insurer that
22 executes a FORA reimbursement contract pursuant to this section.

23 (j) "FORA layer limit" means, for the 2023-2024 contract
24 year, a FORA insurer's maximum payout for its FORA layer.

25 (k) "FORA layer retention" means the amount of losses
26 below which a FORA insurer is not entitled to reimbursement for
27 the selected layer under FORA.

28 (l) "FORA payout multiple" means the factors by FHCF
29 coverage and FORA layer that are multiplied by a FORA insurer's
30 FHCF premium to calculate the FORA insurer's FORA layer limits.

31 (m) "FORA reimbursement contract" means the reimbursement
32 contract reflecting the obligations of a FORA insurer and the
33 board.

34 (n) "FORA retention multiple" means the factors by FHCF
35 coverage and FORA layer that are multiplied by a FORA insurer's
36 FHCF premium to calculate the FORA insurer's FORA layer
37 retentions.

38 (o) "Initial FORA premium" means the premium paid by a

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

39 FORA insurer by July 1, 2023, for coverage under the FORA
40 program.

41 (p) "Losses" has the same meaning as in s. 215.555(2)(d),
42 and all weather events.

43 (q) "RAP insurer" has the same meaning as in s.
44 215.5551(2)(h).

45 (r) "Unsound insurer" means a FORA insurer determined by
46 the Office of Insurance Regulation to be in unsound condition as
47 defined in s. 624.80(2) or a FORA insurer placed in receivership
48 under chapter 631.

49 (3) COVERAGE.—

50 (a) Each FORA eligible insurer may purchase coverage under
51 FORA. The board shall provide four optional layers below the
52 FHCF retention prior to the third event dropdown of the FHCF
53 retention set forth in s. 215.555(2)(e)4. Only RAP insurers
54 required to participate in the 2022-2023 contract year may
55 select FORA layers 1 through 3. All FORA eligible insurers may
56 purchase FORA layer 4. If a RAP insurer required to participate
57 in the 2022-2023 contract year chooses to purchase layer 2, 3,
58 or 4, such layers must be purchased inclusive of the prior layer
59 and cannot be purchased separately.

60 (b) FORA industry limits prior to FORA insurer selections
61 are as follows:

62 1. FORA industry layer 1 limit is \$1 billion.

63 2. FORA industry layer 2 limit is \$1 billion.

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

64 3. FORA industry layer 3 limit is \$2 billion divided by
65 the RAP Qualification ratio minus \$2 billion.

66 4. FORA industry layer 4 limit is \$1 billion minus the
67 total FORA industry limit selected for FORA layers 1, 2, and 3,
68 plus the total FORA premium collected for FORA layers 1, 2, and
69 3.

70 (c) The maximum aggregate coverage for all selected FORA
71 layers is \$1 billion as provided under paragraph (11) (a) plus
72 premiums needed to fulfill the obligations of this section. An
73 additional reinstatement limit is included at no additional cost
74 at the original coverage levels selected by the eligible
75 participating insurer.

76 (4) FORA REIMBURSEMENT CONTRACTS.—

77 (a) FORA eligible insurers selecting coverage must execute
78 a FORA reimbursement contract with the board.

79 (b) The board must enter into a FORA reimbursement
80 contract effective June 1, 2023, with each FORA eligible insurer
81 electing to purchase coverage. Such contract must provide
82 coverage pursuant to this section in exchange for premium paid.

83 (c) The FORA reimbursement contract must be executed by
84 the FORA insurer no later than April 15, 2023, for layers 1
85 through 3, and May 30, 2023, for layer 4.

86 (d) For the two covered events with the largest losses for
87 the FORA insurer, the FORA reimbursement contract must contain a
88 promise by the board to reimburse the FORA insurer for 100

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

89 percent of its losses from each covered event in excess of the
90 lowest selected FORA layer's retention. The sum of the FORA
91 insurer's covered losses from the two covered events with the
92 largest losses from each FORA layer may not exceed the FORA
93 insurer's combined selected FORA layer limit or limits, and
94 reinstatement limit or limits.

95 (e) The FORA reimbursement contract must provide that
96 reimbursement amounts are not reduced by reinsurance paid or
97 payable to the insurer from other sources.

98 (f) The board shall calculate and report to each FORA
99 insurer the initial and final FORA payout multiples for each
100 FORA layer using the source data described in paragraph (5)(a).

101 1. For FORA layer 1, the FORA payout multiple is the
102 quotient of \$1 billion divided by the FHCF industry aggregate
103 retention multiplied by the FHCF retention multiple for the FHCF
104 coverage selected.

105 2. For FORA layer 2, the FORA payout multiple is the
106 quotient of \$1 billion divided by the FHCF industry aggregate
107 retention multiplied by the FHCF retention multiple for the FHCF
108 coverage selected.

109 3. For FORA layer 3, the FORA payout multiple is
110 calculated as follows: the numerator is the quotient of \$2
111 billion divided by the RAP qualification ratio as defined in s.
112 215.5551(2)(j) minus \$2 billion. The denominator is the FHCF
113 industry aggregate retention. The FORA multiple is the FHCF

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

114 retention multiple multiplied by the numerator divided by the
115 denominator.

116 4. The FORA layer 4 payout multiple is the total FORA
117 industry layer 4 limit divided by the FHCF industry aggregate
118 retention multiplied by the FHCF retention multiple for the FHCF
119 coverage selected. For FORA layer 4, the total FORA industry
120 layer limit is \$1 billion minus the total FORA industry limit
121 selected for FORA layers 1, 2, and 3, plus the total FORA
122 premium collected for FORA layers 1, 2, and 3.

123 (g) For each FORA layer, the FORA payout multiple is
124 multiplied by the FORA insurer's FHCF premium to calculate its
125 FORA maximum payout. FORA payout multiples are calculated for 45
126 percent, 75 percent, and 90 percent FHCF mandatory coverage
127 selections.

128 (h) For a FORA insurer that selects more than one layer,
129 the FORA layer limits, and reinstatement limits shall be
130 combined to a single aggregate limit for the two covered events
131 with the largest losses for the FORA insurer.

132 (i) FORA layer retentions are calculated as follows:

133 1. For each FORA layer, the board shall calculate and
134 report to each FORA insurer the initial and final FORA retention
135 multiples for each FHCF coverage selection as the FHCF retention
136 multiple minus the FORA payout multiple using the source data
137 described in paragraph (5)(a). The FORA retention multiple is
138 multiplied by the FORA insurer's FHCF premium to calculate its

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

139 FORA retention. FORA retention multiples are calculated for 45
140 percent, 75 percent, and 90 percent FHCF mandatory coverage
141 selections.

142 2. The FORA industry retention for the 2023-2024 contract
143 year for FORA layer 1 is the FHCF's industry retention minus \$1
144 billion. The FORA layer 2 industry retention is the FHCF
145 industry retention minus \$2 billion. The FORA layer 3 industry
146 retention is the FHCF's industry retention minus the quotient of
147 \$2 billion divided by the RAP qualification ratio. The FORA
148 layer 4 industry retention is the FORA layer 3 retention minus
149 the FORA layer 4 limit.

150 3. A FORA insurer's initial and final FORA retentions are
151 determined by multiplying its FHCF reimbursement premium by the
152 FORA retention multiple for each FHCF coverage selection using
153 the source data in paragraph (5) (a).

154 4. For a FORA insurer that selects more than one layer,
155 the FORA combined layer retention shall be the lowest selected
156 layer retention for each of the two covered events with the
157 largest losses for the FORA insurer.

158 (j) To ensure that insurers have properly reported the
159 losses for which FORA reimbursements have been made, the board
160 may inspect, examine, and verify the records of each FORA
161 participating insurer's covered policies at such times as the
162 board deems appropriate for the specific purpose of validating
163 the accuracy of losses required to be reported under the terms

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

164 and conditions of the FORA reimbursement contract.

165 (5) FORA PREMIUMS.—

166 (a) Premiums shall be charged as follows:

167 1. Fifty percent Rate on Line multiplied by the FORA
168 insurer's FORA layer 1 limit.

169 2. Fifty-five percent Rate on Line multiplied by the FORA
170 insurer's FORA layer 2 limit.

171 3. Sixty percent Rate on Line multiplied by the FORA
172 insurer's FORA layer 3 limit.

173 4. Sixty-five percent Rate on Line multiplied by the FORA
174 insurer's FORA layer 4 limit.

175 (b) Initial FORA premiums shall be based on the 2023 FHCF
176 projected industry retention, FHCF retention multiples, 2022 RAP
177 qualification ratio, and insurers' 2022 FHCF premiums. Final
178 FORA premiums will be adjusted after December 31, 2023, based on
179 December 31, 2023, FHCF premiums, FHCF industry retention, the
180 2023 RAP qualification ratio and insurers' 2023 FHCF premiums.

181 (c) Failure to pay the initial FORA premium in full by
182 July 1, 2023, shall result in disqualification as a FORA
183 insurer. The final FORA premium will be due no later than March
184 1, 2024.

185 (6) CLAIMS-PAYING CAPACITY.—FORA shall not affect the
186 claims-paying capacity of the FHCF as provided in s.
187 215.555(4)(c)1.

188 (7) INSOLVENCY OF FORA INSURER.—

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

189 (a) The FORA reimbursement contract must provide that in
190 the event of an insolvency of a FORA insurer, the board shall
191 pay reimbursements directly to the applicable state guaranty
192 fund for the benefit of policyholders in this state of the FORA
193 insurer.

194 (b) If an authorized insurer or the Citizens Property
195 Insurance Corporation accepts an assignment of an unsound
196 insurer's FORA reimbursement contract, the board shall apply the
197 unsound insurer's FORA reimbursement contract to such policies
198 and treat the authorized insurer or the Citizens Property
199 Insurance Corporation as if it were the unsound insurer for the
200 remaining term of the FORA reimbursement contract, with all
201 rights and duties of the unsound insurer beginning on the date
202 it provides coverage for such policies. This paragraph may not
203 be construed to limit the board's right to receive the premium
204 due under the Unsound insurer's FORA reimbursement contract.

205 (8) VIOLATIONS.—Any violation of this section or of rules
206 adopted under this section constitutes a violation of the
207 Florida Insurance Code.

208 (9) LEGAL PROCEEDINGS.—The board may take any action
209 necessary to enforce the rules, provisions, and requirements of
210 the FORA reimbursement contract under this section.

211 (10) RULEMAKING.—The board may adopt rules to implement
212 this section. In addition, the board may adopt emergency rules
213 pursuant to s. 120.54(4) at any time as are necessary to

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

214 implement this section for the 2023-2024 fiscal year. The
215 Legislature finds that such emergency rulemaking power is
216 necessary in order to address a critical need in the state's
217 problematic property insurance market. The Legislature further
218 finds that the uniquely short timeframe needed to effectively
219 implement this section for the 2023-2024 fiscal year requires
220 that the board adopt rules as quickly as practicable. Therefore,
221 in adopting such emergency rules, the board need not make the
222 findings required by s. 120.54(4)(a). Emergency rules adopted
223 under this section are exempt from s. 120.54(4)(c) and shall
224 remain in effect until replaced by rules adopted under the
225 nonemergency rulemaking procedures of chapter 120, which must
226 occur no later than December 31, 2023.

227 (11) APPROPRIATION.—

228 (a) Within 60 days after a covered event, the board shall
229 submit written notice to the Executive Office of the Governor if
230 the board determines that funds from FORA coverage established
231 by this section will be necessary to reimburse FORA insurers for
232 losses associated with the covered event. The initial notice,
233 and any subsequent requests, must specify the amount necessary
234 to provide FORA reimbursements. Upon receiving such notice, the
235 Executive Office of the Governor shall instruct the Chief
236 Financial Officer to draw a warrant from the General Revenue
237 Fund for a transfer to the board for FORA in the amount
238 requested. The Executive Office of the Governor shall provide

798733

Approved For Filing: 12/14/2022 7:20:52 AM

Amendment No.

239 | written notification to the chair and vice chair of the
240 | Legislative Budget Commission at least 3 days before the
241 | effective date of the warrant. Cumulative transfers authorized
242 | under this paragraph may not exceed \$2 billion.

798733

Approved For Filing: 12/14/2022 7:20:52 AM