

Amendment No.

CHAMBER ACTION

Senate

House

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Representative Learned offered the following:

Amendment (with title amendment)

Remove lines 268-562 and insert:

4. The RAP reimbursement contract shall require that:

a. Any reimbursement that a RAP insurer receives from the RAP program be deposited into a fund reserved to its policyholders. The reimbursement amount may be used only by the RAP insurer's policyholders to pay their homeowners' insurance premiums under the RAP insurer's policies.

b. By June 1 of the year that follows the year in which the RAP insurer participates in the RAP program, the RAP insurer shall submit to the board information on the method of

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14 disbursement of the fund described in sub-subparagraph a., the
15 amount disbursed, the recipients of the disbursement, and the
16 remaining balance, if any, of the fund. The board must provide
17 guidelines for a method of disbursement that ensures equitable
18 distribution of funds among the RAP insurer's policyholders.

19 (b) For the two covered events with the largest losses,
20 the RAP reimbursement contract must contain a promise by the
21 board to reimburse the RAP insurer for 90 percent of its losses
22 from each covered event in excess of the insurer's RAP
23 retention, plus 10 percent of the reimbursed losses to cover
24 loss adjustment expenses. The sum of the losses and 10 percent
25 loss adjustment expense allocation from the RAP layer may not
26 exceed the RAP limit. Recoveries on losses in the FHCF mandatory
27 layer shall inure to the benefit of the RAP contract layer.

28 (c) The RAP reimbursement contract must provide that
29 reimbursement amounts are not reduced by reinsurance paid or
30 payable to the insurer from other sources excluding the FHCF.

31 (d) The board shall calculate and report to each RAP
32 insurer the RAP payout multiples as the ratio of the RAP
33 industry limit of \$2 billion for the 2022-2023 contract year, or
34 the deferred limit for the 2022-2023 contract year, to the
35 mandatory FHCF retention multiplied by the mandatory FHCF
36 retention multiples divided by the RAP qualification ratio. The
37 RAP payout multiple for an insurer is multiplied by the RAP
38 insurer's FHCF premium to calculate its RAP maximum payout. RAP

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39 payout multiples are calculated for 45 percent, 75 percent, and
40 90 percent FHCF mandatory coverage selections.

41 (e) A RAP insurer's RAP retention is calculated as
42 follows:

43 1. The board shall calculate and report to each RAP
44 insurer the RAP retention multiples for each FHCF coverage
45 selection as the FHCF retention multiple minus the RAP payout
46 multiple. The RAP retention multiple for an insurer is
47 multiplied by the RAP insurer's FHCF premium to calculate its
48 RAP retention. RAP retention multiples are calculated for 45
49 percent, 75 percent, and 90 percent FHCF mandatory coverage
50 selections.

51 2. The RAP industry retention for the 2022-2023 contract
52 year is the FHCF's industry retention minus \$2 billion, prior to
53 allocation to qualifying RAP insurers. The RAP industry
54 retention for the 2023-2024 contract year is the FHCF's industry
55 retention for the 2023-2024 contract year minus the total
56 deferred RAP limit, prior to allocation to qualifying RAP
57 insurers.

58 3. A RAP insurer determines its actual RAP retention by
59 multiplying its actual mandatory reimbursement FHCF premium by
60 the RAP retention multiple.

61 (f) To ensure that insurers have properly reported the
62 losses for which RAP reimbursements have been made, the board
63 may inspect, examine, and verify the records of each RAP

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64 insurer's covered policies at such times as the board deems
65 appropriate for the specific purpose of validating the accuracy
66 of losses required to be reported under the terms and conditions
67 of the RAP reimbursement contract.

68 (5) INSURER QUALIFICATION.—

69 (a) An insurer is not eligible to participate in the RAP
70 program if the board receives a notice from the Commissioner of
71 Insurance Regulation which certifies that the insurer is in an
72 unsound financial condition no later than:

73 1. June 15, 2022, for RAP insurers that participate during
74 the 2022-2023 contract year; or

75 2. February 1, 2023, for RAP insurers subject to
76 participation deferral under subsection (6) and participate
77 during the 2023-2024 contract year.

78 (b) The office must make this determination based on the
79 following factors:

80 1. The insurer's compliance with the requirements to
81 qualify for and hold a certificate of authority under s.
82 624.404;

83 2. The insurer's compliance with the applicable surplus
84 requirements of s. 624.408;

85 3. The insurer's compliance with the applicable risk-based
86 capital requirements under s. 624.4085;

87 4. The insurer's compliance with the applicable premium to
88 surplus requirements under s. 624.4095; and

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89 5. An analysis of quarterly and annual statements,
90 including an actuarial opinion summary, and other information
91 submitted to the office pursuant to s. 624.424.

92 (c) If the board receives timely notice pursuant to
93 paragraph (a) regarding an insurer, such insurer is disqualified
94 from participating in the RAP program.

95 (6) PARTICIPATION DEFERRAL.—

96 (a) A RAP insurer that has any private reinsurance that
97 duplicates RAP coverage that such insurer would receive for the
98 2022-2023 contract year shall notify the board in writing of
99 such duplicative coverage no later than June 30, 2022.

100 Participation in the RAP program for such RAP insurers shall be
101 deferred until the 2023-2024 contract year.

102 (b) A new participating insurer that begins writing
103 covered policies in this state after June 1, 2022, is deemed to
104 defer its RAP coverage to the 2023-2024 contract year.

105 (7) RAP PREMIUMS.—Premiums may not be charged for
106 participation in the RAP program.

107 (8) CLAIMS-PAYING CAPACITY.—The RAP program shall not
108 affect the claims-paying capacity of the FHCF as provided in s.
109 215.555 (4) (c) 1.

110 (9) INSOLVENCY OF RAP INSURER.—

111 (a) The RAP reimbursement contract shall provide that in
112 the event of an insolvency of a RAP insurer, the RAP program
113 shall pay reimbursements directly to the applicable state

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114 guaranty fund for the benefit of policyholders in this state of
115 the RAP insurer.

116 (b) If an authorized insurer or the Citizens Property
117 Insurance Corporation accepts an assignment of an unsound RAP
118 insurer's RAP contract, the FHCF shall apply the unsound RAP
119 insurer's RAP contract to such policies and treat the authorized
120 insurer or the Citizens Property Insurance Corporation as if it
121 were the unsound RAP insurer for the remaining term of the RAP
122 contract, with all rights and duties of the unsound RAP insurer
123 beginning on the date it provides coverage for such policies.

124 (10) VIOLATIONS.—Any violation of this section or of rules
125 adopted under this section constitutes a violation of the
126 insurance code.

127 (11) LEGAL PROCEEDINGS.—The board is authorized to take
128 any action necessary to enforce the rules, provisions, and
129 requirements of the RAP reimbursement contract, required by and
130 adopted pursuant to this section.

131 (12) RULEMAKING.—The board may adopt rules to implement
132 this section. In addition, the board may adopt emergency rules,
133 pursuant to s. 120.54, at any time, as are necessary to
134 implement this section for the 2022-2023 fiscal year. The
135 Legislature finds that such emergency rulemaking power is
136 necessary in order to address a critical need in the state's
137 problematic property insurance market. The Legislature further
138 finds that the uniquely short timeframe needed to effectively

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139 implement this section for the 2022-2023 fiscal year requires
140 that the board adopt rules as quickly as practicable. Therefore,
141 in adopting such emergency rules, the board need not make the
142 findings required by s. 120.54(4)(a). Emergency rules adopted
143 under this section are exempt from s. 120.54(4)(c) and shall
144 remain in effect until replaced by rules adopted under the
145 nonemergency rulemaking procedures of chapter 120, which must
146 occur no later than July 1, 2023.

147 (13) APPROPRIATION.—

148 (a) Within 60 days after a covered event, the board shall
149 submit written notice to the Executive Office of the Governor if
150 the board determines that funds from the RAP program coverage
151 established by this section will be necessary to reimburse RAP
152 insurers for losses associated with the covered event. The
153 initial notice, and any subsequent requests, must specify the
154 amount necessary to provide RAP reimbursements. Upon receiving
155 such notice, the Executive Office of the Governor shall instruct
156 the Chief Financial Officer to draw a warrant from the General
157 Revenue Fund for a transfer to the board for the RAP program in
158 the amount requested. The Executive Office of the Governor shall
159 provide written notification to the chair and vice chair of the
160 Legislative Budget Commission at least 3 days before the
161 effective date of the warrant. Cumulative transfers authorized
162 under this paragraph may not exceed \$2 billion.

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163 (b) If General Revenue Funds are transferred to the board
164 for the RAP program under paragraph (a), the board shall submit
165 written notice to the Executive Office of the Governor that
166 funds will be necessary for the administration of the RAP
167 program and post-event examinations for covered events that
168 require RAP coverage. The initial notice, and any subsequent
169 requests, must specify the amount necessary for administration
170 of the RAP program and post-event examinations. Upon receiving
171 such notice, the Executive Office of the Governor shall instruct
172 the Chief Financial Officer to draw a warrant from the General
173 Revenue Fund for a transfer to the board for the RAP program in
174 the amount requested. The Executive Office of the Governor shall
175 provide written notification to the chair and vice chair of the
176 Legislative Budget Commission at least 3 days before the
177 effective date of the warrant. Cumulative transfers authorized
178 under this paragraph may not exceed \$5 million.

179 (c) No later than January 31, 2023, and quarterly
180 thereafter, the board shall submit a report to the Executive
181 Office of the Governor, the President of the Senate, and the
182 Speaker of the House of Representatives detailing any
183 reimbursements of the RAP program, all loss development
184 projections, the amount of RAP reimbursement coverage deferred
185 until the 2023-2024 contract year, and detailed information
186 about administrative and post-event examination expenditures.

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187 (14) EXPIRATION DATE.—If no General Revenue Funds have
188 been transferred to the board for the RAP program under
189 subsection (13) by June 30, 2025, this section expires on July
190 1, 2025. If General Revenue Funds have been transferred to the
191 board for the RAP program under subsection (13) by June 30,
192 2025, this section expires on July 1, 2029, and all unencumbered
193 RAP program funds shall be transferred by the board back to the
194 General Revenue Fund unallocated.

195 Section 2. Effective July 1, 2022, paragraphs (a) and (b)
196 of subsection (2) and subsection (10) of section 215.5586,
197 Florida Statutes, are amended to read:

198 215.5586 My Safe Florida Home Program.—There is
199 established within the Department of Financial Services the My
200 Safe Florida Home Program. The department shall provide fiscal
201 accountability, contract management, and strategic leadership
202 for the program, consistent with this section. This section does
203 not create an entitlement for property owners or obligate the
204 state in any way to fund the inspection or retrofitting of
205 residential property in this state. Implementation of this
206 program is subject to annual legislative appropriations. It is
207 the intent of the Legislature that the My Safe Florida Home
208 Program provide trained and certified inspectors to perform
209 inspections for owners of site-built, single-family, residential
210 properties and grants to eligible applicants as funding allows.
211 The program shall develop and implement a comprehensive and

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212 coordinated approach for hurricane damage mitigation that may
213 include the following:

214 (2) MITIGATION GRANTS.—Financial grants shall be used to
215 encourage single-family, site-built, owner-occupied, residential
216 property owners to retrofit their properties to make them less
217 vulnerable to hurricane damage.

218 (a) For a homeowner to be eligible for a grant, the
219 following criteria must be met:

220 1. The homeowner must have been granted a homestead
221 exemption on the home under chapter 196.

222 2. The home must be a dwelling with an insured value of
223 \$500,000 ~~\$300,000~~ or less. Homeowners who are low-income
224 persons, as defined in s. 420.0004(11), are exempt from this
225 requirement.

226 3. The home must have undergone an acceptable hurricane
227 mitigation inspection after July 1, 2008 ~~May 1, 2007~~.

228 4. The home must be located in the "wind-borne debris
229 region" as that term is defined in the Florida Building Code s.
230 ~~1609.2, International Building Code (2006), or as subsequently~~
231 ~~amended~~.

232 5. The building permit application for initial
233 construction of the home must have been made before January 1,
234 2008 ~~March 1, 2002~~.

235 6. The homeowner must agree to make his or her home
236 available for inspection once a mitigation project is completed.

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238 An application for a grant must contain a signed or
239 electronically verified statement made under penalty of perjury
240 that the applicant has submitted only a single application and
241 must have attached documents demonstrating the applicant meets
242 the requirements of this paragraph.

243 (b) All grants must be matched on the basis of \$1 provided
244 by the applicant for \$2 provided by the state ~~a dollar for-~~
245 ~~dollar basis~~ up to a maximum state contribution total of \$10,000
246 toward ~~for~~ the actual cost of the mitigation project ~~with the~~
247 ~~state's contribution not to exceed \$5,000.~~

248 (10) REPORTS.—The department shall make an annual report
249 on the activities of the program that shall account for the use
250 of state funds and indicate the number of inspections requested,
251 the number of inspections performed, the number of grant
252 applications received, ~~and~~ the number and value of grants
253 approved, and the average annual amount of insurance premium
254 discounts and total annual amount of insurance premium discounts
255 homeowners received from insurers as a result of mitigation
256 funded through the program. The report shall be delivered to the
257 President of the Senate and the Speaker of the House of
258 Representatives by February 1 of each year.

259 Section 3. (1) For the 2022-2023 fiscal year, the sum of
260 \$2 billion in nonrecurring funds is appropriated from the
261 General Revenue Fund to the Department of Financial Services for

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262 the My Safe Florida Home Program. The funds shall be placed in
263 reserve. The department shall submit budget amendments
264 requesting release of the funds held in reserve pursuant to
265 chapter 216, Florida Statutes. The budget amendments shall
266 include a detailed spending plan.

267 (2) The funds shall be allocated as follows:

268 (a) Twenty-five million dollars for hurricane mitigation
269 inspections.

270 (b) One hundred fifteen million dollars for mitigation
271 grants.

272 (c) Four million dollars for education and consumer
273 awareness.

274 (d) One million dollars for public outreach for
275 contractors and real estate brokers and sales associates.

276 (e) Five million dollars for administrative costs.

277 (f) The remaining balance to fund the My Safe Florida Home
278 if the fund for the program is depleted.

279 (3) The department may adopt emergency rules pursuant to
280 s. 120.54, Florida Statutes, at any time, as are necessary to
281 implement this section and s. 215.5586, Florida Statutes, as
282 amended by this act. The Legislature finds that such emergency
283 rulemaking authority is necessary to address a critical need in
284 the state's problematic property insurance market. The
285 Legislature further finds that the uniquely short timeframe
286 needed to effectively implement this section for the 2022-2023

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287 fiscal year requires that the department adopt rules as quickly
 288 as practicable. Therefore, in adopting such emergency rules, the
 289 department need not make the findings required by s.
 290 120.54(4) (a), Florida Statutes. Emergency rules adopted under
 291 this section are exempt from s. 120.54(4)(c), Florida Statutes,
 292 and shall remain in effect until replaced by rules adopted under
 293 the nonemergency rulemaking procedures of chapter 120, Florida
 294 Statutes, which must occur no later than July 1, 2023.

295 (4) This section expires on October 1, 2024.

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297

298 **T I T L E A M E N D M E N T**

299 Remove lines 10-61 and insert:
 300 provide certain insurance reimbursement; providing
 301 requirements for the contracts; requiring
 302 reimbursements under the program to be deposited into
 303 funds reserved for policyholders for a specified
 304 purpose; requiring insurers to submit to the board
 305 certain information; requiring the board to provide
 306 certain guidelines; providing construction; providing
 307 calculations for specified amounts of losses to
 308 determine reimbursement under the program; authorizing
 309 the board to inspect, examine, and verify insurer
 310 records; providing insurer eligibility qualifications
 311 for the program; providing for disqualification;

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312 requiring certain insurers to notify the board under a
313 specified circumstance; providing for deferral of
314 coverage under the program; prohibiting premiums from
315 being charged for participation in the program;
316 providing that the program does not affect the claims-
317 paying capacity of the Florida Hurricane Catastrophe
318 Fund; requiring the program to pay reimbursements
319 directly to the applicable state guaranty fund in the
320 event of insolvency; specifying requirements for the
321 Florida Hurricane Catastrophe Fund if an insurer or
322 the Citizens Property Insurance Corporation accept
323 assignments of unsound insurers; providing that
324 certain violations are violations of the insurance
325 code; authorizing the board to enforce certain
326 requirements; authorizing the board to adopt
327 nonemergency rules and emergency rules; providing
328 legislative findings; specifying conditions and
329 limitations for any emergency rules adopted; providing
330 legislative intent; requiring the board to submit a
331 written notice within a certain timeframe to the
332 Executive Office of the Governor relating to the
333 program funds, under certain circumstances; providing
334 a requirement for the notice and subsequent requests;
335 requiring the Executive Office of the Governor to
336 instruct the Chief Financial Officer to draw a warrant

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337 for a transfer to the board for the program under
338 certain circumstances and to provide notification to
339 specified persons within a certain timeframe;
340 prohibiting cumulative transfers from exceeding a
341 specified amount; providing reporting requirements;
342 providing for expiration and transfer of unencumbered
343 funds; amending s. 215.5586, F.S.; revising homeowner
344 eligibility criteria for mitigation grants; specifying
345 matching requirements for grants; revising reporting
346 requirements; providing an appropriation; requiring
347 the Department of Financial Services to submit budget
348 amendments; specifying requirements for budget
349 amendments; authorizing

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