

By the Committees on Fiscal Policy; and Community Affairs; and  
Senator Martin

594-03815-23

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1                   A bill to be entitled  
2           An act relating to property insurance; amending s.  
3           627.0629, F.S.; adding wind uplift prevention to a  
4           list of fixtures or construction techniques for which  
5           a residential property insurance rate filing must  
6           include actuarially reasonable rate differentials or  
7           appropriate deductible reductions; amending s.  
8           627.351, F.S.; revising rate change limitations for  
9           specified policies written by the Citizens Property  
10          Insurance Corporation; revising the applicability of  
11          flood coverage requirements for personal lines  
12          residential policyholders of the corporation;  
13          authorizing the corporation to adopt policy forms that  
14          provide for the resolution of certain disputes in  
15          proceedings before the Division of Administrative  
16          Hearings; providing that such policies are not subject  
17          to mandatory binding arbitration provisions;  
18          authorizing the corporation to contract with the  
19          division to conduct proceedings; providing an  
20          appropriation; requiring the Office of Insurance  
21          Regulation to conduct a wind-loss mitigation study in  
22          consultation with the Department of Business and  
23          Professional Regulation and the Florida Building  
24          Commission or competitively procure the study;  
25          specifying requirements for the study; requiring that  
26          study findings be reported to certain entities by a  
27          specified date; authorizing the office to use a  
28          portion of appropriated funds to contract separately  
29          with building code experts for certain purposes;

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30 providing effective dates.

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

33  
34 Section 1. Effective July 1, 2023, subsection (1) of  
35 section 627.0629, Florida Statutes, is amended to read:

36 627.0629 Residential property insurance; rate filings.—

37 (1) It is the intent of the Legislature that insurers  
38 provide savings to consumers who install or implement windstorm  
39 damage mitigation techniques, alterations, or solutions to their  
40 properties to prevent windstorm losses. A rate filing for  
41 residential property insurance must include actuarially  
42 reasonable discounts, credits, or other rate differentials, or  
43 appropriate reductions in deductibles, for properties on which  
44 fixtures or construction techniques demonstrated to reduce the  
45 amount of loss in a windstorm have been installed or  
46 implemented. The fixtures or construction techniques must  
47 include, but are not limited to, fixtures or construction  
48 techniques that enhance wind uplift prevention, roof strength,  
49 roof covering performance, roof-to-wall strength, wall-to-floor-  
50 to-foundation strength, opening protection, and window, door,  
51 and skylight strength. Credits, discounts, or other rate  
52 differentials, or appropriate reductions in deductibles, for  
53 fixtures and construction techniques that meet the minimum  
54 requirements of the Florida Building Code must be included in  
55 the rate filing. The office shall determine the discounts,  
56 credits, other rate differentials, and appropriate reductions in  
57 deductibles that reflect the full actuarial value of such  
58 revaluation, which may be used by insurers in rate filings.

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59 Section 2. Paragraphs (n) and (aa) of subsection (6) of  
60 section 627.351, Florida Statutes, are amended, and paragraph  
61 (11) is added to that subsection, to read:

62 627.351 Insurance risk apportionment plans.—

63 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

64 (n)1. Rates for coverage provided by the corporation must  
65 be actuarially sound pursuant to s. 627.062 and not competitive  
66 with approved rates charged in the admitted voluntary market so  
67 that the corporation functions as a residual market mechanism to  
68 provide insurance only when insurance cannot be procured in the  
69 voluntary market, except as otherwise provided in this  
70 paragraph. The office shall provide the corporation such  
71 information as would be necessary to determine whether rates are  
72 competitive. The corporation shall file its recommended rates  
73 with the office at least annually. The corporation shall provide  
74 any additional information regarding the rates which the office  
75 requires. The office shall consider the recommendations of the  
76 board and issue a final order establishing the rates for the  
77 corporation within 45 days after the recommended rates are  
78 filed. The corporation may not pursue an administrative  
79 challenge or judicial review of the final order of the office.

80 2. In addition to the rates otherwise determined pursuant  
81 to this paragraph, the corporation shall impose and collect an  
82 amount equal to the premium tax provided in s. 624.509 to  
83 augment the financial resources of the corporation.

84 3. After the public hurricane loss-projection model under  
85 s. 627.06281 has been found to be accurate and reliable by the  
86 Florida Commission on Hurricane Loss Projection Methodology, the  
87 model shall be considered when establishing the windstorm

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88 portion of the corporation's rates. The corporation may use the  
89 public model results in combination with the results of private  
90 models to calculate rates for the windstorm portion of the  
91 corporation's rates. This subparagraph does not require or allow  
92 the corporation to adopt rates lower than the rates otherwise  
93 required or allowed by this paragraph.

94 4. The corporation must make a recommended actuarially  
95 sound rate filing for each personal and commercial line of  
96 business it writes.

97 5. Notwithstanding the board's recommended rates and the  
98 office's final order regarding the corporation's filed rates  
99 under subparagraph 1., the corporation shall annually implement  
100 a rate increase which, except for sinkhole coverage, does not  
101 exceed the following for any single policy issued by the  
102 corporation, excluding coverage changes and surcharges:

103 a. Twelve percent for 2023.

104 b. Thirteen percent for 2024.

105 c. Fourteen percent for 2025.

106 d. Fifteen percent for 2026 and all subsequent years.

107 6. The corporation may also implement an increase to  
108 reflect the effect on the corporation of the cash buildup factor  
109 pursuant to s. 215.555(5)(b).

110 7. The corporation's implementation of rates as prescribed  
111 in subparagraphs 5. and 8. shall cease for any line of business  
112 written by the corporation upon the corporation's implementation  
113 of actuarially sound rates. Thereafter, the corporation shall  
114 annually make a recommended actuarially sound rate filing that  
115 is not competitive with approved rates in the admitted voluntary  
116 market for each commercial and personal line of business the

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117 corporation writes.

118 8. The following ~~For any~~ new or renewal personal lines  
119 policies ~~policy~~ written on or after November 1, 2023, are ~~which~~  
120 ~~does not cover a primary residence, the rate to be applied in~~  
121 ~~calculating premium is~~ not subject to the rate increase  
122 limitations in subparagraph 5., but ~~However, the policyholder~~  
123 may not be charged more than 50 percent above, and may not be  
124 charged less than, the established rate for the corporation  
125 which was in effect 1 year before the date of the application:

126 a. Policies that do not cover a primary residence; or

127 b. Policies where coverage for the insured risk, prior to  
128 the date of application with the corporation, was last provided  
129 by an insurer determined by the office to be unsound or an  
130 insurer placed in receivership under chapter 631.

131 9. As used in this paragraph, the term "primary residence"  
132 means the dwelling that is the policyholder's primary home or is  
133 a rental property that is the primary home of the tenant, and  
134 which the policyholder or tenant occupies for more than 9 months  
135 of each year.

136 (aa) Except as otherwise provided in this paragraph, the  
137 corporation shall require the securing and maintaining of flood  
138 insurance as a condition of coverage of a personal lines  
139 residential risk. The insured or applicant must execute a form  
140 approved by the office affirming that flood insurance is not  
141 provided by the corporation and that if flood insurance is not  
142 secured by the applicant or insured from an insurer other than  
143 the corporation and in addition to coverage by the corporation,  
144 the risk will not be eligible for coverage by the corporation.  
145 The corporation may deny coverage of a personal lines

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146 residential risk to an applicant or insured who refuses to  
147 secure and maintain flood insurance. The requirement to purchase  
148 flood insurance shall be implemented as follows:

149 1. Except as provided in subparagraphs 2. and 3., all  
150 personal lines residential policyholders must have flood  
151 coverage in place for policies effective on or after:

152 a. January 1, 2024, for a structure that has a dwelling  
153 replacement cost of property valued at \$600,000 or more.

154 b. January 1, 2025, for a structure that has a dwelling  
155 replacement cost of property valued at \$500,000 or more.

156 c. January 1, 2026, for a structure that has a dwelling  
157 replacement cost of property valued at \$400,000 or more.

158 d. January 1, 2027, for all other personal lines  
159 residential property insured by the corporation.

160 2. All personal lines residential policyholders whose  
161 property insured by the corporation is located within the  
162 special flood hazard area defined by the Federal Emergency  
163 Management Agency must have flood coverage in place:

164 a. At the time of initial policy issuance for all new  
165 personal lines residential policies issued by the corporation on  
166 or after April 1, 2023.

167 b. By the time of the policy renewal for all personal lines  
168 residential policies renewing on or after July 1, 2023.

169 3. Policyholders ~~whose policies issued by the corporation~~  
170 ~~do not provide coverage for the peril of wind~~ are not required  
171 to purchase flood insurance as a condition for maintaining the  
172 following their policies issued by with the corporation:

173 a. Policies that do not provide coverage for the peril of  
174 wind.

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175 b. Policies that provide coverage under a condominium unit  
176 owners form.

177  
178 The flood insurance required under this paragraph must meet, at  
179 a minimum, the coverage available from the National Flood  
180 Insurance Program or the requirements of subparagraphs s.  
181 627.715(1) (a)1., 2., and 3.

182 (1)1. In addition to any other method of alternative  
183 dispute resolution authorized by state law, the corporation may  
184 adopt policy forms that provide for the resolution of disputes  
185 regarding its claim determinations, including disputes regarding  
186 coverage for, or the scope and value of, a claim, in a  
187 proceeding before the Division of Administrative Hearings. Any  
188 such policies are not subject to s. 627.70154.

189 2. The corporation may contract with the Division of  
190 Administrative Hearings to conduct proceedings to resolve  
191 disputes regarding its claim determinations as may be provided  
192 for in the applicable policies of insurance.

193 Section 3. (1) For the 2023-2024 fiscal year, the sum of  
194 \$750,000 in nonrecurring funds is appropriated from the  
195 Insurance Regulatory Trust Fund to the Office of Insurance  
196 Regulation for a wind-loss mitigation study. The office shall  
197 either conduct the study in consultation with the Department of  
198 Business and Professional Regulation and the Florida Building  
199 Commission or competitively procure the study.

200 (2) The study must:

201 (a) Evaluate windstorm loss relativities for construction  
202 features, including, but not limited to, wind uplift prevention  
203 and those which enhance roof strength, roof covering

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204 performance, roof-to-wall strength, wall-to-floor-to-foundation  
205 strength, opening protections, and window, door, and skylight  
206 strength;

207 (b) Include single-family and multifamily homes, mobile  
208 homes, and manufactured housing; and

209 (c) Include, but need not be limited to, an analysis of  
210 developed hurricane loss data for hurricanes since June 1, 2018.

211 (3) By July 1, 2024, the findings of the study must be  
212 reported to the Governor, the President of the Senate, the  
213 Speaker of the House of Representatives, the Chief Financial  
214 Officer, and the Commissioner of Insurance Regulation.

215 (4) The office may use a portion of the funds appropriated  
216 to contract separately with building code experts in order to  
217 effectuate this act and develop rules to be adopted by the  
218 Financial Services Commission.

219 Section 4. Except as otherwise expressly provided in this  
220 act, this act shall take effect upon becoming a law.