

By Senator Hooper

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1                                   A bill to be entitled  
 2           An act relating to coverage by Citizens Property  
 3           Insurance Corporation; amending s. 627.351, F.S.;  
 4           revising certain minimum replacement costs as risk  
 5           amounts ineligible for coverage by Citizens Property  
 6           Insurance Corporation for personal lines residential  
 7           structures; providing exceptions to rate increase  
 8           limitations on single policies issued by the  
 9           corporation; requiring surcharges for a specified  
 10          purpose for policies covering certain personal lines  
 11          residential structures; prohibiting coverage for  
 12          certain dwelling structures and single condominium  
 13          units under certain circumstances; deleting provisions  
 14          relating to rate increase limitations on certain  
 15          policies; deleting the definition of the term "primary  
 16          residence"; providing an effective date.

17  
 18 Be It Enacted by the Legislature of the State of Florida:

19  
 20           Section 1. Paragraphs (a) and (n) of subsection (6) of  
 21           section 627.351, Florida Statutes, are amended to read:

22           627.351 Insurance risk apportionment plans.—  
 23           (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

24           (a) The public purpose of this subsection is to ensure that  
 25           there is an orderly market for property insurance for residents  
 26           and businesses of this state.

27           1. The Legislature finds that private insurers are  
 28           unwilling or unable to provide affordable property insurance  
 29           coverage in this state to the extent sought and needed. The

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30 absence of affordable property insurance threatens the public  
31 health, safety, and welfare and likewise threatens the economic  
32 health of the state. The state therefore has a compelling public  
33 interest and a public purpose to assist in assuring that  
34 property in the state is insured and that it is insured at  
35 affordable rates so as to facilitate the remediation,  
36 reconstruction, and replacement of damaged or destroyed property  
37 in order to reduce or avoid the negative effects otherwise  
38 resulting to the public health, safety, and welfare, to the  
39 economy of the state, and to the revenues of the state and local  
40 governments which are needed to provide for the public welfare.  
41 It is necessary, therefore, to provide affordable property  
42 insurance to applicants who are in good faith entitled to  
43 procure insurance through the voluntary market but are unable to  
44 do so. The Legislature intends, therefore, that affordable  
45 property insurance be provided and that it continue to be  
46 provided, as long as necessary, through Citizens Property  
47 Insurance Corporation, a government entity that is an integral  
48 part of the state, and that is not a private insurance company.  
49 To that end, the corporation shall strive to increase the  
50 availability of affordable property insurance in this state,  
51 while achieving efficiencies and economies, and while providing  
52 service to policyholders, applicants, and agents which is no  
53 less than the quality generally provided in the voluntary  
54 market, for the achievement of the foregoing public purposes.  
55 Because it is essential for this government entity to have the  
56 maximum financial resources to pay claims following a  
57 catastrophic hurricane, it is the intent of the Legislature that  
58 the corporation continue to be an integral part of the state and

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59 that the income of the corporation be exempt from federal income  
60 taxation and that interest on the debt obligations issued by the  
61 corporation be exempt from federal income taxation.

62 2. The Residential Property and Casualty Joint Underwriting  
63 Association originally created by this statute shall be known as  
64 the Citizens Property Insurance Corporation. The corporation  
65 shall provide insurance for residential and commercial property,  
66 for applicants who are entitled, but, in good faith, are unable  
67 to procure insurance through the voluntary market. The  
68 corporation shall operate pursuant to a plan of operation  
69 approved by order of the Financial Services Commission. The plan  
70 is subject to continuous review by the commission. The  
71 commission may, by order, withdraw approval of all or part of a  
72 plan if the commission determines that conditions have changed  
73 since approval was granted and that the purposes of the plan  
74 require changes in the plan. For the purposes of this  
75 subsection, residential coverage includes both personal lines  
76 residential coverage, which consists of the type of coverage  
77 provided by homeowner, mobile home owner, dwelling, tenant,  
78 condominium unit owner, and similar policies; and commercial  
79 lines residential coverage, which consists of the type of  
80 coverage provided by condominium association, apartment  
81 building, and similar policies.

82 3. With respect to coverage for personal lines residential  
83 structures, ~~÷~~

84 ~~a.~~ effective July 1, 2024 ~~January 1, 2014~~, a structure that  
85 has a dwelling replacement cost of \$1 million or more, or a  
86 single condominium unit that has a combined dwelling and  
87 contents replacement cost of \$1 million or more, is not eligible

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88 for coverage by the corporation. Such ~~dwelling~~s insured by the  
89 corporation on December 31, 2013, may continue to be covered by  
90 the corporation until the end of the policy term. The office  
91 shall approve the method used by the corporation for valuing the  
92 dwelling replacement cost for the purposes of this subparagraph.  
93 If a policyholder is insured by the corporation before being  
94 determined to be ineligible pursuant to this subparagraph and  
95 such policyholder files a lawsuit challenging the determination,  
96 the policyholder may remain insured by the corporation until the  
97 conclusion of the litigation.

98 b. ~~Effective January 1, 2015, a structure that has a~~  
99 ~~dwelling replacement cost of \$900,000 or more, or a single~~  
100 ~~condominium unit that has a combined dwelling and contents~~  
101 ~~replacement cost of \$900,000 or more, is not eligible for~~  
102 ~~coverage by the corporation. Such dwelling~~s insured by the  
103 ~~corporation on December 31, 2014, may continue to be covered by~~  
104 ~~the corporation only until the end of the policy term.~~

105 e. ~~Effective January 1, 2016, a structure that has a~~  
106 ~~dwelling replacement cost of \$800,000 or more, or a single~~  
107 ~~condominium unit that has a combined dwelling and contents~~  
108 ~~replacement cost of \$800,000 or more, is not eligible for~~  
109 ~~coverage by the corporation. Such dwelling~~s insured by the  
110 ~~corporation on December 31, 2015, may continue to be covered by~~  
111 ~~the corporation until the end of the policy term.~~

112 d. ~~Effective January 1, 2017, a structure that has a~~  
113 ~~dwelling replacement cost of \$700,000 or more, or a single~~  
114 ~~condominium unit that has a combined dwelling and contents~~  
115 ~~replacement cost of \$700,000 or more, is not eligible for~~  
116 ~~coverage by the corporation. Such dwelling~~s insured by the

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117 ~~corporation on December 31, 2016, may continue to be covered by~~  
118 ~~the corporation until the end of the policy term.~~

119  
120 ~~The requirements of sub-subparagraphs b. d. do not apply in~~  
121 ~~counties where the office determines there is not a reasonable~~  
122 ~~degree of competition. In such counties a personal lines~~  
123 ~~residential structure that has a dwelling replacement cost of~~  
124 ~~less than \$1 million, or a single condominium unit that has a~~  
125 ~~combined dwelling and contents replacement cost of less than \$1~~  
126 ~~million, is eligible for coverage by the corporation.~~

127 4. It is the intent of the Legislature that policyholders,  
128 applicants, and agents of the corporation receive service and  
129 treatment of the highest possible level but never less than that  
130 generally provided in the voluntary market. It is also intended  
131 that the corporation be held to service standards no less than  
132 those applied to insurers in the voluntary market by the office  
133 with respect to responsiveness, timeliness, customer courtesy,  
134 and overall dealings with policyholders, applicants, or agents  
135 of the corporation.

136 5.a. Effective January 1, 2009, a personal lines  
137 residential structure that is located in the "wind-borne debris  
138 region," as defined in s. 1609.2, International Building Code  
139 (2006), and that has an insured value on the structure of  
140 \$750,000 or more is not eligible for coverage by the corporation  
141 unless the structure has opening protections as required under  
142 the Florida Building Code for a newly constructed residential  
143 structure in that area. A residential structure is deemed to  
144 comply with this sub-subparagraph if it has shutters or opening  
145 protections on all openings and if such opening protections

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146 complied with the Florida Building Code at the time they were  
147 installed.

148 b. Any major structure, as defined in s. 161.54(6)(a), that  
149 is newly constructed, or rebuilt, repaired, restored, or  
150 remodeled to increase the total square footage of finished area  
151 by more than 25 percent, pursuant to a permit applied for after  
152 July 1, 2015, is not eligible for coverage by the corporation if  
153 the structure is seaward of the coastal construction control  
154 line established pursuant to s. 161.053 or is within the Coastal  
155 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
156 3510.

157 6. With respect to wind-only coverage for commercial lines  
158 residential condominiums, effective July 1, 2014, a condominium  
159 shall be deemed ineligible for coverage if 50 percent or more of  
160 the units are rented more than eight times in a calendar year  
161 for a rental agreement period of less than 30 days.

162 (n)1. Rates for coverage provided by the corporation must  
163 be actuarially sound pursuant to s. 627.062 and not competitive  
164 with approved rates charged in the admitted voluntary market so  
165 that the corporation functions as a residual market mechanism to  
166 provide insurance only when insurance cannot be procured in the  
167 voluntary market, except as otherwise provided in this  
168 paragraph. The office shall provide the corporation such  
169 information as would be necessary to determine whether rates are  
170 competitive. The corporation shall file its recommended rates  
171 with the office at least annually. The corporation shall provide  
172 any additional information regarding the rates which the office  
173 requires. The office shall consider the recommendations of the  
174 board and issue a final order establishing the rates for the

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175 corporation within 45 days after the recommended rates are  
176 filed. The corporation may not pursue an administrative  
177 challenge or judicial review of the final order of the office.

178 2. In addition to the rates otherwise determined pursuant  
179 to this paragraph, the corporation shall impose and collect an  
180 amount equal to the premium tax provided in s. 624.509 to  
181 augment the financial resources of the corporation.

182 3. After the public hurricane loss-projection model under  
183 s. 627.06281 has been found to be accurate and reliable by the  
184 Florida Commission on Hurricane Loss Projection Methodology, the  
185 model shall be considered when establishing the windstorm  
186 portion of the corporation's rates. The corporation may use the  
187 public model results in combination with the results of private  
188 models to calculate rates for the windstorm portion of the  
189 corporation's rates. This subparagraph does not require or allow  
190 the corporation to adopt rates lower than the rates otherwise  
191 required or allowed by this paragraph.

192 4. The corporation must make a recommended actuarially  
193 sound rate filing for each personal and commercial line of  
194 business it writes.

195 5. Notwithstanding the board's recommended rates and the  
196 office's final order regarding the corporation's filed rates  
197 under subparagraph 1., the corporation shall annually implement  
198 a rate increase which, except for sinkhole coverage, does not  
199 exceed the following for any single policy issued by the  
200 corporation, excluding coverage changes and surcharges:

- 201 a. Twelve percent for 2023.
- 202 b. Thirteen percent for 2024.
- 203 c. Fourteen percent for 2025.

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

205  
206 This subparagraph does not apply to a personal lines residential  
207 structure that has a dwelling replacement cost of \$700,000 or  
208 more or a single condominium unit that has a combined dwelling  
209 and contents replacement cost of \$700,000 or more.

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

213 7. The corporation's implementation of rates as prescribed  
214 in subparagraph ~~subparagraphs 5. and 8.~~ shall cease for any line  
215 of business written by the corporation upon the corporation's  
216 implementation of actuarially sound rates. Thereafter, the  
217 corporation shall annually make a recommended actuarially sound  
218 rate filing that is not competitive with approved rates in the  
219 admitted voluntary market for each commercial and personal line  
220 of business the corporation writes.

221 8. Effective July 1, 2024, for the purpose of ensuring that  
222 the corporation's rates are not competitive with approved rates  
223 charged in the admitted voluntary market as required by  
224 subparagraph 1., a surcharge equal to the lesser of \$2,500 or 25  
225 percent of the corporation's rate for each policy applies to  
226 personal lines residential structures that have a dwelling  
227 replacement cost of \$700,000 or more and single condominium  
228 units that have a combined dwelling and contents replacement  
229 cost of \$700,000 or more. Notwithstanding this subsection,  
230 effective July 1, 2024, a personal lines residential structure  
231 that has a dwelling replacement cost of \$700,000 or more and a  
232 single condominium unit that has a combined dwelling and



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233 contents replacement cost of \$700,000 or more are not eligible  
234 for coverage by the corporation if the risk is offered  
235 comparable coverage from an authorized insurer at the insurer's  
236 approved rate under a standard policy including wind coverage.

237 ~~8. The following new or renewal personal lines policies~~  
238 ~~written on or after November 1, 2023, are not subject to the~~  
239 ~~rate increase limitations in subparagraph 5., but may not be~~  
240 ~~charged more than 50 percent above, nor less than, the prior~~  
241 ~~year's established rate for the corporation:~~

242 ~~a. Policies that do not cover a primary residence;~~

243 ~~b. New policies under which the coverage for the insured~~  
244 ~~risk, before the date of application with the corporation, was~~  
245 ~~last provided by an insurer determined by the office to be~~  
246 ~~unsound or an insurer placed in receivership under chapter 631;~~  
247 ~~or~~

248 ~~c. Subsequent renewals of those policies, including the new~~  
249 ~~policies in sub-subparagraph b., under which the coverage for~~  
250 ~~the insured risk, before the date of application with the~~  
251 ~~corporation, was last provided by an insurer determined by the~~  
252 ~~office to be unsound or an insurer placed in receivership under~~  
253 ~~chapter 631.~~

254 ~~9. As used in this paragraph, the term "primary residence"~~  
255 ~~means the dwelling that is the policyholder's primary home or is~~  
256 ~~a rental property that is the primary home of the tenant, and~~  
257 ~~which the policyholder or tenant occupies for more than 9 months~~  
258 ~~of each year.~~

259 Section 2. This act shall take effect July 1, 2024.