

By the Committee on Banking and Insurance; and 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; providing an  
14 effective date.

15  
16 Be It Enacted by the Legislature of the State of Florida:

17  
18 Section 1. Paragraphs (a) and (n) of subsection (6) of  
19 section 627.351, Florida Statutes, are amended to read:

20 627.351 Insurance risk apportionment plans.—

21 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

25 1. The Legislature finds that private insurers are  
26 unwilling or unable to provide affordable property insurance  
27 coverage in this state to the extent sought and needed. The  
28 absence of affordable property insurance threatens the public  
29 health, safety, and welfare and likewise threatens the economic

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

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59 corporation be exempt from federal income taxation.

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

80 3. With respect to coverage for personal lines residential  
81 structures, +

82 a. effective July 1, 2024 ~~January 1, 2014~~, a structure that  
83 has a dwelling replacement cost of \$1 million or more, or a  
84 single condominium unit that has a combined dwelling and  
85 contents replacement cost of \$1 million or more, is not eligible  
86 for coverage by the corporation. ~~Such dwellings insured by the~~  
87 ~~corporation on December 31, 2013, may continue to be covered by~~

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

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

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

110 ~~d. Effective January 1, 2017, a structure that has a~~  
111 ~~dwelling replacement cost of \$700,000 or more, or a single~~  
112 ~~condominium unit that has a combined dwelling and contents~~  
113 ~~replacement cost of \$700,000 or more, is not eligible for~~  
114 ~~coverage by the corporation. Such dwellings insured by the~~  
115 ~~corporation on December 31, 2016, may continue to be covered by~~  
116 ~~the corporation until the end of the policy term.~~

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

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

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

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

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

160           (n)1. Rates for coverage provided by the corporation must  
161 be actuarially sound pursuant to s. 627.062 and not competitive  
162 with approved rates charged in the admitted voluntary market so  
163 that the corporation functions as a residual market mechanism to  
164 provide insurance only when insurance cannot be procured in the  
165 voluntary market, except as otherwise provided in this  
166 paragraph. The office shall provide the corporation such  
167 information as would be necessary to determine whether rates are  
168 competitive. The corporation shall file its recommended rates  
169 with the office at least annually. The corporation shall provide  
170 any additional information regarding the rates which the office  
171 requires. The office shall consider the recommendations of the  
172 board and issue a final order establishing the rates for the  
173 corporation within 45 days after the recommended rates are  
174 filed. The corporation may not pursue an administrative

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175 challenge or judicial review of the final order of the office.

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

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

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

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

- 199 a. Twelve percent for 2023.  
200 b. Thirteen percent for 2024.  
201 c. Fourteen percent for 2025.  
202 d. Fifteen percent for 2026 and all subsequent years.  
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204 Beginning with the implementation of the corporation's next  
205 annual rate change on or after August 1, 2024, this subparagraph  
206 does not apply to a personal lines residential structure that  
207 has a dwelling replacement cost of \$700,000 or more or a single  
208 condominium unit that has a combined dwelling and contents  
209 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 subparagraphs 5. and 9. ~~8.~~ shall cease for any line of  
215 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 upon implementation of the corporation's next  
222 annual rate change on or after August 1, 2024, for the purpose  
223 of ensuring that the corporation's rates are not competitive  
224 with approved rates charged in the admitted voluntary market as  
225 required by subparagraph 1., a surcharge equal to the lesser of  
226 \$2,500 or 25 percent of the uncapped premium calculated using  
227 the corporation's approved rates applies to each personal lines  
228 residential policy insuring a structure that has a dwelling  
229 replacement cost of \$700,000 or more and to each policy insuring  
230 a single condominium unit that has a combined dwelling and  
231 contents replacement cost of \$700,000 or more. Notwithstanding  
232 this subsection, effective August 1, 2024, a personal lines



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233 residential structure that has a dwelling replacement cost of  
234 \$700,000 or more and a single condominium unit that has a  
235 combined dwelling and contents replacement cost of \$700,000 or  
236 more are not eligible for coverage by the corporation if the  
237 risk is offered comparable coverage from an authorized insurer  
238 at the insurer's approved rate under a standard policy including  
239 wind coverage.

240 ~~9.8.~~ The following new or renewal personal lines policies  
241 written on or after November 1, 2023, are not subject to the  
242 rate increase limitations in subparagraph 5., but may not be  
243 charged more than 50 percent above, nor less than, the prior  
244 year's established rate for the corporation:

245 a. Policies that do not cover a primary residence;  
246 b. New policies under which the coverage for the insured  
247 risk, before the date of application with the corporation, was  
248 last provided by an insurer determined by the office to be  
249 unsound or an insurer placed in receivership under chapter 631;  
250 or

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

257 ~~10.9.~~ As used in this paragraph, the term "primary  
258 residence" means the dwelling that is the policyholder's primary  
259 home or is a rental property that is the primary home of the  
260 tenant, and which the policyholder or tenant occupies for more  
261 than 9 months of each year.

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Section 2. This act shall take effect August 1, 2024.