

By Senator DiCeglie

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1 A bill to be entitled
2 An act relating to coverage by the Citizens Property
3 Insurance Corporation; amending s. 627.351, F.S.;
4 revising the types of policies included in specified
5 accounts of the Citizens Property Insurance
6 Corporation; revising the requirements for areas that
7 are eligible for certain personal residential and
8 commercial residential and commercial nonresidential
9 policy coverages by the corporation; authorizing the
10 corporation to amend wind-eligible areas under certain
11 circumstances; authorizing the corporation to consider
12 certain factors in developing new eligibility criteria
13 and rates for policies that provide wind-only
14 coverage; providing that such rates are subject to
15 specified provisions; requiring that such eligibility
16 criteria and rates be submitted to the Legislature for
17 review and approval; providing that the Office of
18 Insurance Regulation may implement eligibility
19 criteria and rates only upon approval by the
20 Legislature; defining the term "wind-eligible area";
21 providing an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Present subsection (7) of section 627.351,
26 Florida Statutes, is redesignated as subsection (8), a new
27 subsection (7) is added to that section, and paragraph (b) of
28 subsection (6) and present subsection (7) are amended, to read
29 627.351 Insurance risk apportionment plans.—

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(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

(b)1. All insurers authorized to write one or more subject lines of business in this state are subject to assessment by the corporation and, for the purposes of this subsection, are referred to collectively as "assessable insurers." Insurers writing one or more subject lines of business in this state pursuant to part VIII of chapter 626 are not assessable insurers; however, insureds who procure one or more subject lines of business in this state pursuant to part VIII of chapter 626 are subject to assessment by the corporation and are referred to collectively as "assessable insureds." An insurer's assessment liability begins on the first day of the calendar year following the year in which the insurer was issued a certificate of authority to transact insurance for subject lines of business in this state and terminates 1 year after the end of the first calendar year during which the insurer no longer holds a certificate of authority to transact insurance for subject lines of business in this state.

2.a. All revenues, assets, liabilities, losses, and expenses of the corporation shall be divided into three separate accounts as follows:

(I) A personal lines account for personal residential policies issued by the corporation which provides comprehensive, multiperil coverage on risks that are not located in areas eligible for coverage by the Florida Windstorm Underwriting Association as those areas were defined on January 1, 2002, or included as eligible for coverage by the corporation and for policies that do not provide coverage for the peril of wind on risks that are located in such areas;

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59 (II) A commercial lines account for commercial residential
60 and commercial nonresidential policies issued by the corporation
61 which provides coverage for basic property perils on risks that
62 are not located in areas eligible for coverage by the Florida
63 Windstorm Underwriting Association as those areas were defined
64 on January 1, 2002, or included as eligible for coverage by the
65 corporation and for policies that do not provide coverage for
66 the peril of wind on risks that are located in such areas; and

67 (III) A coastal account for personal residential policies
68 and commercial residential and commercial nonresidential
69 property policies issued by the corporation which provides
70 coverage for the peril of wind on risks that are located in
71 areas eligible for coverage by the Florida Windstorm
72 Underwriting Association as those areas were defined on January
73 1, 2002, or included as eligible for coverage by the
74 corporation. The corporation may offer policies that provide
75 multiperil coverage and shall offer policies that provide
76 coverage only for the peril of wind for risks located in areas
77 eligible for coverage in the coastal account. Effective July 1,
78 2014, the corporation shall cease offering new commercial
79 residential policies providing multiperil coverage and shall
80 instead continue to offer commercial residential wind-only
81 policies, and may offer commercial residential policies
82 excluding wind. The corporation may, however, continue to renew
83 a commercial residential multiperil policy on a building that is
84 insured by the corporation on June 30, 2014, under a multiperil
85 policy. In issuing multiperil coverage, the corporation may use
86 its approved policy forms and rates for the personal lines
87 account. An applicant or insured who is eligible to purchase a

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88 multiperil policy from the corporation may purchase a multiperil
89 policy from an authorized insurer without prejudice to the
90 applicant's or insured's eligibility to prospectively purchase a
91 policy that provides coverage only for the peril of wind from
92 the corporation. An applicant or insured who is eligible for a
93 corporation policy that provides coverage only for the peril of
94 wind may elect to purchase or retain such policy and also
95 purchase or retain coverage excluding wind from an authorized
96 insurer without prejudice to the applicant's or insured's
97 eligibility to prospectively purchase a policy that provides
98 multiperil coverage from the corporation. It is the goal of the
99 Legislature that there be an overall average savings of 10
100 percent or more for a policyholder who currently has a wind-only
101 policy with the corporation, and an ex-wind policy with a
102 voluntary insurer or the corporation, and who obtains a
103 multiperil policy from the corporation. It is the intent of the
104 Legislature that the offer of multiperil coverage in the coastal
105 account be made and implemented in a manner that does not
106 adversely affect the tax-exempt status of the corporation or
107 creditworthiness of or security for currently outstanding
108 financing obligations or credit facilities of the coastal
109 account, the personal lines account, or the commercial lines
110 account. The coastal account must also include quota share
111 primary insurance under subparagraph (c)2. The area eligible for
112 coverage under the coastal account also includes the area within
113 Port Canaveral, which is bordered on the south by the City of
114 Cape Canaveral, bordered on the west by the Banana River, and
115 bordered on the north by Federal Government property.

116 b. The three separate accounts must be maintained as long

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117 as financing obligations entered into by the Florida Windstorm
118 Underwriting Association or Residential Property and Casualty
119 Joint Underwriting Association are outstanding, in accordance
120 with the terms of the corresponding financing documents. If no
121 such financing obligations remain outstanding or if the
122 financing documents allow for combining of accounts, the
123 corporation may consolidate the three separate accounts into a
124 new account, to be known as the Citizens account, for all
125 revenues, assets, liabilities, losses, and expenses of the
126 corporation. The Citizens account, if established by the
127 corporation, is authorized to provide coverage to the same
128 extent as provided under each of the three separate accounts.
129 The authority to provide coverage under the Citizens account is
130 set forth in subparagraph 4. Consistent with this subparagraph
131 and prudent investment policies that minimize the cost of
132 carrying debt, the board shall exercise its best efforts to
133 retire existing debt or obtain the approval of necessary parties
134 to amend the terms of existing debt, so as to structure the most
135 efficient plan for consolidating the three separate accounts
136 into a single account. Once the accounts are combined into one
137 account, this subparagraph and subparagraph 3. shall be replaced
138 in their entirety by subparagraphs 4. and 5.

139 c. Creditors of the Residential Property and Casualty Joint
140 Underwriting Association and the accounts specified in sub-sub-
141 subparagraphs a.(I) and (II) may have a claim against, and
142 recourse to, those accounts and no claim against, or recourse
143 to, the account referred to in sub-sub-subparagraph a.(III).
144 Creditors of the Florida Windstorm Underwriting Association have
145 a claim against, and recourse to, the account referred to in

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146 sub-sub-subparagraph a.(III) and no claim against, or recourse
147 to, the accounts referred to in sub-sub-subparagraphs a.(I) and
148 (II).

149 d. Revenues, assets, liabilities, losses, and expenses not
150 attributable to particular accounts shall be prorated among the
151 accounts.

152 e. The Legislature finds that the revenues of the
153 corporation are revenues that are necessary to meet the
154 requirements set forth in documents authorizing the issuance of
155 bonds under this subsection.

156 f. The income of the corporation may not inure to the
157 benefit of any private person.

158 3. With respect to a deficit in an account:

159 a. After accounting for the Citizens policyholder surcharge
160 imposed under sub-subparagraph j., if the remaining projected
161 deficit incurred in the coastal account in a particular calendar
162 year:

163 (I) Is not greater than 2 percent of the aggregate
164 statewide direct written premium for the subject lines of
165 business for the prior calendar year, the entire deficit shall
166 be recovered through regular assessments of assessable insurers
167 under paragraph (q) and assessable insureds.

168 (II) Exceeds 2 percent of the aggregate statewide direct
169 written premium for the subject lines of business for the prior
170 calendar year, the corporation shall levy regular assessments on
171 assessable insurers under paragraph (q) and on assessable
172 insureds in an amount equal to the greater of 2 percent of the
173 projected deficit or 2 percent of the aggregate statewide direct
174 written premium for the subject lines of business for the prior

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175 calendar year. Any remaining projected deficit shall be
176 recovered through emergency assessments under sub-subparagraph
177 e.

178 b. Each assessable insurer's share of the amount being
179 assessed under sub-subparagraph a. must be in the proportion
180 that the assessable insurer's direct written premium for the
181 subject lines of business for the year preceding the assessment
182 bears to the aggregate statewide direct written premium for the
183 subject lines of business for that year. The assessment
184 percentage applicable to each assessable insured is the ratio of
185 the amount being assessed under sub-subparagraph a. to the
186 aggregate statewide direct written premium for the subject lines
187 of business for the prior year. Assessments levied by the
188 corporation on assessable insurers under sub-subparagraph a.
189 must be paid as required by the corporation's plan of operation
190 and paragraph (q). Assessments levied by the corporation on
191 assessable insureds under sub-subparagraph a. shall be collected
192 by the surplus lines agent at the time the surplus lines agent
193 collects the surplus lines tax required by s. 626.932, and paid
194 to the Florida Surplus Lines Service Office at the time the
195 surplus lines agent pays the surplus lines tax to that office.
196 Upon receipt of regular assessments from surplus lines agents,
197 the Florida Surplus Lines Service Office shall transfer the
198 assessments directly to the corporation as determined by the
199 corporation.

200 c. The corporation may not levy regular assessments under
201 paragraph (q) pursuant to sub-subparagraph a. or sub-
202 subparagraph b. if the three separate accounts in sub-sub-
203 subparagraphs 2.a.(I)-(III) have been consolidated into the

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204 Citizens account pursuant to sub-subparagraph 2.b. However, the
205 outstanding balance of any regular assessment levied by the
206 corporation before establishment of the Citizens account remains
207 payable to the corporation.

208 d. After accounting for the Citizens policyholder surcharge
209 imposed under sub-subparagraph j., the remaining projected
210 deficits in the personal lines account and in the commercial
211 lines account in a particular calendar year shall be recovered
212 through emergency assessments under sub-subparagraph e.

213 e. Upon a determination by the board of governors that a
214 projected deficit in an account exceeds the amount that is
215 expected to be recovered through regular assessments under sub-
216 subparagraph a., plus the amount that is expected to be
217 recovered through surcharges under sub-subparagraph j., the
218 board, after verification by the office, shall levy emergency
219 assessments for as many years as necessary to cover the
220 deficits, to be collected by assessable insurers and the
221 corporation and collected from assessable insureds upon issuance
222 or renewal of policies for subject lines of business, excluding
223 National Flood Insurance policies. The amount collected in a
224 particular year must be a uniform percentage of that year's
225 direct written premium for subject lines of business and all
226 accounts of the corporation, excluding National Flood Insurance
227 Program policy premiums, as annually determined by the board and
228 verified by the office. The office shall verify the arithmetic
229 calculations involved in the board's determination within 30
230 days after receipt of the information on which the determination
231 was based. The office shall notify assessable insurers and the
232 Florida Surplus Lines Service Office of the date on which

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233 assessable insurers shall begin to collect and assessable
234 insureds shall begin to pay such assessment. The date must be at
235 least 90 days after the date the corporation levies emergency
236 assessments pursuant to this sub-subparagraph. Notwithstanding
237 any other provision of law, the corporation and each assessable
238 insurer that writes subject lines of business shall collect
239 emergency assessments from its policyholders without such
240 obligation being affected by any credit, limitation, exemption,
241 or deferment. Emergency assessments levied by the corporation on
242 assessable insureds shall be collected by the surplus lines
243 agent at the time the surplus lines agent collects the surplus
244 lines tax required by s. 626.932 and paid to the Florida Surplus
245 Lines Service Office at the time the surplus lines agent pays
246 the surplus lines tax to that office. The emergency assessments
247 collected shall be transferred directly to the corporation on a
248 periodic basis as determined by the corporation and held by the
249 corporation solely in the applicable account. The aggregate
250 amount of emergency assessments levied for an account in any
251 calendar year may be less than but may not exceed the greater of
252 10 percent of the amount needed to cover the deficit, plus
253 interest, fees, commissions, required reserves, and other costs
254 associated with financing the original deficit, or 10 percent of
255 the aggregate statewide direct written premium for subject lines
256 of business and all accounts of the corporation for the prior
257 year, plus interest, fees, commissions, required reserves, and
258 other costs associated with financing the deficit.

259 f. The corporation may pledge the proceeds of assessments,
260 projected recoveries from the Florida Hurricane Catastrophe
261 Fund, other insurance and reinsurance recoverables, policyholder

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262 surcharges and other surcharges, and other funds available to
263 the corporation as the source of revenue for and to secure bonds
264 issued under paragraph (q), bonds or other indebtedness issued
265 under subparagraph (c)3., or lines of credit or other financing
266 mechanisms issued or created under this subsection, or to retire
267 any other debt incurred as a result of deficits or events giving
268 rise to deficits, or in any other way that the board determines
269 will efficiently recover such deficits. The purpose of the lines
270 of credit or other financing mechanisms is to provide additional
271 resources to assist the corporation in covering claims and
272 expenses attributable to a catastrophe. As used in this
273 subsection, the term "assessments" includes regular assessments
274 under sub-subparagraph a. or subparagraph (q)1. and emergency
275 assessments under sub-subparagraph e. Emergency assessments
276 collected under sub-subparagraph e. are not part of an insurer's
277 rates, are not premium, and are not subject to premium tax,
278 fees, or commissions; however, failure to pay the emergency
279 assessment shall be treated as failure to pay premium. The
280 emergency assessments shall continue as long as any bonds issued
281 or other indebtedness incurred with respect to a deficit for
282 which the assessment was imposed remain outstanding, unless
283 adequate provision has been made for the payment of such bonds
284 or other indebtedness pursuant to the documents governing such
285 bonds or indebtedness.

286 g. As used in this subsection for purposes of any deficit
287 incurred on or after January 25, 2007, the term "subject lines
288 of business" means insurance written by assessable insurers or
289 procured by assessable insureds for all property and casualty
290 lines of business in this state, but not including workers'

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291 compensation or medical malpractice. As used in this sub-
292 subparagraph, the term "property and casualty lines of business"
293 includes all lines of business identified on Form 2, Exhibit of
294 Premiums and Losses, in the annual statement required of
295 authorized insurers under s. 624.424 and any rule adopted under
296 this section, except for those lines identified as accident and
297 health insurance and except for policies written under the
298 National Flood Insurance Program or the Federal Crop Insurance
299 Program. For purposes of this sub-subparagraph, the term
300 "workers' compensation" includes both workers' compensation
301 insurance and excess workers' compensation insurance.

302 h. The Florida Surplus Lines Service Office shall determine
303 annually the aggregate statewide written premium in subject
304 lines of business procured by assessable insureds and report
305 that information to the corporation in a form and at a time the
306 corporation specifies to ensure that the corporation can meet
307 the requirements of this subsection and the corporation's
308 financing obligations.

309 i. The Florida Surplus Lines Service Office shall verify
310 the proper application by surplus lines agents of assessment
311 percentages for regular assessments and emergency assessments
312 levied under this subparagraph on assessable insureds and assist
313 the corporation in ensuring the accurate, timely collection and
314 payment of assessments by surplus lines agents as required by
315 the corporation.

316 j. Upon determination by the board of governors that an
317 account has a projected deficit, the board shall levy a Citizens
318 policyholder surcharge against all policyholders of the
319 corporation.

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320 (I) The surcharge shall be levied as a uniform percentage
321 of the premium for the policy of up to 15 percent of such
322 premium, which funds shall be used to offset the deficit.

323 (II) The surcharge is payable upon cancellation or
324 termination of the policy, upon renewal of the policy, or upon
325 issuance of a new policy by the corporation within the first 12
326 months after the date of the levy or the period of time
327 necessary to fully collect the surcharge amount.

328 (III) The corporation may not levy any regular assessments
329 under paragraph (q) pursuant to sub-subparagraph a. or sub-
330 subparagraph b. with respect to a particular year's deficit
331 until the corporation has first levied the full amount of the
332 surcharge authorized by this sub-subparagraph.

333 (IV) The surcharge is not considered premium and is not
334 subject to commissions, fees, or premium taxes. However, failure
335 to pay the surcharge shall be treated as failure to pay premium.

336 k. If the amount of any assessments or surcharges collected
337 from corporation policyholders, assessable insurers or their
338 policyholders, or assessable insureds exceeds the amount of the
339 deficits, such excess amounts shall be remitted to and retained
340 by the corporation in a reserve to be used by the corporation,
341 as determined by the board of governors and approved by the
342 office, to pay claims or reduce any past, present, or future
343 plan-year deficits or to reduce outstanding debt.

344 4. The Citizens account, if established by the corporation
345 pursuant to sub-subparagraph 2.b., is authorized to provide:

346 a. Personal residential policies that provide
347 comprehensive, multiperil coverage on risks that are not located
348 in areas eligible for coverage by the Florida Windstorm

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349 Underwriting Association, as those areas were defined on January
350 1, 2002, and for policies that do not provide coverage for the
351 peril of wind on risks that are located in such areas;

352 b. Commercial residential and commercial nonresidential
353 policies that provide coverage for basic property perils on
354 risks that are not located in areas eligible for coverage by the
355 Florida Windstorm Underwriting Association, as those areas were
356 defined on January 1, 2002, and for policies that do not provide
357 coverage for the peril of wind on risks that are located in such
358 areas; and

359 c. Personal residential policies and commercial residential
360 and commercial nonresidential property policies that provide
361 coverage for the peril of wind on risks that are located in
362 wind-eligible areas ~~eligible for coverage by the Florida~~
363 ~~Windstorm Underwriting Association, as those areas were defined~~
364 ~~on January 1, 2002~~. The corporation may offer policies that
365 provide multiperil coverage and shall offer policies that
366 provide coverage only for the peril of wind for risks located in
367 wind-eligible areas ~~eligible for coverage by the Florida~~
368 ~~Windstorm Underwriting Association, as those areas were defined~~
369 ~~on January 1, 2002~~. The corporation may not offer new commercial
370 residential policies providing multiperil coverage. The
371 corporation, ~~but~~ shall continue to offer commercial residential
372 wind-only policies, and may offer commercial residential
373 policies excluding wind. However, the corporation may continue
374 to renew a commercial residential multiperil policy on a
375 building that was insured by the corporation on June 30, 2014,
376 under a multiperil policy. In issuing multiperil coverage under
377 this sub-subparagraph, the corporation may use its approved

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378 policy forms and rates for risks located in areas that are not
379 wind-eligible ~~eligible for coverage by the Florida Windstorm~~
380 ~~Underwriting Association as those areas were defined on January~~
381 ~~1, 2002,~~ and for policies that do not provide coverage for the
382 peril of wind on risks that are located in such areas. An
383 applicant or insured who is eligible to purchase a multiperil
384 policy from the corporation may purchase a multiperil policy
385 from an authorized insurer without prejudice to the applicant's
386 or insured's eligibility to prospectively purchase a policy that
387 provides coverage only for the peril of wind from the
388 corporation. An applicant or insured who is eligible for a
389 corporation policy that provides coverage only for the peril of
390 wind may elect to purchase or retain such policy and also
391 purchase or retain coverage excluding wind from an authorized
392 insurer without prejudice to the applicant's or insured's
393 eligibility to prospectively purchase a policy that provides
394 multiperil coverage from the corporation. The following
395 policies, which provide coverage only for the peril of wind,
396 must also include quota share primary insurance under
397 subparagraph (c)2.: Personal residential policies and commercial
398 residential and commercial nonresidential property policies that
399 provide coverage for the peril of wind on risks that are located
400 in areas eligible for coverage by the Florida Windstorm
401 Underwriting Association, as those areas were defined on January
402 1, 2002; policies that provide multiperil coverage, if offered
403 by the corporation, and policies that provide coverage only for
404 the peril of wind for risks located in areas eligible for
405 coverage by the Florida Windstorm Underwriting Association, as
406 those areas were defined on January 1, 2002; commercial

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407 residential wind-only policies; commercial residential policies
408 excluding wind, if offered by the corporation; and commercial
409 residential multiperil policies on a building that was insured
410 by the corporation on June 30, 2014. The area eligible for
411 coverage with the corporation under this sub-subparagraph
412 includes the area within Port Canaveral, which is bordered on
413 the south by the City of Cape Canaveral, bordered on the west by
414 the Banana River, and bordered on the north by Federal
415 Government property.

416 5. With respect to a deficit in the Citizens account:

417 a. Upon a determination by the board of governors that the
418 Citizens account has a projected deficit, the board shall levy a
419 Citizens policyholder surcharge against all policyholders of the
420 corporation.

421 (I) The surcharge shall be levied as a uniform percentage
422 of the premium for the policy of up to 15 percent of such
423 premium, which funds shall be used to offset the deficit.

424 (II) The surcharge is payable upon cancellation or
425 termination of the policy, upon renewal of the policy, or upon
426 issuance of a new policy by the corporation within the first 12
427 months after the date of the levy or the period of time
428 necessary to fully collect the surcharge amount.

429 (III) The surcharge is not considered premium and is not
430 subject to commissions, fees, or premium taxes. However, failure
431 to pay the surcharge shall be treated as failure to pay premium.

432 b. After accounting for the Citizens policyholder surcharge
433 imposed under sub-subparagraph a., the remaining projected
434 deficit incurred in the Citizens account in a particular
435 calendar year shall be recovered through emergency assessments

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436 under sub-subparagraph c.

437 c. Upon a determination by the board of governors that a
438 projected deficit in the Citizens account exceeds the amount
439 that is expected to be recovered through surcharges under sub-
440 subparagraph a., the board, after verification by the office,
441 shall levy emergency assessments for as many years as necessary
442 to cover the deficits, to be collected by assessable insurers
443 and the corporation and collected from assessable insureds upon
444 issuance or renewal of policies for subject lines of business,
445 excluding National Flood Insurance Program policies. The amount
446 collected in a particular year must be a uniform percentage of
447 that year's direct written premium for subject lines of business
448 and the Citizens account, National Flood Insurance Program
449 policy premiums, as annually determined by the board and
450 verified by the office. The office shall verify the arithmetic
451 calculations involved in the board's determination within 30
452 days after receipt of the information on which the determination
453 was based. The office shall notify assessable insurers and the
454 Florida Surplus Lines Service Office of the date on which
455 assessable insurers shall begin to collect and assessable
456 insureds shall begin to pay such assessment. The date must be at
457 least 90 days after the date the corporation levies emergency
458 assessments pursuant to this sub-subparagraph. Notwithstanding
459 any other law, the corporation and each assessable insurer that
460 writes subject lines of business shall collect emergency
461 assessments from its policyholders without such obligation being
462 affected by any credit, limitation, exemption, or deferment.
463 Emergency assessments levied by the corporation on assessable
464 insureds shall be collected by the surplus lines agent at the

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465 time the surplus lines agent collects the surplus lines tax
466 required by s. 626.932 and paid to the Florida Surplus Lines
467 Service Office at the time the surplus lines agent pays the
468 surplus lines tax to that office. The emergency assessments
469 collected shall be transferred directly to the corporation on a
470 periodic basis as determined by the corporation and held by the
471 corporation solely in the Citizens account. The aggregate amount
472 of emergency assessments levied for the Citizens account in any
473 calendar year may be less than, but may not exceed the greater
474 of, 10 percent of the amount needed to cover the deficit, plus
475 interest, fees, commissions, required reserves, and other costs
476 associated with financing the original deficit or 10 percent of
477 the aggregate statewide direct written premium for subject lines
478 of business and the Citizens accounts for the prior year, plus
479 interest, fees, commissions, required reserves, and other costs
480 associated with financing the deficit.

481 d. The corporation may pledge the proceeds of assessments,
482 projected recoveries from the Florida Hurricane Catastrophe
483 Fund, other insurance and reinsurance recoverables, policyholder
484 surcharges and other surcharges, and other funds available to
485 the corporation as the source of revenue for and to secure bonds
486 issued under paragraph (q), bonds or other indebtedness issued
487 under subparagraph (c)3., or lines of credit or other financing
488 mechanisms issued or created under this subsection; or to retire
489 any other debt incurred as a result of deficits or events giving
490 rise to deficits, or in any other way that the board determines
491 will efficiently recover such deficits. The purpose of the lines
492 of credit or other financing mechanisms is to provide additional
493 resources to assist the corporation in covering claims and

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494 expenses attributable to a catastrophe. As used in this
495 subsection, the term "assessments" includes emergency
496 assessments under sub-subparagraph c. Emergency assessments
497 collected under sub-subparagraph c. are not part of an insurer's
498 rates, are not premium, and are not subject to premium tax,
499 fees, or commissions; however, failure to pay the emergency
500 assessment shall be treated as failure to pay premium. The
501 emergency assessments shall continue as long as any bonds issued
502 or other indebtedness incurred with respect to a deficit for
503 which the assessment was imposed remain outstanding, unless
504 adequate provision has been made for the payment of such bonds
505 or other indebtedness pursuant to the documents governing such
506 bonds or indebtedness.

507 e. As used in this subsection and for purposes of any
508 deficit incurred on or after January 25, 2007, the term "subject
509 lines of business" means insurance written by assessable
510 insurers or procured by assessable insureds for all property and
511 casualty lines of business in this state, but not including
512 workers' compensation or medical malpractice. As used in this
513 sub-subparagraph, the term "property and casualty lines of
514 business" includes all lines of business identified on Form 2,
515 Exhibit of Premiums and Losses, in the annual statement required
516 of authorized insurers under s. 624.424 and any rule adopted
517 under this section, except for those lines identified as
518 accident and health insurance and except for policies written
519 under the National Flood Insurance Program or the Federal Crop
520 Insurance Program. For purposes of this sub-subparagraph, the
521 term "workers' compensation" includes both workers' compensation
522 insurance and excess workers' compensation insurance.

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523 f. The Florida Surplus Lines Service Office shall annually
524 determine the aggregate statewide written premium in subject
525 lines of business procured by assessable insureds and report
526 that information to the corporation in a form and at a time the
527 corporation specifies to ensure that the corporation can meet
528 the requirements of this subsection and the corporation's
529 financing obligations.

530 g. The Florida Surplus Lines Service Office shall verify
531 the proper application by surplus lines agents of assessment
532 percentages for emergency assessments levied under this
533 subparagraph on assessable insureds and assist the corporation
534 in ensuring the accurate, timely collection and payment of
535 assessments by surplus lines agents as required by the
536 corporation.

537 h. If the amount of any assessments or surcharges collected
538 from corporation policyholders, assessable insurers or their
539 policyholders, or assessable insureds exceeds the amount of the
540 deficits, such excess amounts shall be remitted to and retained
541 by the corporation in a reserve to be used by the corporation,
542 as determined by the board of governors and approved by the
543 office, to pay claims or reduce any past, present, or future
544 plan-year deficits or to reduce outstanding debt.

545 (7) DEVELOPMENT AND MODIFICATION OF WIND-ELIGIBLE AREAS.-

546 (a) The corporation may amend the wind-eligible areas,
547 subject to approval by the Legislature under paragraph (c), by
548 developing new eligibility criteria and rates for policies that
549 provide wind-only coverage. In developing new eligibility
550 criteria and rates, the corporation may consider the market for
551 wind-only coverage in the areas in which wind-only coverage is

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552 to be offered, the resulting impact to the corporation's overall
553 exposure of offering such coverage in those areas, as well as
554 reasonably prudent measures for limiting its exposure upon
555 offering wind-only coverage in those areas.

556 (b) Rates for coverage offered in wind-eligible areas are
557 subject to paragraph (6) (n).

558 (c) By December 1 of each year, beginning in 2025, the
559 corporation shall submit to the Legislature the eligibility
560 criteria and rates developed under paragraph (a) for review and
561 approval. The office shall implement the eligibility criteria
562 and rates only upon approval by the Legislature.

563 (8) ~~(7)~~ WIND-ELIGIBLE AREA DEFINED; COLLATERAL PROTECTION
564 INSURANCE.-

565 (a) Except as otherwise provided in subsection (7), the
566 term "wind-eligible area," as used in this section, means an
567 area that is eligible for coverage by the Florida Windstorm
568 Underwriting Association, as those areas were defined on January
569 1, 2002.

570 (b) As used in this section and ss. 215.555 and 627.311,
571 the term "collateral protection insurance" means commercial
572 property insurance of which a creditor is the primary
573 beneficiary and policyholder and which protects or covers an
574 interest of the creditor arising out of a credit transaction
575 secured by real or personal property. Initiation of such
576 coverage is triggered by the mortgagor's failure to maintain
577 insurance coverage as required by the mortgage or other lending
578 document. Collateral protection insurance is not residential
579 coverage.

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