

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

51 market, for the achievement of the foregoing public purposes.
52 Because it is essential for this government entity to have the
53 maximum financial resources to pay claims following a
54 catastrophic hurricane, it is the intent of the Legislature that
55 the corporation continue to be an integral part of the state and
56 that the income of the corporation be exempt from federal income
57 taxation and that interest on the debt obligations issued by the
58 corporation be exempt from federal income taxation.

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

76 commercial lines residential coverage, which consists of the
77 type of coverage provided by condominium association, apartment
78 building, and similar policies.

79 3. With respect to coverage for personal lines residential
80 structures:

81 a. Effective January 1, 2014, a structure that has a
82 dwelling replacement cost of \$1 million or more, or a single
83 condominium unit that has a combined dwelling and contents
84 replacement cost of \$1 million or more, is not eligible for
85 coverage by the corporation. Such dwellings insured by the
86 corporation on December 31, 2013, may continue to be covered by
87 the corporation until the end of the policy term. The office
88 shall approve the method used by the corporation for valuing the
89 dwelling replacement cost for the purposes of this subparagraph.
90 If a policyholder is insured by the corporation before being
91 determined to be ineligible pursuant to this subparagraph and
92 such policyholder files a lawsuit challenging the determination,
93 the policyholder may remain insured by the corporation until the
94 conclusion of the litigation.

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

101 the corporation only until the end of the policy term.

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

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

116
117 The requirements of sub-subparagraphs b.-d. do not apply in
118 counties where the office determines there is not a reasonable
119 degree of competition. In such counties a personal lines
120 residential structure that has a dwelling replacement cost of
121 less than \$1.5 ~~\$1~~ million, or a single condominium unit that
122 has a combined dwelling and contents replacement cost of less
123 than \$1 million, is eligible for coverage by the corporation.

124 4. It is the intent of the Legislature that policyholders,
125 applicants, and agents of the corporation receive service and

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

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

145 b. Any major structure, as defined in s. 161.54(6)(a),
146 that is newly constructed, or rebuilt, repaired, restored, or
147 remodeled to increase the total square footage of finished area
148 by more than 25 percent, pursuant to a permit applied for after
149 July 1, 2015, is not eligible for coverage by the corporation if
150 the structure is seaward of the coastal construction control

151 line established pursuant to s. 161.053 or is within the Coastal
152 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
153 3510.

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

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

175 2. In addition to the rates otherwise determined pursuant

176 to this paragraph, the corporation shall impose and collect an
177 amount equal to the premium tax provided in s. 624.509 to
178 augment the financial resources of the corporation.

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

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

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

- 198 a. Twelve percent for 2023.
199 b. Thirteen percent for 2024.
200 c. Fourteen percent for 2025.

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

202 6. In a county where the office determines there is not a
 203 reasonable degree of competition, the corporation shall annually
 204 implement a rate increase that does not exceed 10 percent for
 205 any single policy issued by the corporation, excluding coverage
 206 changes and surcharges.

207 ~~7.6.~~ The corporation may also implement an increase to
 208 reflect the effect on the corporation of the cash buildup factor
 209 pursuant to s. 215.555(5)(b).

210 ~~8.7.~~ The corporation's implementation of rates as
 211 prescribed in subparagraphs 5. and 9. 8. shall cease for any
 212 line of business written by the corporation upon the
 213 corporation's implementation of actuarially sound rates.
 214 Thereafter, the corporation shall annually make a recommended
 215 actuarially sound rate filing that is not competitive with
 216 approved rates in the admitted voluntary market for each
 217 commercial and personal line of business the corporation writes.

218 ~~9.8.~~ The following new or renewal personal lines policies
 219 written on or after November 1, 2023, are not subject to the
 220 rate increase limitations in subparagraph 5., but may not be
 221 charged more than 50 percent above, nor less than, the prior
 222 year's established rate for the corporation:

- 223 a. Policies that do not cover a primary residence;
- 224 b. New policies under which the coverage for the insured
- 225 risk, before the date of application with the corporation, was

226 last provided by an insurer determined by the office to be
 227 unsound or an insurer placed in receivership under chapter 631;
 228 or

229 c. Subsequent renewals of those policies, including the
 230 new policies in sub-subparagraph b., under which the coverage
 231 for the insured risk, before the date of application with the
 232 corporation, was last provided by an insurer determined by the
 233 office to be unsound or an insurer placed in receivership under
 234 chapter 631.

235 ~~10.9.~~ As used in this paragraph, the term "primary
 236 residence" means the dwelling that is the policyholder's primary
 237 home or is a rental property that is the primary home of the
 238 tenant, and which the policyholder or tenant occupies for more
 239 than 9 months of each year.

240 (aa) Except as otherwise provided in this paragraph, the
 241 corporation shall require the securing and maintaining of flood
 242 insurance as a condition of coverage of a personal lines
 243 residential risk. The insured or applicant must execute a form
 244 approved by the office affirming that flood insurance is not
 245 provided by the corporation and that if flood insurance is not
 246 secured by the applicant or insured from an insurer other than
 247 the corporation and in addition to coverage by the corporation,
 248 the risk will not be eligible for coverage by the corporation.
 249 The corporation may deny coverage of a personal lines
 250 residential risk to an applicant or insured who refuses to

251 | secure and maintain flood insurance. The requirement to purchase
 252 | flood insurance shall be implemented as follows:

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

256 | a. January 1, 2024, for a structure that has a dwelling
 257 | replacement cost of \$600,000 or more.

258 | b. January 1, 2025, for a structure that has a dwelling
 259 | replacement cost of \$500,000 or more.

260 | c. January 1, 2026, for a structure that has a dwelling
 261 | replacement cost of \$400,000 or more.

262 | d. January 1, 2027, for all other personal lines
 263 | residential property insured by the corporation.

264 | 2. All personal lines residential policyholders whose
 265 | property insured by the corporation is located within the
 266 | special flood hazard area defined by the Federal Emergency
 267 | Management Agency must have flood coverage in place:

268 | a. At the time of initial policy issuance for all new
 269 | personal lines residential policies issued by the corporation on
 270 | or after April 1, 2023.

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

273 | 3. Policyholders are not required to purchase flood
 274 | insurance as a condition for maintaining the following policies
 275 | issued by the corporation:

HB 565

2024

276 a. Policies that do not provide coverage for the peril of
277 wind.

278 b. Policies that provide coverage under a condominium unit
279 owners form.

280 c. Policies that provide coverage in Zone X as designated
281 by the Federal Emergency Management Agency or for structures
282 that are elevated at least 1 foot above the flood zone's minimum
283 base flood elevation.

284

285 The flood insurance required under this paragraph must meet, at
286 a minimum, the dwelling coverage available from the National
287 Flood Insurance Program or the requirements of subparagraphs s.
288 627.715(1)(a)1., 2., and 3.

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