

By Senator Rodriguez

40-00577B-24

2024604\_\_

1                   A bill to be entitled  
2       An act relating to the Citizens Property Insurance  
3       Corporation; amending s. 627.351, F.S.; revising  
4       eligibility for coverage by the corporation in certain  
5       counties to include personal lines residential  
6       structures that have a dwelling replacement cost of  
7       less than a specified amount; requiring the  
8       corporation to annually implement a rate increase up  
9       to a specified percentage for any single policy issued  
10      by the corporation, excluding increases associated  
11      with coverage changes and surcharges; adding policies  
12      for specified structures to the list of policies that  
13      do not require the purchase of flood insurance for  
14      their maintenance; making a technical change;  
15      providing an effective date.

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

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

21       627.351 Insurance risk apportionment plans.—

22       (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

40-00577B-24

2024604\_\_

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

40-00577B-24

2024604\_\_

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

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

81 3. With respect to coverage for personal lines residential  
82 structures:

83 a. Effective January 1, 2014, a structure that has a  
84 dwelling replacement cost of \$1 million or more, or a single  
85 condominium unit that has a combined dwelling and contents  
86 replacement cost of \$1 million or more, is not eligible for  
87 coverage by the corporation. Such dwellings insured by the

40-00577B-24

2024604\_\_

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

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

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

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

40-00577B-24

2024604\_\_

117 the corporation until the end of the policy term.

118

119 The requirements of sub-subparagraphs b.-d. do not apply in  
120 counties where the office determines there is not a reasonable  
121 degree of competition. In such counties a personal lines  
122 residential structure that has a dwelling replacement cost of  
123 less than \$1.5 ~~\$1~~ million, or a single condominium unit that has  
124 a combined dwelling and contents replacement cost of less than  
125 \$1 million, is eligible for coverage by the corporation.

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

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

40-00577B-24

2024604\_\_

146 installed.

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

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

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

40-00577B-24

2024604\_\_

175 filed. The corporation may not pursue an administrative  
176 challenge or judicial review of the final order of the office.

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

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

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

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

- 200 a. Twelve percent for 2023.  
201 b. Thirteen percent for 2024.  
202 c. Fourteen percent for 2025.  
203 d. Fifteen percent for 2026 and all subsequent years.

40-00577B-24

2024604\_\_

204           6. In a county in which the office has determined that  
205 there is not a reasonable degree of competition, the corporation  
206 shall annually implement a rate increase that does not exceed 10  
207 percent for any single policy issued by the corporation,  
208 excluding increases associated with coverage changes and  
209 surcharges.

210           7. 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           ~~8.7.~~ The corporation's implementation of rates as  
214 prescribed in subparagraphs 5. and 9. must ~~8. shall~~ cease for  
215 any line of business written by the corporation upon the  
216 corporation's implementation of actuarially sound rates.  
217 Thereafter, the corporation shall annually make a recommended  
218 actuarially sound rate filing that is not competitive with  
219 approved rates in the admitted voluntary market for each  
220 commercial and personal line of business the corporation writes.

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

226           a. Policies that do not cover a primary residence;

227           b. New policies under which the coverage for the insured  
228 risk, before the date of application with the corporation, was  
229 last provided by an insurer determined by the office to be  
230 unsound or an insurer placed in receivership under chapter 631;  
231 or

232           c. Subsequent renewals of those policies, including the new



40-00577B-24

2024604\_\_

233 policies in sub-subparagraph b., under which the coverage for  
234 the insured risk, before the date of application with the  
235 corporation, was last provided by an insurer determined by the  
236 office to be unsound or an insurer placed in receivership under  
237 chapter 631.

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

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

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

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

261 b. January 1, 2025, for a structure that has a dwelling

40-00577B-24

2024604\_\_

262 replacement cost of \$500,000 or more.

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

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

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

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

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

276 3. Policyholders are not required to purchase flood  
277 insurance as a condition for maintaining any of the following  
278 policies issued by the corporation:

279 a. Policies that do not provide coverage for the peril of  
280 wind.

281 b. Policies that provide coverage under a condominium unit  
282 owners form.

283 c. Policies for structures that are elevated at least 1  
284 foot above the flood zone's minimum base flood elevation.

285

286 The flood insurance required under this paragraph must meet, at  
287 a minimum, the dwelling coverage available from the National  
288 Flood Insurance Program or the requirements of subparagraphs s.  
289 627.715(1)(a)1., 2., and 3.

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