

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 that go to 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 such eligibility
 16 criteria and rates to be reported to the Legislature
 17 for review and approval; requiring the Office of
 18 Insurance Regulation to implement eligibility
 19 criterial and rates under certain circumstances;
 20 defining the term "wind-eligible area"; providing an
 21 effective date.

22
 23 Be It Enacted by the Legislature of the State of Florida:
 24
 25 Section 1. Subsection (7) of section 627.351, Florida

26 Statutes, is renumbered as subsection (8), paragraph (b) of
27 subsection (6) and present subsection (7) are amended, and a new
28 subsection (7) is added to that section, to read:

29 627.351 Insurance risk apportionment plans.—

30 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

31 (b)1. All insurers authorized to write one or more subject
32 lines of business in this state are subject to assessment by the
33 corporation and, for the purposes of this subsection, are
34 referred to collectively as "assessable insurers." Insurers
35 writing one or more subject lines of business in this state
36 pursuant to part VIII of chapter 626 are not assessable
37 insurers; however, insureds who procure one or more subject
38 lines of business in this state pursuant to part VIII of chapter
39 626 are subject to assessment by the corporation and are
40 referred to collectively as "assessable insureds." An insurer's
41 assessment liability begins on the first day of the calendar
42 year following the year in which the insurer was issued a
43 certificate of authority to transact insurance for subject lines
44 of business in this state and terminates 1 year after the end of
45 the first calendar year during which the insurer no longer holds
46 a certificate of authority to transact insurance for subject
47 lines of business in this state.

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

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

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
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
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
140 Joint Underwriting Association and the accounts specified in
141 sub-sub-subparagraphs a.(I) and (II) may have a claim against,
142 and recourse to, those accounts and no claim against, or
143 recourse to, the account referred to in sub-sub-subparagraph
144 a.(III). Creditors of the Florida Windstorm Underwriting
145 Association have a claim against, and recourse to, the account
146 referred to in sub-sub-subparagraph a.(III) and no claim
147 against, or recourse to, the accounts referred to in sub-sub-
148 subparagraphs a.(I) and (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
 160 surcharge imposed under sub-subparagraph j., if the remaining
 161 projected deficit incurred in the coastal account in a
 162 particular calendar 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
 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
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
209 surcharge imposed under sub-subparagraph j., the remaining
210 projected deficits in the personal lines account and in the
211 commercial lines account in a particular calendar year shall be
212 recovered through emergency assessments under sub-subparagraph
213 e.

214 e. Upon a determination by the board of governors that a
215 projected deficit in an account exceeds the amount that is
216 expected to be recovered through regular assessments under sub-
217 subparagraph a., plus the amount that is expected to be
218 recovered through surcharges under sub-subparagraph j., the
219 board, after verification by the office, shall levy emergency
220 assessments for as many years as necessary to cover the
221 deficits, to be collected by assessable insurers and the
222 corporation and collected from assessable insureds upon issuance
223 or renewal of policies for subject lines of business, excluding
224 National Flood Insurance policies. The amount collected in a
225 particular year must be a uniform percentage of that year's

226 | direct written premium for subject lines of business and all
227 | accounts of the corporation, excluding National Flood Insurance
228 | Program policy premiums, as annually determined by the board and
229 | verified by the office. The office shall verify the arithmetic
230 | calculations involved in the board's determination within 30
231 | days after receipt of the information on which the determination
232 | was based. The office shall notify assessable insurers and the
233 | Florida Surplus Lines Service Office of the date on which
234 | assessable insurers shall begin to collect and assessable
235 | insureds shall begin to pay such assessment. The date must be at
236 | least 90 days after the date the corporation levies emergency
237 | assessments pursuant to this sub-subparagraph. Notwithstanding
238 | any other provision of law, the corporation and each assessable
239 | insurer that writes subject lines of business shall collect
240 | emergency assessments from its policyholders without such
241 | obligation being affected by any credit, limitation, exemption,
242 | or deferment. Emergency assessments levied by the corporation on
243 | assessable insureds shall be collected by the surplus lines
244 | agent at the time the surplus lines agent collects the surplus
245 | lines tax required by s. 626.932 and paid to the Florida Surplus
246 | Lines Service Office at the time the surplus lines agent pays
247 | the surplus lines tax to that office. The emergency assessments
248 | collected shall be transferred directly to the corporation on a
249 | periodic basis as determined by the corporation and held by the
250 | corporation solely in the applicable account. The aggregate

251 amount of emergency assessments levied for an account in any
252 calendar year may be less than but may not exceed the greater of
253 10 percent of the amount needed to cover the deficit, plus
254 interest, fees, commissions, required reserves, and other costs
255 associated with financing the original deficit, or 10 percent of
256 the aggregate statewide direct written premium for subject lines
257 of business and all accounts of the corporation for the prior
258 year, plus interest, fees, commissions, required reserves, and
259 other costs associated with financing the deficit.

260 f. The corporation may pledge the proceeds of assessments,
261 projected recoveries from the Florida Hurricane Catastrophe
262 Fund, other insurance and reinsurance recoverables, policyholder
263 surcharges and other surcharges, and other funds available to
264 the corporation as the source of revenue for and to secure bonds
265 issued under paragraph (q), bonds or other indebtedness issued
266 under subparagraph (c)3., or lines of credit or other financing
267 mechanisms issued or created under this subsection, or to retire
268 any other debt incurred as a result of deficits or events giving
269 rise to deficits, or in any other way that the board determines
270 will efficiently recover such deficits. The purpose of the lines
271 of credit or other financing mechanisms is to provide additional
272 resources to assist the corporation in covering claims and
273 expenses attributable to a catastrophe. As used in this
274 subsection, the term "assessments" includes regular assessments
275 under sub-subparagraph a. or subparagraph (q)1. and emergency

276 assessments under sub-subparagraph e. Emergency assessments
277 collected under sub-subparagraph e. are not part of an insurer's
278 rates, are not premium, and are not subject to premium tax,
279 fees, or commissions; however, failure to pay the emergency
280 assessment shall be treated as failure to pay premium. The
281 emergency assessments shall continue as long as any bonds issued
282 or other indebtedness incurred with respect to a deficit for
283 which the assessment was imposed remain outstanding, unless
284 adequate provision has been made for the payment of such bonds
285 or other indebtedness pursuant to the documents governing such
286 bonds or indebtedness.

287 g. As used in this subsection for purposes of any deficit
288 incurred on or after January 25, 2007, the term "subject lines
289 of business" means insurance written by assessable insurers or
290 procured by assessable insureds for all property and casualty
291 lines of business in this state, but not including workers'
292 compensation or medical malpractice. As used in this sub-
293 subparagraph, the term "property and casualty lines of business"
294 includes all lines of business identified on Form 2, Exhibit of
295 Premiums and Losses, in the annual statement required of
296 authorized insurers under s. 624.424 and any rule adopted under
297 this section, except for those lines identified as accident and
298 health insurance and except for policies written under the
299 National Flood Insurance Program or the Federal Crop Insurance
300 Program. For purposes of this sub-subparagraph, the term

301 "workers' compensation" includes both workers' compensation
302 insurance and excess workers' compensation insurance.

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

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

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

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

324 (II) The surcharge is payable upon cancellation or
325 termination of the policy, upon renewal of the policy, or upon

326 issuance of a new policy by the corporation within the first 12
 327 months after the date of the levy or the period of time
 328 necessary to fully collect the surcharge amount.

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

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

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

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

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

351 Underwriting Association, as those areas were defined on January
 352 1, 2002, and for policies that do not provide coverage for the
 353 peril of wind on risks that are located in such areas;

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

361 c. Personal residential policies and commercial
 362 residential and commercial nonresidential property policies that
 363 provide coverage for the peril of wind on risks that are located
 364 in wind-eligible areas ~~eligible for coverage by the Florida~~
 365 ~~Windstorm Underwriting Association, as those areas were defined~~
 366 ~~on January 1, 2002.~~ The corporation may offer policies that
 367 provide multiperil coverage and shall offer policies that
 368 provide coverage only for the peril of wind for risks located in
 369 wind-eligible areas ~~eligible for coverage by the Florida~~
 370 ~~Windstorm Underwriting Association, as those areas were defined~~
 371 ~~on January 1, 2002.~~ The corporation may not offer new commercial
 372 residential policies providing multiperil coverage. The
 373 corporation, ~~but~~ shall continue to offer commercial residential
 374 wind-only policies, and may offer commercial residential
 375 policies excluding wind. However, the corporation may continue

376 to renew a commercial residential multiperil policy on a
377 building that was insured by the corporation on June 30, 2014,
378 under a multiperil policy. In issuing multiperil coverage under
379 this sub-subparagraph, the corporation may use its approved
380 policy forms and rates for risks located in areas that are not
381 wind-eligible ~~eligible for coverage by the Florida Windstorm~~
382 ~~Underwriting Association as those areas were defined on January~~
383 ~~1, 2002,~~ and for policies that do not provide coverage for the
384 peril of wind on risks that are located in such areas. An
385 applicant or insured who is eligible to purchase a multiperil
386 policy from the corporation may purchase a multiperil policy
387 from an authorized insurer without prejudice to the applicant's
388 or insured's eligibility to prospectively purchase a policy that
389 provides coverage only for the peril of wind from the
390 corporation. An applicant or insured who is eligible for a
391 corporation policy that provides coverage only for the peril of
392 wind may elect to purchase or retain such policy and also
393 purchase or retain coverage excluding wind from an authorized
394 insurer without prejudice to the applicant's or insured's
395 eligibility to prospectively purchase a policy that provides
396 multiperil coverage from the corporation. The following
397 policies, which provide coverage only for the peril of wind,
398 must also include quota share primary insurance under
399 subparagraph (c)2.: Personal residential policies and commercial
400 residential and commercial nonresidential property policies that

401 provide coverage for the peril of wind on risks that are located
402 in areas eligible for coverage by the Florida Windstorm
403 Underwriting Association, as those areas were defined on January
404 1, 2002; policies that provide multiperil coverage, if offered
405 by the corporation, and policies that provide coverage only for
406 the peril of wind for risks located in areas eligible for
407 coverage by the Florida Windstorm Underwriting Association, as
408 those areas were defined on January 1, 2002; commercial
409 residential wind-only policies; commercial residential policies
410 excluding wind, if offered by the corporation; and commercial
411 residential multiperil policies on a building that was insured
412 by the corporation on June 30, 2014. The area eligible for
413 coverage with the corporation under this sub-subparagraph
414 includes the area within Port Canaveral, which is bordered on
415 the south by the City of Cape Canaveral, bordered on the west by
416 the Banana River, and bordered on the north by Federal
417 Government property.

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

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

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

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

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

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

439 c. Upon a determination by the board of governors that a
440 projected deficit in the Citizens account exceeds the amount
441 that is expected to be recovered through surcharges under sub-
442 subparagraph a., the board, after verification by the office,
443 shall levy emergency assessments for as many years as necessary
444 to cover the deficits, to be collected by assessable insurers
445 and the corporation and collected from assessable insureds upon
446 issuance or renewal of policies for subject lines of business,
447 excluding National Flood Insurance Program policies. The amount
448 collected in a particular year must be a uniform percentage of
449 that year's direct written premium for subject lines of business
450 and the Citizens account, National Flood Insurance Program

451 policy premiums, as annually determined by the board and
452 verified by the office. The office shall verify the arithmetic
453 calculations involved in the board's determination within 30
454 days after receipt of the information on which the determination
455 was based. The office shall notify assessable insurers and the
456 Florida Surplus Lines Service Office of the date on which
457 assessable insurers shall begin to collect and assessable
458 insureds shall begin to pay such assessment. The date must be at
459 least 90 days after the date the corporation levies emergency
460 assessments pursuant to this sub-subparagraph. Notwithstanding
461 any other law, the corporation and each assessable insurer that
462 writes subject lines of business shall collect emergency
463 assessments from its policyholders without such obligation being
464 affected by any credit, limitation, exemption, or deferment.
465 Emergency assessments levied by the corporation on assessable
466 insureds shall be collected by the surplus lines agent at the
467 time the surplus lines agent collects the surplus lines tax
468 required by s. 626.932 and paid to the Florida Surplus Lines
469 Service Office at the time the surplus lines agent pays the
470 surplus lines tax to that office. The emergency assessments
471 collected shall be transferred directly to the corporation on a
472 periodic basis as determined by the corporation and held by the
473 corporation solely in the Citizens account. The aggregate amount
474 of emergency assessments levied for the Citizens account in any
475 calendar year may be less than, but may not exceed the greater

476 of, 10 percent of the amount needed to cover the deficit, plus
477 interest, fees, commissions, required reserves, and other costs
478 associated with financing the original deficit or 10 percent of
479 the aggregate statewide direct written premium for subject lines
480 of business and the Citizens accounts for the prior year, plus
481 interest, fees, commissions, required reserves, and other costs
482 associated with financing the deficit.

483 d. The corporation may pledge the proceeds of assessments,
484 projected recoveries from the Florida Hurricane Catastrophe
485 Fund, other insurance and reinsurance recoverables, policyholder
486 surcharges and other surcharges, and other funds available to
487 the corporation as the source of revenue for and to secure bonds
488 issued under paragraph (q), bonds or other indebtedness issued
489 under subparagraph (c)3., or lines of credit or other financing
490 mechanisms issued or created under this subsection; or to retire
491 any other debt incurred as a result of deficits or events giving
492 rise to deficits, or in any other way that the board determines
493 will efficiently recover such deficits. The purpose of the lines
494 of credit or other financing mechanisms is to provide additional
495 resources to assist the corporation in covering claims and
496 expenses attributable to a catastrophe. As used in this
497 subsection, the term "assessments" includes emergency
498 assessments under sub-subparagraph c. Emergency assessments
499 collected under sub-subparagraph c. are not part of an insurer's
500 rates, are not premium, and are not subject to premium tax,

501 fees, or commissions; however, failure to pay the emergency
502 assessment shall be treated as failure to pay premium. The
503 emergency assessments shall continue as long as any bonds issued
504 or other indebtedness incurred with respect to a deficit for
505 which the assessment was imposed remain outstanding, unless
506 adequate provision has been made for the payment of such bonds
507 or other indebtedness pursuant to the documents governing such
508 bonds or indebtedness.

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

525 f. The Florida Surplus Lines Service Office shall annually

526 determine the aggregate statewide written premium in subject
527 lines of business procured by assessable insureds and report
528 that information to the corporation in a form and at a time the
529 corporation specifies to ensure that the corporation can meet
530 the requirements of this subsection and the corporation's
531 financing obligations.

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

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

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

549 (a) The Citizens Property Insurance Corporation may amend
550 the wind-eligible areas, subject to approval by the Legislature

551 under paragraph (c), by developing new eligibility criteria and
552 rates for policies that provide wind-only coverage. In
553 developing new eligibility criteria and rates, the corporation
554 may consider the market for wind-only coverage in the areas in
555 which wind-only coverage is to be offered, the resulting impact
556 to the corporation's overall exposure of offering such coverage
557 in those areas, as well as reasonably prudent measures for
558 limiting its exposure upon offering wind-only coverage in those
559 areas.

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

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

567 (8)(7) WIND-ELIGIBLE AREA DEFINED; COLLATERAL PROTECTION
568 INSURANCE.-

569 (a) Except as otherwise provided in subsection (7), the
570 term "wind-eligible area," as used in this section, means an
571 area that is eligible for coverage by the Florida Windstorm
572 Underwriting Association, as those areas were defined on January
573 1, 2002.

574 (b) As used in this section and ss. 215.555 and 627.311,
575 the term "collateral protection insurance" means commercial

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576 | property insurance of which a creditor is the primary
577 | beneficiary and policyholder and which protects or covers an
578 | interest of the creditor arising out of a credit transaction
579 | secured by real or personal property. Initiation of such
580 | coverage is triggered by the mortgagor's failure to maintain
581 | insurance coverage as required by the mortgage or other lending
582 | document. Collateral protection insurance is not residential
583 | coverage.

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