

1                   A bill to be entitled  
2       An act relating to coverage by Citizens Property  
3       Insurance Corporation; amending s. 627.351, F.S.;  
4       revising eligibility for coverage of residential  
5       structures in certain counties by Citizens Property  
6       Insurance Corporation; requiring the corporation to  
7       implement certain rate increases annually in such  
8       counties for single policies issued by the  
9       corporation; providing additional policies issued by  
10      the corporation which do not require policyholders to  
11      purchase flood insurance as a condition for  
12      maintaining the policies; providing an effective date.

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14   Be It Enacted by the Legislature of the State of Florida:

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

18       627.351 Insurance risk apportionment plans.—

19       (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

23       1. The Legislature finds that private insurers are  
24      unwilling or unable to provide affordable property insurance  
25      coverage in this state to the extent sought and needed. The

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

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

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

76 type of coverage provided by condominium association, apartment  
77 building, and similar policies.

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

80 a. Effective January 1, 2017, a structure that has a  
81 dwelling replacement cost of \$700,000 or more, or a single  
82 condominium unit that has a combined dwelling and contents  
83 replacement cost of \$700,000 or more, is not eligible for  
84 coverage by the corporation.

85 b. The requirements of sub-subparagraph a. do not apply in  
86 counties where the office determines there is not a reasonable  
87 degree of competition. In such counties a personal lines  
88 residential structure that has a dwelling replacement cost of  
89 less than \$1.5 ~~\$1~~ million, or a single condominium unit that has  
90 a combined dwelling and contents replacement cost of less than  
91 \$1 million, is eligible for coverage by the corporation.

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

101           5.a. Effective January 1, 2009, a personal lines  
102 residential structure that is located in the "wind-borne debris  
103 region," as defined in s. 1609.2, International Building Code  
104 (2006), and that has an insured value on the structure of  
105 \$750,000 or more is not eligible for coverage by the corporation  
106 unless the structure has opening protections as required under  
107 the Florida Building Code for a newly constructed residential  
108 structure in that area. A residential structure is deemed to  
109 comply with this sub-subparagraph if it has shutters or opening  
110 protections on all openings and if such opening protections  
111 complied with the Florida Building Code at the time they were  
112 installed.

113           b. Any major structure, as defined in s. 161.54(6)(a),  
114 that is newly constructed, or rebuilt, repaired, restored, or  
115 remodeled to increase the total square footage of finished area  
116 by more than 25 percent, pursuant to a permit applied for after  
117 July 1, 2015, is not eligible for coverage by the corporation if  
118 the structure is seaward of the coastal construction control  
119 line established pursuant to s. 161.053 or is within the Coastal  
120 Barrier Resources System as designated by 16 U.S.C. ss. 3501-  
121 3510.

122           6. With respect to wind-only coverage for commercial lines  
123 residential condominiums, effective July 1, 2014, a condominium  
124 shall be deemed ineligible for coverage if 50 percent or more of  
125 the units are rented more than eight times in a calendar year

126 for a rental agreement period of less than 30 days.

127 (n)1. Rates for coverage provided by the corporation must  
128 be actuarially sound pursuant to s. 627.062 and not competitive  
129 with approved rates charged in the admitted voluntary market so  
130 that the corporation functions as a residual market mechanism to  
131 provide insurance only when insurance cannot be procured in the  
132 voluntary market, except as otherwise provided in this  
133 paragraph. The office shall provide the corporation such  
134 information as would be necessary to determine whether rates are  
135 competitive. The corporation shall file its recommended rates  
136 with the office at least annually. The corporation shall provide  
137 any additional information regarding the rates which the office  
138 requires. The office shall consider the recommendations of the  
139 board and issue a final order establishing the rates for the  
140 corporation within 45 days after the recommended rates are  
141 filed. The corporation may not pursue an administrative  
142 challenge or judicial review of the final order of the office.

143 2. In addition to the rates otherwise determined pursuant  
144 to this paragraph, the corporation shall impose and collect an  
145 amount equal to the premium tax provided in s. 624.509 to  
146 augment the financial resources of the corporation.

147 3. After the public hurricane loss-projection model under  
148 s. 627.06281 has been found to be accurate and reliable by the  
149 Florida Commission on Hurricane Loss Projection Methodology, the  
150 model shall be considered when establishing the windstorm

151 portion of the corporation's rates. The corporation may use the  
152 public model results in combination with the results of private  
153 models to calculate rates for the windstorm portion of the  
154 corporation's rates. This subparagraph does not require or allow  
155 the corporation to adopt rates lower than the rates otherwise  
156 required or allowed by this paragraph.

157 4. The corporation must make a recommended actuarially  
158 sound rate filing for each personal and commercial line of  
159 business it writes.

160 5. Notwithstanding the board's recommended rates and the  
161 office's final order regarding the corporation's filed rates  
162 under subparagraph 1., the corporation shall annually implement  
163 a rate increase which, except for sinkhole coverage, does not  
164 exceed the following for any single policy issued by the  
165 corporation, excluding coverage changes and surcharges:

- 166 a. Twelve percent for 2023.
- 167 b. Thirteen percent for 2024.
- 168 c. Fourteen percent for 2025.
- 169 d. Fifteen percent for 2026 and all subsequent years.

170 6. In a county in which the office determines there is not  
171 a reasonable degree of competition, the corporation shall  
172 annually implement a rate increase that does not exceed 10  
173 percent for any single policy issued by the corporation.

174 ~~7.6.~~ The corporation may also implement an increase to  
175 reflect the effect on the corporation of the cash buildup factor

176 pursuant to s. 215.555(5) (b).

177 ~~8.7.~~ The corporation's implementation of rates as  
178 prescribed in subparagraphs 5. and 9. ~~8.~~ shall cease for any  
179 line of business written by the corporation upon the  
180 corporation's implementation of actuarially sound rates.  
181 Thereafter, the corporation shall annually make a recommended  
182 actuarially sound rate filing that is not competitive with  
183 approved rates in the admitted voluntary market for each  
184 commercial and personal line of business the corporation writes.

185 ~~9.8.~~ New or renewal personal lines policies that do not  
186 cover a primary residence are not subject to the rate increase  
187 limitations in subparagraph 5., but may not be charged more than  
188 50 percent above, nor less than, the prior year's established  
189 rate for the corporation.

190 ~~10.9.~~ As used in this paragraph, the term "primary  
191 residence" means the dwelling that is the policyholder's primary  
192 home or is a rental property that is the primary home of the  
193 tenant, and which the policyholder or tenant occupies for more  
194 than 9 months of each year.

195 (aa) Except as otherwise provided in this paragraph, the  
196 corporation shall require the securing and maintaining of flood  
197 insurance as a condition of coverage of a personal lines  
198 residential risk. The insured or applicant must execute a form  
199 approved by the office affirming that flood insurance is not  
200 provided by the corporation and that if flood insurance is not

201 secured by the applicant or insured from an insurer other than  
202 the corporation and in addition to coverage by the corporation,  
203 the risk will not be eligible for coverage by the corporation.  
204 The corporation may deny coverage of a personal lines  
205 residential risk to an applicant or insured who refuses to  
206 secure and maintain flood insurance. The requirement to purchase  
207 flood insurance shall be implemented as follows:

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

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

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

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

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

219 2. All personal lines residential policyholders whose  
220 property insured by the corporation is located within the  
221 special flood hazard area defined by the Federal Emergency  
222 Management Agency must have flood coverage in place:

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

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

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

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

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

c. Policies that provide coverage in Zone X as designated by the Federal Emergency Management Agency or for structures that are elevated at least 1 foot above the flood zone's minimum base flood elevation, if the office determines there is not a reasonable degree of competition in such zone or for such structures.

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

**Section 2.** This act shall take effect July 1, 2026.