

By Senator Hays

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1                                   A bill to be entitled  
2       An act relating to the Florida Hurricane Catastrophe  
3       Fund; amending s. 215.555, F.S.; revising the  
4       definitions for "corporation," "covered policy," and  
5       "retention"; providing for calculation of an insurer's  
6       reimbursement premium and retention under the  
7       reimbursement contract; revising coverage levels  
8       available under the reimbursement contract; revising  
9       aggregate coverage limits; providing for the phase-in  
10      of changes to coverage levels and limits; changing the  
11      name of the Florida Hurricane Catastrophe Fund Finance  
12      Corporation to the State Board of Administration  
13      Finance Corporation; deleting obsolete provisions  
14      related to temporary emergency options for additional  
15      coverage; terminating the temporary increase in  
16      coverage limit options at the end of the 2012-2013  
17      contract year; deleting other obsolete provisions;  
18      amending s. 627.062, F.S.; deleting a provision  
19      prohibiting the recoupment of certain costs; amending  
20      ss. 624.424, 627.0629, 627.351, F.S.; conforming  
21      cross-references; authorizing the State Board of  
22      Administration to adopt emergency rules if necessary  
23      and providing applicability; providing an effective  
24      date.

25  
26 Be It Enacted by the Legislature of the State of Florida:

27  
28       Section 1. Subsection (2) of section 215.555, Florida  
29       Statutes, is reordered and amended, and paragraphs (b) and (c)

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30 of subsection (4), paragraph (d) of subsection (6), and  
31 subsections (16) through (18) of that section are amended, to  
32 read:

33 215.555 Florida Hurricane Catastrophe Fund.—

34 (2) DEFINITIONS.—As used in this section, the term:

35 (b) ~~(a)~~ "Actuarially indicated" means, with respect to  
36 premiums paid by insurers for reimbursement provided by the  
37 fund, an amount determined according to principles of actuarial  
38 science to be adequate, but not excessive, in the aggregate, to  
39 pay current and future obligations and expenses of the fund,  
40 including additional amounts if needed to pay debt service on  
41 revenue bonds issued under this section and to provide required  
42 debt service coverage in excess of the amounts required to pay  
43 actual debt service on revenue bonds issued under subsection  
44 (6), and ~~determined according to principles of actuarial science~~  
45 to reflect each insurer's relative exposure to hurricane losses.

46 (f) ~~(b)~~ "Covered event" means any one storm declared to be a  
47 hurricane by the National Hurricane Center, which storm causes  
48 insured losses in this state.

49 (g) ~~(e)~~ "Covered policy" means an ~~any~~ insurance policy  
50 covering residential property in this state, including, but not  
51 limited to, a ~~any~~ homeowner's, mobile home owner's, farm  
52 owner's, condominium association, condominium unit owner's,  
53 tenant's, or apartment building policy, or any other policy  
54 covering a residential structure or its contents issued by an  
55 ~~any~~ authorized insurer, including ~~a commercial self-insurance~~  
56 ~~fund holding a certificate of authority issued by the Office of~~  
57 ~~Insurance Regulation under s. 624.462,~~ the Citizens Property  
58 Insurance Corporation, and any joint underwriting association or

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59 similar entity created under law. The term ~~"covered policy"~~  
60 includes a ~~any~~ collateral protection insurance policy covering  
61 personal residences which protects both the borrower's and the  
62 lender's financial interests, in an amount at least equal to the  
63 coverage for the dwelling in place under the lapsed homeowner's  
64 policy, if such policy can be accurately reported as required in  
65 subsection (5). The term also includes ~~Additionally, covered~~  
66 ~~policies include~~ policies covering the peril of wind removed  
67 from the Florida Residential Property and Casualty Joint  
68 Underwriting Association or from ~~the~~ Citizens Property Insurance  
69 Corporation, created under s. 627.351(6), or from the Florida  
70 Windstorm Underwriting Association, created under s. 627.351(2),  
71 by an authorized insurer under the terms and conditions of an  
72 executed assumption agreement between the authorized insurer and  
73 such association or Citizens Property Insurance Corporation.  
74 Each assumption agreement ~~between the association and such~~  
75 ~~authorized insurer or Citizens Property Insurance Corporation~~  
76 must be approved by the Office of Insurance Regulation before  
77 the effective date of the assumption, and the office ~~of~~  
78 ~~Insurance Regulation~~ must provide written notification to the  
79 board within 15 working days after such approval. The term  
80 ~~"Covered policy"~~ does not include any policy that excludes wind  
81 coverage or hurricane coverage or any reinsurance agreement or  
82 ~~and does not include~~ any policy otherwise meeting this  
83 definition which is issued by a surplus lines insurer or a  
84 reinsurer. All commercial residential excess policies and all  
85 deductible buy-back policies that, based on sound actuarial  
86 principles, require individual ratemaking must ~~shall~~ be excluded  
87 by rule if the actuarial soundness of the fund is not

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88 jeopardized. For this purpose, the term "excess policy" means a  
89 policy that provides insurance protection for large commercial  
90 property risks and that provides a layer of coverage above a  
91 primary layer insured by another insurer.

92 (1)~~(d)~~ "Losses" means all incurred losses under covered  
93 policies, including additional living expenses of up to ~~not to~~  
94 ~~exceed~~ 40 percent of the insured value of a residential  
95 structure or its contents and amounts paid as fees on behalf of  
96 or inuring to the benefit of a policyholder. The term does not  
97 include:

98 1. Losses for fair rental value, loss of rent or rental  
99 income, or business interruption losses;

100 2. Losses under liability coverages;

101 3. Property losses that are proximately caused by any peril  
102 other than a covered event, including, but not limited to, fire,  
103 theft, flood or rising water, or windstorm that does not  
104 constitute a covered event;

105 4. Amounts paid as the result of a voluntary expansion of  
106 coverage by the insurer, including, but not limited to, a waiver  
107 of an applicable deductible;

108 5. Amounts paid to reimburse a policyholder for condominium  
109 association or homeowners' association loss assessments or under  
110 similar coverages for contractual liabilities;

111 6. Amounts paid as bad faith awards, punitive damage  
112 awards, or other court-imposed fines, sanctions, or penalties;

113 7. Amounts in excess of the coverage limits under the  
114 covered policy; or

115 8. Allocated or unallocated loss adjustment expenses.

116 (n)~~(e)~~ "Retention" means the amount of losses below which

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117 an insurer is not entitled to reimbursement from the fund. An  
118 ~~insurer's retention shall be calculated as follows:~~

119 ~~1. The board shall calculate and report to each insurer the~~  
120 ~~retention multiples for that year. For the contract year~~  
121 ~~beginning June 1, 2005, the retention multiple shall be equal to~~  
122 ~~\$4.5 billion divided by the total estimated reimbursement~~  
123 ~~premium for the contract year; for subsequent years, the~~  
124 ~~retention multiple shall be equal to \$4.5 billion, adjusted~~  
125 ~~based upon the reported exposure for the contract year occurring~~  
126 ~~2 years before the particular contract year to reflect the~~  
127 ~~percentage growth in exposure to the fund for covered policies~~  
128 ~~since 2004, divided by the total estimated reimbursement premium~~  
129 ~~for the contract year. Total reimbursement premium for purposes~~  
130 ~~of the calculation under this subparagraph shall be estimated~~  
131 ~~using the assumption that all insurers have selected the 90-~~  
132 ~~percent coverage level.~~

133 ~~2. The retention multiple as determined under subparagraph~~  
134 ~~1. shall be adjusted to reflect the coverage level elected by~~  
135 ~~the insurer. For insurers electing the 90-percent coverage~~  
136 ~~level, the adjusted retention multiple is 100 percent of the~~  
137 ~~amount determined under subparagraph 1. For insurers electing~~  
138 ~~the 75-percent coverage level, the retention multiple is 120~~  
139 ~~percent of the amount determined under subparagraph 1. For~~  
140 ~~insurers electing the 45-percent coverage level, the adjusted~~  
141 ~~retention multiple is 200 percent of the amount determined under~~  
142 ~~subparagraph 1.~~

143 ~~3. An insurer shall determine its provisional retention by~~  
144 ~~multiplying its provisional reimbursement premium by the~~  
145 ~~applicable adjusted retention multiple and shall determine its~~

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146 actual retention by multiplying its actual reimbursement premium  
147 by the applicable adjusted retention multiple.

148 ~~4. For insurers who experience multiple covered events~~  
149 ~~causing loss during the contract year, beginning June 1, 2005,~~  
150 ~~each insurer's full retention shall be applied to each of the~~  
151 ~~covered events causing the two largest losses for that insurer.~~  
152 ~~For each other covered event resulting in losses, the insurer's~~  
153 ~~retention shall be reduced to one-third of the full retention.~~  
154 ~~The reimbursement contract shall provide for the reimbursement~~  
155 ~~of losses for each covered event based on the full retention~~  
156 ~~with adjustments made to reflect the reduced retentions on or~~  
157 ~~after January 1 of the contract year provided the insurer~~  
158 ~~reports its losses as specified in the reimbursement contract.~~

159 (o)~~(f)~~ "Workers' compensation" includes both workers'  
160 compensation and excess workers' compensation insurance.

161 (c)~~(g)~~ "Bond" means any bond, debenture, note, or other  
162 evidence of financial indebtedness issued under this section.

163 (h) "Debt service" means the amount required in any fiscal  
164 year to pay the principal of, redemption premium, if any, and  
165 interest on revenue bonds and any amounts required by the terms  
166 of documents authorizing, securing, or providing liquidity for  
167 revenue bonds necessary to maintain in effect any such liquidity  
168 or security arrangements.

169 (i) "Debt service coverage" means the amount, if any,  
170 required by the documents under which revenue bonds are issued,  
171 which must ~~amount is to~~ be received in any fiscal year in excess  
172 of the amount required to pay debt service for such fiscal year.

173 (k)~~(j)~~ "Local government" means a unit of general purpose  
174 local government as defined in s. 218.31~~(2)~~.

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175        (m)~~(k)~~ "Pledged revenues" means all or any portion of  
176 revenues to be derived from reimbursement premiums under  
177 subsection (5) or from emergency assessments under paragraph  
178 (6) (b), as determined by the board.

179        (j)~~(l)~~ "Estimated claims-paying capacity" means the sum of  
180 the projected year-end balance of the fund as of December 31 of  
181 a contract year, ~~plus~~ any reinsurance purchased by the fund, and  
182 ~~plus~~ the board's estimate of the board's borrowing capacity.

183        (a)~~(m)~~ "Actual claims-paying capacity" means the sum of the  
184 balance of the fund as of December 31 of a contract year, ~~plus~~  
185 any reinsurance purchased by the fund, and ~~plus~~ the amount the  
186 board is able to raise through the issuance of revenue bonds  
187 under subsection (6).

188        (e)~~(n)~~ "Corporation" means the State Board of  
189 Administration Florida Hurricane Catastrophe Fund Finance  
190 Corporation created in paragraph (6) (d).

191        (d)~~(o)~~ "Contract year" means the period beginning on June 1  
192 of a specified calendar year and ending on May 31 of the  
193 following calendar year.

194        (4) REIMBURSEMENT CONTRACTS.—

195        (b)1. An insurer's retention shall be calculated as  
196 follows:

197        a. The board shall calculate and report to each insurer the  
198 retention multiples for that year. For the contract year, the  
199 retention multiple is equal to \$4.5 billion, adjusted to reflect  
200 the percentage growth in exposure to the fund for covered  
201 policies since 2004 based upon the reported exposure for the  
202 contract year occurring 2 years before the particular contract  
203 year, divided by the total estimated reimbursement premium for

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204 the contract year. Total reimbursement premium for purposes of  
205 this calculation shall be estimated using the assumption that  
206 all insurers have selected the 90-percent coverage level.

207 b. In order to implement the phase-in of reduced coverage  
208 levels as provided in subparagraph 2., total reimbursement  
209 premium for purposes of the calculation under sub-subparagraph  
210 a. shall be estimated using the following assumptions:

211 (I) For the 2013-2014 contract year, the assumption is that  
212 all insurers have selected the 85-percent coverage level.

213 (II) For the 2014-2015 contract year, the assumption is  
214 that all insurers have selected the 80-percent coverage level.

215 (III) For the 2015-2016 contract year and subsequent  
216 contract years, the assumption is that all insurers have  
217 selected the 75-percent coverage level.

218 c. The retention multiple shall be adjusted to reflect the  
219 coverage level elected by the insurer.

220 (I) For an insurer electing the maximum coverage level  
221 under subparagraph 2. for a particular contract year, the  
222 adjusted retention multiple is 100 percent of the amount  
223 determined under sub-subparagraph a.

224 (II) In order to implement the phase-in of reduced coverage  
225 levels under subparagraph 2., for an insurer electing a coverage  
226 level other than the maximum coverage level:

227 (A) For the 2013-2014 contract year, for an insurer  
228 electing the 75-percent coverage level, the retention multiple  
229 is 85/75ths of the amount determined under sub-subparagraph a.,  
230 and for an insurer electing the 45-percent coverage level, the  
231 adjusted retention multiple is 85/45ths of the amount determined  
232 under sub-subparagraph a.

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233 (B) For the 2014-2015 contract year, for an insurer  
234 electing the 75-percent coverage level, the retention multiple  
235 is 80/75ths of the amount determined under sub-subparagraph a.,  
236 and for an insurer electing the 45-percent coverage level, the  
237 retention multiple is 80/45ths of the amount determined under  
238 sub-subparagraph a.

239 (C) For the 2015-2016 contract year and subsequent contract  
240 years, for an insurer electing the 45-percent coverage level,  
241 the retention multiple is 75/45ths of the amount determined  
242 under sub-subparagraph a.

243 d. An insurer shall determine its provisional retention by  
244 multiplying its provisional reimbursement premium by the  
245 applicable adjusted retention multiple and determine its actual  
246 retention by multiplying its actual reimbursement premium by the  
247 applicable adjusted retention multiple.

248 e. For insurers who experience multiple covered events  
249 causing loss during the contract year, beginning June 1, 2005,  
250 each insurer's full retention shall be applied to each of the  
251 covered events causing the two largest losses for that insurer.  
252 For each other covered event resulting in losses, the insurer's  
253 retention shall be reduced to one-third of the full retention.  
254 The reimbursement contract must provide for the reimbursement of  
255 losses for each covered event based on the full retention with  
256 adjustments that reflect the reduced retentions on or after  
257 January 1 of the contract year if the insurer reports its losses  
258 as specified in the reimbursement contract.

259 2.1- The contract must ~~shall~~ contain a promise by the board  
260 to reimburse the insurer for a specified percentage ~~45 percent,~~  
261 ~~75 percent, or 90 percent~~ of its losses from each covered event

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262 in excess of the insurer's retention, plus 10 ~~5~~ percent of the  
263 reimbursed losses to cover loss adjustment expenses.

264 a. The available coverage levels are as follows:

265 (I) For the 2013-2014 contract year, 85 percent, 75  
266 percent, and 45 percent.

267 (II) For the 2014-2015 contract year, 80 percent, 75  
268 percent, and 45 percent.

269 (III) For the 2015-2016 contract year and subsequent  
270 contract years, 75 percent and 45 percent.

271 3.2. The insurer must elect one of the percentage coverage  
272 levels specified in subparagraph 2. ~~this paragraph~~ and may, upon  
273 renewal of a reimbursement contract, elect a lower percentage  
274 coverage level if no revenue bonds issued under subsection (6)  
275 after a covered event are outstanding, or elect a higher  
276 percentage coverage level, regardless of whether or not revenue  
277 bonds are outstanding. All members of an insurer group must  
278 elect the same percentage coverage level. A ~~Any~~ joint  
279 underwriting association, risk apportionment plan, or other  
280 entity created under s. 627.351 must elect the maximum ~~90-~~  
281 ~~percent~~ coverage level available under subparagraph 2.

282 4. In order to implement the phase-in of reduced coverage  
283 levels, and notwithstanding subparagraph 2., if revenue bonds  
284 issued under subsection (6) after a covered event are  
285 outstanding and the insurer has elected the maximum coverage  
286 level available under subparagraph 2., the insurer must, upon  
287 renewal of the reimbursement contract, elect the maximum  
288 coverage level for the renewal contract year.

289 5.3. The contract must ~~shall~~ provide that reimbursement  
290 amounts are ~~shall~~ not ~~be~~ reduced by reinsurance paid or payable

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291 to the insurer from other sources.

292 ~~4. Notwithstanding any other provision contained in this~~  
293 ~~section, the board shall make available to insurers that~~  
294 ~~purchased coverage provided by this subparagraph in 2008,~~  
295 ~~insurers qualifying as limited apportionment companies under s.~~  
296 ~~627.351(6)(c), and insurers that have been approved to~~  
297 ~~participate in the Insurance Capital Build-Up Incentive Program~~  
298 ~~pursuant to s. 215.5595 a contract or contract addendum that~~  
299 ~~provides an additional amount of reimbursement coverage of up to~~  
300 ~~\$10 million. The premium to be charged for this additional~~  
301 ~~reimbursement coverage shall be 50 percent of the additional~~  
302 ~~reimbursement coverage provided, which shall include one prepaid~~  
303 ~~reinstatement. The minimum retention level that an eligible~~  
304 ~~participating insurer must retain associated with this~~  
305 ~~additional coverage layer is 30 percent of the insurer's surplus~~  
306 ~~as of December 31, 2008, for the 2009-2010 contract year; as of~~  
307 ~~December 31, 2009, for the 2010-2011 contract year; and as of~~  
308 ~~December 31, 2010, for the 2011-2012 contract year. This~~  
309 ~~coverage shall be in addition to all other coverage that may be~~  
310 ~~provided under this section. The coverage provided by the fund~~  
311 ~~under this subparagraph shall be in addition to the claims-~~  
312 ~~paying capacity as defined in subparagraph (c)1., but only with~~  
313 ~~respect to those insurers that select the additional coverage~~  
314 ~~option and meet the requirements of this subparagraph. The~~  
315 ~~claims-paying capacity with respect to all other participating~~  
316 ~~insurers and limited apportionment companies that do not select~~  
317 ~~the additional coverage option shall be limited to their~~  
318 ~~reimbursement premium's proportionate share of the actual~~  
319 ~~claims-paying capacity otherwise defined in subparagraph (c)1.~~

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320 and as provided for under the terms of the reimbursement  
321 contract. The optional coverage retention as specified shall be  
322 accessed before the mandatory coverage under the reimbursement  
323 contract, but once the limit of coverage selected under this  
324 option is exhausted, the insurer's retention under the mandatory  
325 coverage will apply. This coverage will apply and be paid  
326 concurrently with mandatory coverage. This subparagraph expires  
327 on May 31, 2012.

328 (c)1. The contract must ~~shall~~ also provide that the  
329 obligation of the board with respect to all contracts covering a  
330 particular contract year ~~shall~~ not exceed the actual claims-  
331 paying capacity of the fund up to the limit specified in this  
332 paragraph.

333 1. Fund limits are as follow:

334 a. For the 2013-2014 contract year, the limit is \$16  
335 billion.

336 b. For the 2014-2015 contract year, the limit is \$15  
337 billion.

338 c. For the 2015-2016 contract year and subsequent contract  
339 years, the limit is \$14 billion, except as provided in  
340 subparagraph 2..

341 2. For contract years after the 2015-2016 contract year, if  
342 a limit of \$17 billion for that contract year, unless the board  
343 determines that there is sufficient estimated claims-paying  
344 capacity to provide \$14 \$17 billion of capacity for the current  
345 contract year and an additional \$14 \$17 billion of capacity for  
346 subsequent contract years. If the board makes such a  
347 determination, the estimated claims-paying capacity for the  
348 particular contract year shall be determined by adding to the

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349 \$14 ~~\$17~~ billion limit one-half of the fund's estimated claims-  
350 paying capacity in excess of \$28 ~~\$34~~ billion. However, the  
351 dollar growth in the limit may not increase in any year by an  
352 amount greater than the dollar growth of the balance of the fund  
353 as of December 31, ~~less any premiums or interest attributable to~~  
354 ~~optional coverage~~, as defined by rule, which occurred over the  
355 prior calendar year.

356 3.2. In May and October of the contract year, the board  
357 shall publish in the Florida Administrative Register ~~Weekly~~ a  
358 statement of the fund's estimated borrowing capacity, the fund's  
359 estimated claims-paying capacity, and the projected balance of  
360 the fund as of December 31. After the end of each calendar year,  
361 the board shall notify insurers of the estimated borrowing  
362 capacity, estimated claims-paying capacity, and the balance of  
363 the fund as of December 31 to provide insurers with data  
364 necessary to assist them in determining their retention and  
365 projected payout from the fund for loss reimbursement purposes.  
366 In conjunction with the development of the premium formula, as  
367 provided ~~for~~ in subsection (5), the board shall publish factors  
368 or multiples that assist insurers in determining their retention  
369 and projected payout for the next contract year. For all  
370 regulatory and reinsurance purposes, an insurer may calculate  
371 its projected payout from the fund as its share of the total  
372 fund premium for the current contract year multiplied by the sum  
373 of the projected balance of the fund as of December 31 and the  
374 estimated borrowing capacity for that contract year as reported  
375 under this subparagraph.

376 (6) REVENUE BONDS.—

377 (d) State Board of Administration ~~Florida Hurricane~~

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378 ~~Catastrophe Fund Finance Corporation.~~

379 1. In addition to the findings and declarations in  
380 subsection (1), the Legislature also finds and declares that:

381 a. The public benefits corporation created under this  
382 paragraph will provide a mechanism ~~necessary~~ for the cost-  
383 effective and efficient issuance of bonds. This mechanism will  
384 eliminate unnecessary costs in the bond issuance process,  
385 thereby increasing the amounts available for ~~to pay~~  
386 reimbursement for losses to property sustained as a result of  
387 hurricane damage.

388 b. The purpose of such bonds is to fund reimbursements  
389 through the Florida Hurricane Catastrophe Fund ~~to pay~~ for the  
390 costs of construction, reconstruction, repair, restoration, and  
391 other costs associated with damage to properties of  
392 policyholders of covered policies due to the occurrence of a  
393 hurricane.

394 c. The efficacy of the financing mechanism will be enhanced  
395 by the corporation's ownership of the assessments, by the  
396 insulation of the assessments from possible bankruptcy  
397 proceedings, and by covenants of the state with the  
398 corporation's bondholders.

399 ~~2.a.~~ The State Board of Administration Finance Corporation  
400 There is created, which is a public benefits corporation and,  
401 ~~which is~~ an instrumentality of the state, ~~to be known as the~~  
402 ~~Florida Hurricane Catastrophe Fund Finance Corporation.~~ The  
403 State Board of Administration Finance Corporation is for all  
404 purposes the successor to the Florida Hurricane Catastrophe Fund  
405 Finance Corporation.

406 ~~a.b.~~ The corporation shall operate under a five-member

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407 board of directors consisting of the Governor or a designee, the  
408 Chief Financial Officer or a designee, the Attorney General or a  
409 designee, the director of the Division of Bond Finance of the  
410 State Board of Administration, and the Chief Operating Officer  
411 ~~senior employee of the State Board of Administration responsible~~  
412 ~~for operations~~ of the Florida Hurricane Catastrophe Fund.

413 ~~b.e.~~ The corporation has all of the powers of corporations  
414 under chapter 607 and under chapter 617, subject only to ~~the~~  
415 ~~provisions of~~ this subsection.

416 ~~c.d.~~ The corporation may issue bonds and engage in such  
417 other financial transactions as are necessary to provide  
418 sufficient funds to achieve the purposes of this section.

419 ~~d.e.~~ The corporation may invest in any of the investments  
420 authorized under s. 215.47.

421 ~~e.f.~~ There ~~is shall be~~ no liability on the part of, and no  
422 cause of action shall arise against, any board members or  
423 employees of the corporation for any actions taken by them in  
424 the performance of their duties under this paragraph.

425 3.a. In actions under chapter 75 to validate any bonds  
426 issued by the corporation, the notice required by s. 75.06 must  
427 ~~shall~~ be published in two newspapers of general circulation in  
428 the state, and the complaint and order of the court shall be  
429 served only on the State Attorney of the Second Judicial  
430 Circuit.

431 b. The state hereby covenants with holders of bonds of the  
432 corporation that the state will not repeal or abrogate the power  
433 of the board to direct the Office of Insurance Regulation to  
434 levy the assessments and to collect the proceeds of the revenues  
435 pledged to the payment of such bonds as long as ~~any~~ such bonds

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436 remain outstanding unless adequate provision has been made for  
437 the payment of such bonds pursuant to the documents authorizing  
438 the issuance of the ~~such~~ bonds.

439 c.4. The bonds of the corporation are not a debt of the  
440 state or of any political subdivision, and neither the state nor  
441 any political subdivision is liable on such bonds. The  
442 corporation may not ~~does not have the power to~~ pledge the  
443 credit, the revenues, or the taxing power of the state or of any  
444 political subdivision. The credit, revenues, or taxing power of  
445 the state or of any political subdivision may ~~shall~~ not be  
446 deemed to be pledged to the payment of any bonds of the  
447 corporation.

448 d.5.a. The property, revenues, and other assets of the  
449 corporation; the transactions and operations of the corporation  
450 and the income from such transactions and operations; and all  
451 bonds issued under this paragraph and interest on such bonds are  
452 exempt from taxation by the state and any political subdivision,  
453 including the intangibles tax under chapter 199 and the income  
454 tax under chapter 220. This exemption does not apply to any tax  
455 imposed by chapter 220 on interest, income, or profits on debt  
456 obligations owned by corporations other than the State Board of  
457 Administration ~~Florida Hurricane Catastrophe Fund Finance~~  
458 Corporation.

459 e.b. All bonds of the corporation are ~~shall be and~~  
460 ~~constitute~~ legal investments without limitation for all public  
461 bodies of this state; for all banks, trust companies, savings  
462 banks, savings associations, savings and loan associations, and  
463 investment companies; for all administrators, executors,  
464 trustees, and other fiduciaries; for all insurance companies and

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465 associations and other persons carrying on an insurance  
466 business; and for all other persons who are now or may hereafter  
467 be authorized to invest in bonds or other obligations of the  
468 state and are ~~shall be and constitute~~ eligible securities to be  
469 deposited as collateral for the security of any state, county,  
470 municipal, or other public funds. This sub-subparagraph shall be  
471 considered ~~as~~ additional and supplemental authority and may  
472 ~~shall~~ not be limited without specific reference to this sub-  
473 subparagraph.

474 4.6. The corporation and its corporate existence shall  
475 continue until terminated by law; however, no such law shall  
476 take effect as long as the corporation has bonds outstanding  
477 unless adequate provision has been made for the payment of such  
478 bonds pursuant to the documents authorizing the issuance of such  
479 bonds. Upon termination of the existence of the corporation, all  
480 of its rights and properties in excess of its obligations shall  
481 pass to and be vested in the state.

482 ~~(16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL COVERAGE.~~

483 ~~(a) Findings and intent.~~

484 ~~1. The Legislature finds that:~~

485 ~~a. Because of temporary disruptions in the market for~~  
486 ~~eatastrophic reinsurance, many property insurers were unable to~~  
487 ~~procure reinsurance for the 2006 hurricane season with an~~  
488 ~~attachment point below the insurers' respective Florida~~  
489 ~~Hurricane Catastrophe Fund attachment points, were unable to~~  
490 ~~procure sufficient amounts of such reinsurance, or were able to~~  
491 ~~procure such reinsurance only by incurring substantially higher~~  
492 ~~costs than in prior years.~~

493 ~~b. The reinsurance market problems were responsible, at~~

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494 ~~least in part, for substantial premium increases to many~~  
495 ~~consumers and increases in the number of policies issued by the~~  
496 ~~Citizens Property Insurance Corporation.~~

497 ~~e. It is likely that the reinsurance market disruptions~~  
498 ~~will not significantly abate prior to the 2007 hurricane season.~~

499 ~~2. It is the intent of the Legislature to create a~~  
500 ~~temporary emergency program, applicable to the 2007, 2008, and~~  
501 ~~2009 hurricane seasons, to address these market disruptions and~~  
502 ~~enable insurers, at their option, to procure additional coverage~~  
503 ~~from the Florida Hurricane Catastrophe Fund.~~

504 ~~(b) Applicability of other provisions of this section. All~~  
505 ~~provisions of this section and the rules adopted under this~~  
506 ~~section apply to the program created by this subsection unless~~  
507 ~~specifically superseded by this subsection.~~

508 ~~(c) Optional coverage. For the contract year commencing~~  
509 ~~June 1, 2007, and ending May 31, 2008, the contract year~~  
510 ~~commencing June 1, 2008, and ending May 31, 2009, and the~~  
511 ~~contract year commencing June 1, 2009, and ending May 31, 2010,~~  
512 ~~the board shall offer for each of such years the optional~~  
513 ~~coverage as provided in this subsection.~~

514 ~~(d) Additional definitions. As used in this subsection, the~~  
515 ~~term:~~

516 ~~1. "TEACO options" means the temporary emergency additional~~  
517 ~~coverage options created under this subsection.~~

518 ~~2. "TEACO insurer" means an insurer that has opted to~~  
519 ~~obtain coverage under the TEACO options in addition to the~~  
520 ~~coverage provided to the insurer under its reimbursement~~  
521 ~~contract.~~

522 ~~3. "TEACO reimbursement premium" means the premium charged~~

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523 ~~by the fund for coverage provided under the TEACO options.~~

524 ~~4. "TEACO retention" means the amount of losses below which~~  
525 ~~a TEACO insurer is not entitled to reimbursement from the fund~~  
526 ~~under the TEACO option selected. A TEACO insurer's retention~~  
527 ~~options shall be calculated as follows:~~

528 ~~a. The board shall calculate and report to each TEACO~~  
529 ~~insurer the TEACO retention multiples. There shall be three~~  
530 ~~TEACO retention multiples for defining coverage. Each multiple~~  
531 ~~shall be calculated by dividing \$3 billion, \$4 billion, or \$5~~  
532 ~~billion by the total estimated mandatory FHCF reimbursement~~  
533 ~~premium assuming all insurers selected the 90-percent coverage~~  
534 ~~level.~~

535 ~~b. The TEACO retention multiples as determined under sub-~~  
536 ~~subparagraph a. shall be adjusted to reflect the coverage level~~  
537 ~~elected by the insurer. For insurers electing the 90-percent~~  
538 ~~coverage level, the adjusted retention multiple is 100 percent~~  
539 ~~of the amount determined under sub-subparagraph a. For insurers~~  
540 ~~electing the 75-percent coverage level, the retention multiple~~  
541 ~~is 120 percent of the amount determined under sub-subparagraph~~  
542 ~~a. For insurers electing the 45-percent coverage level, the~~  
543 ~~adjusted retention multiple is 200 percent of the amount~~  
544 ~~determined under sub-subparagraph a.~~

545 ~~c. An insurer shall determine its provisional TEACO~~  
546 ~~retention by multiplying its estimated mandatory FHCF~~  
547 ~~reimbursement premium by the applicable adjusted TEACO retention~~  
548 ~~multiple and shall determine its actual TEACO retention by~~  
549 ~~multiplying its actual mandatory FHCF reimbursement premium by~~  
550 ~~the applicable adjusted TEACO retention multiple.~~

551 ~~d. For TEACO insurers who experience multiple covered~~

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552 ~~events causing loss during the contract year, the insurer's full~~  
553 ~~TEACO retention shall be applied to each of the covered events~~  
554 ~~causing the two largest losses for that insurer. For other~~  
555 ~~covered events resulting in losses, the TEACO option does not~~  
556 ~~apply and the insurer's retention shall be one-third of the full~~  
557 ~~retention as calculated under paragraph (2)(e).~~

558 ~~5. "TEACO addendum" means an addendum to the reimbursement~~  
559 ~~contract reflecting the obligations of the fund and TEACO~~  
560 ~~insurers under the program created by this subsection.~~

561 ~~6. "FHCF" means the Florida Hurricane Catastrophe Fund.~~

562 ~~(c) TEACO addendum.—~~

563 ~~1. The TEACO addendum shall provide for reimbursement of~~  
564 ~~TEACO insurers for covered events occurring during the contract~~  
565 ~~year, in exchange for the TEACO reimbursement premium paid into~~  
566 ~~the fund under paragraph (f). Any insurer writing covered~~  
567 ~~policies has the option of choosing to accept the TEACO addendum~~  
568 ~~for any of the 3 contract years that the coverage is offered.~~

569 ~~2. The TEACO addendum shall contain a promise by the board~~  
570 ~~to reimburse the TEACO insurer for 45 percent, 75 percent, or 90~~  
571 ~~percent of its losses from each covered event in excess of the~~  
572 ~~insurer's TEACO retention, plus 5 percent of the reimbursed~~  
573 ~~losses to cover loss adjustment expenses. The percentage shall~~  
574 ~~be the same as the coverage level selected by the insurer under~~  
575 ~~paragraph (4)(b).~~

576 ~~3. The TEACO addendum shall provide that reimbursement~~  
577 ~~amounts shall not be reduced by reinsurance paid or payable to~~  
578 ~~the insurer from other sources.~~

579 ~~4. The TEACO addendum shall also provide that the~~  
580 ~~obligation of the board with respect to all TEACO addenda shall~~

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581 ~~not exceed an amount equal to two times the difference between~~  
582 ~~the industry retention level calculated under paragraph (2) (e)~~  
583 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~  
584 ~~retention level options actually selected, but in no event may~~  
585 ~~the board's obligation exceed the actual claims-paying capacity~~  
586 ~~of the fund plus the additional capacity created in paragraph~~  
587 ~~(g). If the actual claims-paying capacity and the additional~~  
588 ~~capacity created under paragraph (g) fall short of the board's~~  
589 ~~obligations under the reimbursement contract, each insurer's~~  
590 ~~share of the fund's capacity shall be prorated based on the~~  
591 ~~premium an insurer pays for its mandatory reimbursement coverage~~  
592 ~~and the premium paid for its optional TEACO coverage as each~~  
593 ~~such premium bears to the total premiums paid to the fund times~~  
594 ~~the available capacity.~~

595 ~~5. The priorities, schedule, and method of reimbursements~~  
596 ~~under the TEACO addendum shall be the same as provided under~~  
597 ~~subsection (4).~~

598 ~~6. A TEACO insurer's maximum reimbursement for a single~~  
599 ~~event shall be equal to the product of multiplying its mandatory~~  
600 ~~FHCF premium by the difference between its FHCF retention~~  
601 ~~multiple and its TEACO retention multiple under the TEACO option~~  
602 ~~selected and by the coverage selected under paragraph (4) (b),~~  
603 ~~plus an additional 5 percent for loss adjustment expenses. A~~  
604 ~~TEACO insurer's maximum reimbursement under the TEACO option~~  
605 ~~selected for a TEACO insurer's two largest events shall be twice~~  
606 ~~its maximum reimbursement for a single event.~~

607 ~~(f) TEACO reimbursement premiums.~~

608 ~~1. Each TEACO insurer shall pay to the fund, in the manner~~  
609 ~~and at the time provided in the reimbursement contract for~~

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610 ~~payment of reimbursement premiums, a TEACO reimbursement premium~~  
 611 ~~calculated as specified in this paragraph.~~

612 ~~2. The insurer's TEACO reimbursement premium associated~~  
 613 ~~with the \$3 billion retention option shall be equal to 85~~  
 614 ~~percent of a TEACO insurer's maximum reimbursement for a single~~  
 615 ~~event as calculated under subparagraph (c)6. The TEACO~~  
 616 ~~reimbursement premium associated with the \$4 billion retention~~  
 617 ~~option shall be equal to 80 percent of a TEACO insurer's maximum~~  
 618 ~~reimbursement for a single event as calculated under~~  
 619 ~~subparagraph (c)6. The TEACO premium associated with the \$5~~  
 620 ~~billion retention option shall be equal to 75 percent of a TEACO~~  
 621 ~~insurer's maximum reimbursement for a single event as calculated~~  
 622 ~~under subparagraph (c)6.~~

623 ~~(g) Effect on claims-paying capacity of the fund. For the~~  
 624 ~~contract term commencing June 1, 2007, the contract year~~  
 625 ~~commencing June 1, 2008, and the contract term beginning June 1,~~  
 626 ~~2009, the program created by this subsection shall increase the~~  
 627 ~~claims-paying capacity of the fund as provided in subparagraph~~  
 628 ~~(4)(c)1. by an amount equal to two times the difference between~~  
 629 ~~the industry retention level calculated under paragraph (2)(c)~~  
 630 ~~and the \$3 billion industry TEACO retention level specified in~~  
 631 ~~sub-subparagraph (d)4.a. The additional capacity shall apply~~  
 632 ~~only to the additional coverage provided by the TEACO option and~~  
 633 ~~shall not otherwise affect any insurer's reimbursement from the~~  
 634 ~~fund.~~

635 ~~(17) TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS.—~~

636 ~~(a) Findings and intent.—~~

637 ~~1. The Legislature finds that:~~

638 ~~a. Because of temporary disruptions in the market for~~

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639 ~~eatastrophic reinsurance, many property insurers were unable to~~  
640 ~~procure sufficient amounts of reinsurance for the 2006 hurricane~~  
641 ~~season or were able to procure such reinsurance only by~~  
642 ~~incurring substantially higher costs than in prior years.~~

643 ~~b. The reinsurance market problems were responsible, at~~  
644 ~~least in part, for substantial premium increases to many~~  
645 ~~consumers and increases in the number of policies issued by~~  
646 ~~Citizens Property Insurance Corporation.~~

647 ~~e. It is likely that the reinsurance market disruptions~~  
648 ~~will not significantly abate prior to the 2007 hurricane season.~~

649 ~~2. It is the intent of the Legislature to create options~~  
650 ~~for insurers to purchase a temporary increased coverage limit~~  
651 ~~above the statutorily determined limit in subparagraph (4)(c)1.,~~  
652 ~~applicable for the 2007, 2008, 2009, 2010, 2011, 2012, and 2013~~  
653 ~~hurricane seasons, to address market disruptions and enable~~  
654 ~~insurers, at their option, to procure additional coverage from~~  
655 ~~the Florida Hurricane Catastrophe Fund.~~

656 ~~(b) Applicability of other provisions of this section. All~~  
657 ~~provisions of this section and the rules adopted under this~~  
658 ~~section apply to the coverage created by this subsection unless~~  
659 ~~specifically superseded by provisions in this subsection.~~

660 ~~(c) Optional coverage. For the 2009-2010, 2010-2011, 2011-~~  
661 ~~2012, 2012-2013, and 2013-2014 contract years, the board shall~~  
662 ~~offer, for each of such years, the optional coverage as provided~~  
663 ~~in this subsection.~~

664 ~~(d) Additional definitions. As used in this subsection, the~~  
665 ~~term:~~

666 ~~1. "FHCF" means Florida Hurricane Catastrophe Fund.~~

667 ~~2. "FHCF reimbursement premium" means the premium paid by~~

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668 ~~an insurer for its coverage as a mandatory participant in the~~  
669 ~~FHCF, but does not include additional premiums for optional~~  
670 ~~coverages.~~

671 ~~3. "Payout multiple" means the number or multiple created~~  
672 ~~by dividing the statutorily defined claims-paying capacity as~~  
673 ~~determined in subparagraph (4) (c)1. by the aggregate~~  
674 ~~reimbursement premiums paid by all insurers estimated or~~  
675 ~~projected as of calendar year-end.~~

676 ~~4. "TICL" means the temporary increase in coverage limit.~~

677 ~~5. "TICL options" means the temporary increase in coverage~~  
678 ~~options created under this subsection.~~

679 ~~6. "TICL insurer" means an insurer that has opted to obtain~~  
680 ~~coverage under the TICL options addendum in addition to the~~  
681 ~~coverage provided to the insurer under its FHCF reimbursement~~  
682 ~~contract.~~

683 ~~7. "TICL reimbursement premium" means the premium charged~~  
684 ~~by the fund for coverage provided under the TICL option.~~

685 ~~8. "TICL coverage multiple" means the coverage multiple~~  
686 ~~when multiplied by an insurer's reimbursement premium that~~  
687 ~~defines the temporary increase in coverage limit.~~

688 ~~9. "TICL coverage" means the coverage for an insurer's~~  
689 ~~losses above the insurer's statutorily determined claims-paying~~  
690 ~~capacity based on the claims-paying limit in subparagraph~~  
691 ~~(4) (c)1., which an insurer selects as its temporary increase in~~  
692 ~~coverage from the fund under the TICL options selected. A TICL~~  
693 ~~insurer's increased coverage limit options shall be calculated~~  
694 ~~as follows:~~

695 ~~a. The board shall calculate and report to each TICL~~  
696 ~~insurer the TICL coverage multiples based on 12 options for~~

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697 ~~increasing the insurer's FHCF coverage limit. Each TICL coverage~~  
698 ~~multiple shall be calculated by dividing \$1 billion, \$2 billion,~~  
699 ~~\$3 billion, \$4 billion, \$5 billion, \$6 billion, \$7 billion, \$8~~  
700 ~~billion, \$9 billion, \$10 billion, \$11 billion, or \$12 billion by~~  
701 ~~the total estimated aggregate FHCF reimbursement premiums for~~  
702 ~~the 2007-2008 contract year, and the 2008-2009 contract year.~~

703 ~~b. For the 2009-2010 contract year, the board shall~~  
704 ~~calculate and report to each TICL insurer the TICL coverage~~  
705 ~~multiples based on 10 options for increasing the insurer's FHCF~~  
706 ~~coverage limit. Each TICL coverage multiple shall be calculated~~  
707 ~~by dividing \$1 billion, \$2 billion, \$3 billion, \$4 billion, \$5~~  
708 ~~billion, \$6 billion, \$7 billion, \$8 billion, \$9 billion, and \$10~~  
709 ~~billion by the total estimated aggregate FHCF reimbursement~~  
710 ~~premiums for the 2009-2010 contract year.~~

711 ~~e. For the 2010-2011 contract year, the board shall~~  
712 ~~calculate and report to each TICL insurer the TICL coverage~~  
713 ~~multiples based on eight options for increasing the insurer's~~  
714 ~~FHCF coverage limit. Each TICL coverage multiple shall be~~  
715 ~~calculated by dividing \$1 billion, \$2 billion, \$3 billion, \$4~~  
716 ~~billion, \$5 billion, \$6 billion, \$7 billion, and \$8 billion by~~  
717 ~~the total estimated aggregate FHCF reimbursement premiums for~~  
718 ~~the contract year.~~

719 ~~d. For the 2011-2012 contract year, the board shall~~  
720 ~~calculate and report to each TICL insurer the TICL coverage~~  
721 ~~multiples based on six options for increasing the insurer's FHCF~~  
722 ~~coverage limit. Each TICL coverage multiple shall be calculated~~  
723 ~~by dividing \$1 billion, \$2 billion, \$3 billion, \$4 billion, \$5~~  
724 ~~billion, and \$6 billion by the total estimated aggregate FHCF~~  
725 ~~reimbursement premiums for the 2011-2012 contract year.~~

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726 ~~e. For the 2012-2013 contract year, the board shall~~  
727 ~~calculate and report to each TICL insurer the TICL coverage~~  
728 ~~multiples based on four options for increasing the insurer's~~  
729 ~~FHCF coverage limit. Each TICL coverage multiple shall be~~  
730 ~~calculated by dividing \$1 billion, \$2 billion, \$3 billion, and~~  
731 ~~\$4 billion by the total estimated aggregate FHCF reimbursement~~  
732 ~~premiums for the 2012-2013 contract year.~~

733 ~~f. For the 2013-2014 contract year, the board shall~~  
734 ~~calculate and report to each TICL insurer the TICL coverage~~  
735 ~~multiples based on two options for increasing the insurer's FHCF~~  
736 ~~coverage limit. Each TICL coverage multiple shall be calculated~~  
737 ~~by dividing \$1 billion and \$2 billion by the total estimated~~  
738 ~~aggregate FHCF reimbursement premiums for the 2013-2014 contract~~  
739 ~~year.~~

740 ~~g. The TICL insurer's increased coverage shall be the FHCF~~  
741 ~~reimbursement premium multiplied by the TICL coverage multiple.~~  
742 ~~In order to determine an insurer's total limit of coverage, an~~  
743 ~~insurer shall add its TICL coverage multiple to its payout~~  
744 ~~multiple. The total shall represent a number that, when~~  
745 ~~multiplied by an insurer's FHCF reimbursement premium for a~~  
746 ~~given reimbursement contract year, defines an insurer's total~~  
747 ~~limit of FHCF reimbursement coverage for that reimbursement~~  
748 ~~contract year.~~

749 ~~10. "TICL options addendum" means an addendum to the~~  
750 ~~reimbursement contract reflecting the obligations of the fund~~  
751 ~~and insurers selecting an option to increase an insurer's FHCF~~  
752 ~~coverage limit.~~

753 ~~(c) TICL options addendum.—~~

754 ~~1. The TICL options addendum shall provide for~~

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755 ~~reimbursement of TICL insurers for covered events occurring~~  
756 ~~during the 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-~~  
757 ~~2014 contract years in exchange for the TICL reimbursement~~  
758 ~~premium paid into the fund under paragraph (f) based on the TICL~~  
759 ~~coverage available and selected for each respective contract~~  
760 ~~year. Any insurer writing covered policies has the option of~~  
761 ~~selecting an increased limit of coverage under the TICL options~~  
762 ~~addendum and shall select such coverage at the time that it~~  
763 ~~executes the FHCF reimbursement contract.~~

764       ~~2. The TICL addendum shall contain a promise by the board~~  
765 ~~to reimburse the TICL insurer for 45 percent, 75 percent, or 90~~  
766 ~~percent of its losses from each covered event in excess of the~~  
767 ~~insurer's retention, plus 5 percent of the reimbursed losses to~~  
768 ~~cover loss adjustment expenses. The percentage shall be the same~~  
769 ~~as the coverage level selected by the insurer under paragraph~~  
770 ~~(4)(b).~~

771       ~~3. The TICL addendum shall provide that reimbursement~~  
772 ~~amounts shall not be reduced by reinsurance paid or payable to~~  
773 ~~the insurer from other sources.~~

774       ~~4. The priorities, schedule, and method of reimbursements~~  
775 ~~under the TICL addendum shall be the same as provided under~~  
776 ~~subsection (4).~~

777       ~~(f) TICL reimbursement premiums. Each TICL insurer shall~~  
778 ~~pay to the fund, in the manner and at the time provided in the~~  
779 ~~reimbursement contract for payment of reimbursement premiums, a~~  
780 ~~TICL reimbursement premium determined as specified in subsection~~  
781 ~~(5), except that a cash build-up factor does not apply to the~~  
782 ~~TICL reimbursement premiums. However, the TICL reimbursement~~  
783 ~~premium shall be increased in the 2009-2010 contract year by a~~

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784 ~~factor of two, in the 2010-2011 contract year by a factor of~~  
 785 ~~three, in the 2011-2012 contract year by a factor of four, in~~  
 786 ~~the 2012-2013 contract year by a factor of five, and in the~~  
 787 ~~2013-2014 contract year by a factor of six.~~

788 ~~(g) Effect on claims-paying capacity of the fund.—For the~~  
 789 ~~2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014~~  
 790 ~~contract years, the program created by this subsection shall~~  
 791 ~~increase the claims-paying capacity of the fund as provided in~~  
 792 ~~subparagraph (4)(c)1. by an amount not to exceed \$12 billion and~~  
 793 ~~shall depend on the TICL coverage options available and selected~~  
 794 ~~for the specified contract year and the number of insurers that~~  
 795 ~~select the TICL optional coverage. The additional capacity shall~~  
 796 ~~apply only to the additional coverage provided under the TICL~~  
 797 ~~options and shall not otherwise affect any insurer's~~  
 798 ~~reimbursement from the fund if the insurer chooses not to select~~  
 799 ~~the temporary option to increase its limit of coverage under the~~  
 800 ~~FHCF.~~

801 ~~(16)(18)~~ FACILITATION OF INSURERS' PRIVATE CONTRACT  
 802 NEGOTIATIONS BEFORE THE START OF THE HURRICANE SEASON.—

803 (a) In addition to the legislative findings and intent  
 804 provided elsewhere in this section:r

805 1. The Legislature finds that:

806 ~~1~~.a. Because a regular session of the Legislature begins  
 807 approximately 3 months before the start of a contract year and  
 808 ends approximately 1 month before the start of a contract year,  
 809 participants in the fund always face the possibility that  
 810 legislative actions will change the coverage provided or offered  
 811 by the fund with only a few days or weeks of advance notice.

812 b. The timing issues described in sub-subparagraph a. can

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813 create uncertainties and disadvantages for the residential  
814 property insurers that are required to participate in the fund  
815 when such insurers negotiate for the procurement of private  
816 reinsurance or other sources of capital.

817 c. Providing participating insurers with a greater degree  
818 of certainty regarding the coverage provided or offered by the  
819 fund and more time to negotiate for the procurement of private  
820 reinsurance or other sources of capital will enable the  
821 residential property insurance market to operate with greater  
822 stability.

823 d. Increased stability in the residential property  
824 insurance market serves a primary purpose of the fund and  
825 benefits state ~~Florida~~ consumers by enabling insurers to operate  
826 more economically. In years when reinsurance and capital markets  
827 are experiencing a capital shortage, the last-minute rush by  
828 insurers only weeks before the start of the hurricane season to  
829 procure adequate coverage in order to meet their capital  
830 requirements can result in higher costs that are passed on to  
831 ~~Florida~~ consumers. However, if more time is available,  
832 residential property insurers should experience greater  
833 competition for their business with a corresponding beneficial  
834 effect for ~~Florida~~ consumers.

835 2. It is the intent of the Legislature:

836 a. To provide insurers with the terms and conditions of the  
837 reimbursement contract well in advance of the insurers' need to  
838 finalize their procurement of private reinsurance or other  
839 sources of capital, and thereby improve insurers' negotiating  
840 position with reinsurers and other sources of capital.

841 ~~b.3. It is also the intent of the Legislature That the~~

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842 board publish the fund's maximum statutory limit of coverage and  
843 the fund's total retention early enough for ~~that~~ residential  
844 property insurers to ~~can~~ have the opportunity to better estimate  
845 their coverage from the fund.

846 (b) The board shall adopt the reimbursement contract for a  
847 particular contract year by February 1 of the immediately  
848 preceding contract year. ~~However, the reimbursement contract~~  
849 ~~shall be adopted as soon as possible in advance of the 2010-2011~~  
850 ~~contract year.~~

851 (c) Insurers writing covered policies shall execute the  
852 reimbursement contract by March 1 of the immediately preceding  
853 contract year, and the contract shall have an effective date as  
854 of the beginning of the contract year ~~defined in paragraph~~  
855 ~~(2)(a).~~

856 (d) The board shall publish in the Florida Administrative  
857 Register ~~Weekly~~ the maximum statutory adjusted capacity for the  
858 mandatory coverage for a particular contract year, the maximum  
859 statutory coverage for any optional coverage for the particular  
860 contract year, and the aggregate fund retention used to  
861 calculate individual insurer's retention multiples for the  
862 particular contract year by ~~no later than~~ January 1 of the  
863 immediately preceding contract year.

864 Section 2. Subsection (5) of section 627.062, Florida  
865 Statutes, is amended to read:

866 627.062 Rate standards.—

867 (5) With respect to a rate filing involving coverage of the  
868 type for which the insurer is required to pay a reimbursement  
869 premium to the Florida Hurricane Catastrophe Fund, the insurer  
870 may fully recoup in its property insurance premiums any

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871 reimbursement premiums paid to the fund, together with  
872 reasonable costs of other reinsurance; ~~however, except as~~  
873 ~~otherwise provided in this section, the insurer may not recoup~~  
874 ~~reinsurance costs that duplicate coverage provided by the fund.~~  
875 An insurer may not recoup more than 1 year of reimbursement  
876 premium at a time. Any under-recoupment from the prior year may  
877 be added to the following year's reimbursement premium, and any  
878 over-recoupment must be subtracted from the following year's  
879 reimbursement premium.

880 Section 3. Subsection (10) of section 624.424, Florida  
881 Statutes, is amended to read:

882 624.424 Annual statement and other information.-

883 (10) Each insurer or insurer group doing business in this  
884 state shall file, on a quarterly basis, in conjunction with  
885 financial reports required by paragraph (1) (a), a supplemental  
886 report on an individual and group basis on a form prescribed by  
887 the commission with information on personal lines and commercial  
888 lines residential property insurance policies in this state. The  
889 supplemental report must ~~shall~~ include separate information for  
890 personal lines property policies and for commercial lines  
891 property policies and totals for each item specified, including  
892 premiums written for each of the property lines of business as  
893 described in ss. 215.555(2)(g) ~~215.555(2)(c)~~ and 627.351(6)(a).  
894 The report must ~~shall~~ include the following information for each  
895 county on a monthly basis:

896 (a) Total number of policies in force at the end of each  
897 month.

898 (b) Total number of policies canceled.

899 (c) Total number of policies nonrenewed.

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- 900 (d) Number of policies canceled due to hurricane risk.  
901 (e) Number of policies nonrenewed due to hurricane risk.  
902 (f) Number of new policies written.  
903 (g) Total dollar value of structure exposure under policies  
904 that include wind coverage.  
905 (h) Number of policies that exclude wind coverage.

906 Section 4. Subsection (5) of section 627.0629, Florida  
907 Statutes, is amended to read:

908 627.0629 Residential property insurance; rate filings.—

909 (5) In order to provide an appropriate transition period,  
910 an insurer may implement an approved rate filing for residential  
911 property insurance over a period of years. Such insurer must  
912 provide an informational notice to the office setting out its  
913 schedule for implementation of the phased-in rate filing. The  
914 insurer may include in its rate the actual cost of private  
915 market reinsurance that corresponds to available coverage of the  
916 Temporary Increase in Coverage Limits, TICL, from the Florida  
917 Hurricane Catastrophe Fund. ~~The insurer may also include the~~  
918 ~~cost of reinsurance to replace the TICL reduction implemented~~  
919 ~~pursuant to s. 215.555(17)(d)9.~~ However, this cost for  
920 reinsurance may not include any expense or profit load or result  
921 in a total annual base rate increase in excess of 10 percent.

922 Section 5. Paragraph (v) of subsection (6) of section  
923 627.351, Florida Statutes, is amended to read:

924 627.351 Insurance risk apportionment plans.—

925 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

926 (v)1. Effective July 1, 2002, policies of the Residential  
927 Property and Casualty Joint Underwriting Association become  
928 policies of the corporation. All obligations, rights, assets and

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929 liabilities of the association, including bonds, note and debt  
930 obligations, and the financing documents pertaining to them  
931 become those of the corporation as of July 1, 2002. The  
932 corporation is not required to issue endorsements or  
933 certificates of assumption to insureds during the remaining term  
934 of in-force transferred policies.

935 2. Effective July 1, 2002, policies of the Florida  
936 Windstorm Underwriting Association are transferred to the  
937 corporation and become policies of the corporation. All  
938 obligations, rights, assets, and liabilities of the association,  
939 including bonds, note and debt obligations, and the financing  
940 documents pertaining to them are transferred to and assumed by  
941 the corporation on July 1, 2002. The corporation is not required  
942 to issue endorsements or certificates of assumption to insureds  
943 during the remaining term of in-force transferred policies.

944 3. The Florida Windstorm Underwriting Association and the  
945 Residential Property and Casualty Joint Underwriting Association  
946 shall take all actions necessary to further evidence the  
947 transfers and provide the documents and instruments of further  
948 assurance as may reasonably be requested by the corporation for  
949 that purpose. The corporation shall execute assumptions and  
950 instruments as the trustees or other parties to the financing  
951 documents of the associations ~~Florida Windstorm Underwriting~~  
952 ~~Association or the Residential Property and Casualty Joint~~  
953 ~~Underwriting Association~~ may reasonably request to further  
954 evidence the transfers and assumptions, which transfers and  
955 assumptions, however, are effective on the date provided under  
956 this paragraph ~~whether or not, and~~ regardless of the date on  
957 which, the assumptions or instruments are executed by the

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958 corporation. Subject to the relevant financing documents  
959 pertaining to their outstanding bonds, notes, indebtedness, or  
960 other financing obligations, the moneys, investments,  
961 receivables, choses in action, and other intangibles of the  
962 Florida Windstorm Underwriting Association shall be credited to  
963 the coastal account of the corporation, and those of the  
964 personal lines residential coverage account and the commercial  
965 lines residential coverage account of the Residential Property  
966 and Casualty Joint Underwriting Association shall be credited to  
967 the personal lines account and the commercial lines account,  
968 respectively, of the corporation.

969 4. Effective July 1, 2002, a new applicant for property  
970 insurance coverage who would otherwise have been eligible for  
971 coverage in the Florida Windstorm Underwriting Association is  
972 eligible for coverage from the corporation as provided in this  
973 subsection.

974 5. The transfer of all policies, obligations, rights,  
975 assets, and liabilities from the Florida Windstorm Underwriting  
976 Association to the corporation and the renaming of the  
977 Residential Property and Casualty Joint Underwriting Association  
978 as the corporation does not affect ~~the~~ coverage with respect to  
979 a covered policy ~~policies~~ as defined in s. 215.555(2) ~~(e)~~  
980 provided to these entities by the Florida Hurricane Catastrophe  
981 Fund. The coverage provided by the fund to the Florida Windstorm  
982 Underwriting Association based on its exposures as of June 30,  
983 2002, and each June 30 thereafter shall be redesignated as  
984 coverage for the coastal account of the corporation.  
985 Notwithstanding any other provision of law, the coverage  
986 provided by the fund to the Residential Property and Casualty

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987 Joint Underwriting Association based on its exposures as of June  
988 30, 2002, and each June 30 thereafter shall be transferred to  
989 the personal lines account and the commercial lines account of  
990 the corporation. Notwithstanding any other provision of law, the  
991 coastal account shall be treated, for all Florida Hurricane  
992 Catastrophe Fund purposes, as if it were a separate  
993 participating insurer with its own exposures, reimbursement  
994 premium, and loss reimbursement. Likewise, the personal lines  
995 and commercial lines accounts shall ~~be viewed together~~, for all  
996 fund purposes, be viewed together as if the two accounts were  
997 one and represent a single, separate participating insurer with  
998 its own exposures, reimbursement premium, and loss  
999 reimbursement. The coverage provided by the fund to the  
1000 corporation shall constitute and operate as a full transfer of  
1001 coverage from the Florida Windstorm Underwriting Association and  
1002 Residential Property and Casualty Joint Underwriting Association  
1003 to the corporation.

1004       Section 6. Transitional provisions.—In order to implement  
1005 the revisions to section 215.555, Florida Statutes, as provided  
1006 in section 1 of this act, the State Board of Administration  
1007 shall adopt such revised or amended rules and forms, or addenda  
1008 thereto, as necessary to ensure that these statutory changes  
1009 apply to each participating insurer's Florida Hurricane  
1010 Catastrophe Fund reimbursement contract for the contract year  
1011 commencing on June 1, 2013. The board may use the emergency  
1012 rulemaking process as needed to assure timely adoption of these  
1013 rules, forms, and addenda. Such rules, forms, and addenda  
1014 adopted under the authority of this section supersede previously  
1015 adopted rules, forms, and addenda applicable to the 2013-2014

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1016 contract year to the extent of any conflict therewith.

1017 Section 7. This act shall take effect July 1, 2013.