

By Senator Hays

11-01142A-13

20131262

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)

11-01142A-13

20131262

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

11-01142A-13

20131262

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

11-01142A-13

20131262

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

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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)~~.

11-01142A-13

20131262__

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

11-01142A-13

20131262

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.

11-01142A-13

20131262

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

11-01142A-13

20131262

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

11-01142A-13

20131262

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.~~

11-01142A-13

20131262__

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

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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

11-01142A-13

20131262__

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

11-01142A-13

20131262

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

11-01142A-13

20131262__

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~~

11-01142A-13

20131262__

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~~

11-01142A-13

20131262__

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~~

11-01142A-13

20131262__

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~~

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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~~

11-01142A-13

20131262__

639 ~~catastrophic 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~~

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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.~~

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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~~

11-01142A-13

20131262

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

11-01142A-13

20131262

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~~

11-01142A-13

20131262__

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

11-01142A-13

20131262

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.

11-01142A-13

20131262

- 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

11-01142A-13

20131262

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

11-01142A-13

20131262

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

11-01142A-13

20131262__

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

11-01142A-13

20131262__

1016 contract year to the extent of any conflict therewith.

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