

By Senator Hooper

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1 A bill to be entitled
 2 An act relating to coverage by Citizens Property
 3 Insurance Corporation; amending s. 627.351, F.S.;
 4 revising certain minimum replacement costs as risk
 5 amounts ineligible for coverage by Citizens Property
 6 Insurance Corporation for personal lines residential
 7 structures; providing exceptions to rate increase
 8 limitations on single policies issued by the
 9 corporation; requiring surcharges for a specified
 10 purpose for policies covering certain personal lines
 11 residential structures; prohibiting coverage for
 12 certain dwelling structures and single condominium
 13 units under certain circumstances; deleting provisions
 14 relating to rate increase limitations on certain
 15 policies; deleting the definition of the term "primary
 16 residence"; providing an effective date.

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

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

22 627.351 Insurance risk apportionment plans.—
 23 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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

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

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

82 3. With respect to coverage for personal lines residential
83 structures, ~~÷~~

84 ~~a.~~ effective July 1, 2024 ~~January 1, 2014~~, a structure that
85 has a dwelling replacement cost of \$1 million or more, or a
86 single condominium unit that has a combined dwelling and
87 contents replacement cost of \$1 million or more, is not eligible

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

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

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

112 d. ~~Effective January 1, 2017, a structure that has a~~
113 ~~dwelling replacement cost of \$700,000 or more, or a single~~
114 ~~condominium unit that has a combined dwelling and contents~~
115 ~~replacement cost of \$700,000 or more, is not eligible for~~
116 ~~coverage by the corporation. Such dwelling~~s insured by the

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117 ~~corporation on December 31, 2016, may continue to be covered by~~
118 ~~the corporation until the end of the policy term.~~

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

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

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

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146 complied with the Florida Building Code at the time they were
147 installed.

148 b. Any major structure, as defined in s. 161.54(6)(a), that
149 is newly constructed, or rebuilt, repaired, restored, or
150 remodeled to increase the total square footage of finished area
151 by more than 25 percent, pursuant to a permit applied for after
152 July 1, 2015, is not eligible for coverage by the corporation if
153 the structure is seaward of the coastal construction control
154 line established pursuant to s. 161.053 or is within the Coastal
155 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
156 3510.

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

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

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175 corporation within 45 days after the recommended rates are
176 filed. The corporation may not pursue an administrative
177 challenge or judicial review of the final order of the office.

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

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

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

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

- 201 a. Twelve percent for 2023.
- 202 b. Thirteen percent for 2024.
- 203 c. Fourteen percent for 2025.

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204 d. Fifteen percent for 2026 and all subsequent years.

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206 This subparagraph does not apply to a personal lines residential
207 structure that has a dwelling replacement cost of \$700,000 or
208 more or a single condominium unit that has a combined dwelling
209 and contents replacement cost of \$700,000 or more.

210 6. The corporation may also implement an increase to
211 reflect the effect on the corporation of the cash buildup factor
212 pursuant to s. 215.555(5)(b).

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

221 8. Effective July 1, 2024, for the purpose of ensuring that
222 the corporation's rates are not competitive with approved rates
223 charged in the admitted voluntary market as required by
224 subparagraph 1., a surcharge equal to the lesser of \$2,500 or 25
225 percent of the corporation's rate for each policy applies to
226 personal lines residential structures that have a dwelling
227 replacement cost of \$700,000 or more and single condominium
228 units that have a combined dwelling and contents replacement
229 cost of \$700,000 or more. Notwithstanding this subsection,
230 effective July 1, 2024, a personal lines residential structure
231 that has a dwelling replacement cost of \$700,000 or more and a
232 single condominium unit that has a combined dwelling and

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233 contents replacement cost of \$700,000 or more are not eligible
234 for coverage by the corporation if the risk is offered
235 comparable coverage from an authorized insurer at the insurer's
236 approved rate under a standard policy including wind coverage.

237 ~~8. The following new or renewal personal lines policies~~
238 ~~written on or after November 1, 2023, are not subject to the~~
239 ~~rate increase limitations in subparagraph 5., but may not be~~
240 ~~charged more than 50 percent above, nor less than, the prior~~
241 ~~year's established rate for the corporation:~~

242 ~~a. Policies that do not cover a primary residence;~~

243 ~~b. New policies under which the coverage for the insured~~
244 ~~risk, before the date of application with the corporation, was~~
245 ~~last provided by an insurer determined by the office to be~~
246 ~~unsound or an insurer placed in receivership under chapter 631;~~
247 ~~or~~

248 ~~c. Subsequent renewals of those policies, including the new~~
249 ~~policies in sub-subparagraph b., under which the coverage for~~
250 ~~the insured risk, before the date of application with the~~
251 ~~corporation, was last provided by an insurer determined by the~~
252 ~~office to be unsound or an insurer placed in receivership under~~
253 ~~chapter 631.~~

254 ~~9. As used in this paragraph, the term "primary residence"~~
255 ~~means the dwelling that is the policyholder's primary home or is~~
256 ~~a rental property that is the primary home of the tenant, and~~
257 ~~which the policyholder or tenant occupies for more than 9 months~~
258 ~~of each year.~~

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