

By Senator Rodriguez

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1 A bill to be entitled
2 An act relating to the Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; revising
4 eligibility for coverage by the corporation in certain
5 counties to include personal lines residential
6 structures that have a dwelling replacement cost of
7 less than a specified amount; requiring the
8 corporation to annually implement a rate increase up
9 to a specified percentage for any single policy issued
10 by the corporation, excluding increases associated
11 with coverage changes and surcharges; adding policies
12 for specified structures to the list of policies that
13 do not require the purchase of flood insurance for
14 their maintenance; making a technical change;
15 providing an effective date.

16
17 Be It Enacted by the Legislature of the State of Florida:

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

21 627.351 Insurance risk apportionment plans.—

22 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

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

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

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

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

81 3. With respect to coverage for personal lines residential
82 structures:

83 a. Effective January 1, 2014, a structure that has a
84 dwelling replacement cost of \$1 million or more, or a single
85 condominium unit that has a combined dwelling and contents
86 replacement cost of \$1 million or more, is not eligible for
87 coverage by the corporation. Such dwellings insured by the

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

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

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

111 d. Effective January 1, 2017, a structure that has a
112 dwelling replacement cost of \$700,000 or more, or a single
113 condominium unit that has a combined dwelling and contents
114 replacement cost of \$700,000 or more, is not eligible for
115 coverage by the corporation. Such dwellings insured by the
116 corporation on December 31, 2016, may continue to be covered by

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117 the corporation until the end of the policy term.

118

119 The requirements of sub-subparagraphs b.-d. do not apply in
120 counties where the office determines there is not a reasonable
121 degree of competition. In such counties a personal lines
122 residential structure that has a dwelling replacement cost of
123 less than \$1.5 ~~\$1~~ million, or a single condominium unit that has
124 a combined dwelling and contents replacement cost of less than
125 \$1 million, is eligible for coverage by the corporation.

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

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

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146 installed.

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

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

161 (n)1. Rates for coverage provided by the corporation must
162 be actuarially sound pursuant to s. 627.062 and not competitive
163 with approved rates charged in the admitted voluntary market so
164 that the corporation functions as a residual market mechanism to
165 provide insurance only when insurance cannot be procured in the
166 voluntary market, except as otherwise provided in this
167 paragraph. The office shall provide the corporation such
168 information as would be necessary to determine whether rates are
169 competitive. The corporation shall file its recommended rates
170 with the office at least annually. The corporation shall provide
171 any additional information regarding the rates which the office
172 requires. The office shall consider the recommendations of the
173 board and issue a final order establishing the rates for the
174 corporation within 45 days after the recommended rates are

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175 filed. The corporation may not pursue an administrative
176 challenge or judicial review of the final order of the office.

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

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

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

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

- 200 a. Twelve percent for 2023.
201 b. Thirteen percent for 2024.
202 c. Fourteen percent for 2025.
203 d. Fifteen percent for 2026 and all subsequent years.

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204 6. In a county in which the office has determined that
205 there is not a reasonable degree of competition, the corporation
206 shall annually implement a rate increase that does not exceed 10
207 percent for any single policy issued by the corporation,
208 excluding increases associated with coverage changes and
209 surcharges.

210 7. 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 ~~8.7.~~ The corporation's implementation of rates as
214 prescribed in subparagraphs 5. and 9. must ~~8. shall~~ cease for
215 any line of business written by the corporation upon the
216 corporation's implementation of actuarially sound rates.
217 Thereafter, the corporation shall annually make a recommended
218 actuarially sound rate filing that is not competitive with
219 approved rates in the admitted voluntary market for each
220 commercial and personal line of business the corporation writes.

221 ~~9.8.~~ The following new or renewal personal lines policies
222 written on or after November 1, 2023, are not subject to the
223 rate increase limitations in subparagraph 5., but may not be
224 charged more than 50 percent above, nor less than, the prior
225 year's established rate for the corporation:

226 a. Policies that do not cover a primary residence;

227 b. New policies under which the coverage for the insured
228 risk, before the date of application with the corporation, was
229 last provided by an insurer determined by the office to be
230 unsound or an insurer placed in receivership under chapter 631;
231 or

232 c. Subsequent renewals of those policies, including the new

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233 policies in sub-subparagraph b., under which the coverage for
234 the insured risk, before the date of application with the
235 corporation, was last provided by an insurer determined by the
236 office to be unsound or an insurer placed in receivership under
237 chapter 631.

238 10.9. As used in this paragraph, the term "primary
239 residence" means the dwelling that is the policyholder's primary
240 home or is a rental property that is the primary home of the
241 tenant, and which the policyholder or tenant occupies for more
242 than 9 months of each year.

243 (aa) Except as otherwise provided in this paragraph, the
244 corporation shall require the securing and maintaining of flood
245 insurance as a condition of coverage of a personal lines
246 residential risk. The insured or applicant must execute a form
247 approved by the office affirming that flood insurance is not
248 provided by the corporation and that if flood insurance is not
249 secured by the applicant or insured from an insurer other than
250 the corporation and in addition to coverage by the corporation,
251 the risk will not be eligible for coverage by the corporation.
252 The corporation may deny coverage of a personal lines
253 residential risk to an applicant or insured who refuses to
254 secure and maintain flood insurance. The requirement to purchase
255 flood insurance shall be implemented as follows:

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

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

261 b. January 1, 2025, for a structure that has a dwelling

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262 replacement cost of \$500,000 or more.

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

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

267 2. All personal lines residential policyholders whose
268 property insured by the corporation is located within the
269 special flood hazard area defined by the Federal Emergency
270 Management Agency must have flood coverage in place:

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

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

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

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

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

283 c. Policies for structures that are elevated at least 1
284 foot above the flood zone's minimum base flood elevation.

285
286 The flood insurance required under this paragraph must meet, at
287 a minimum, the dwelling coverage available from the National
288 Flood Insurance Program or the requirements of subparagraphs s.
289 627.715(1)(a)1., 2., and 3.

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