

Committee on Banking and Insurance

CS/CS/HB 1503 — Citizens Property Insurance Corporation

by Commerce Committee; Insurance & Banking Subcommittee; and Rep. Esposito and others (CS/CS/SB 1716 by Fiscal Policy Committee; Banking and Insurance Committee; and Senator Boyd)

The bill allows surplus lines insurers meeting certain criteria and approved by the Office of Insurance Regulation (OIR) to submit take-out offers on personal lines residential risks insured by Citizens, or for which Citizens has received an application for coverage, if such risks are not primary residences or do not have a valid homestead exemption under ch. 193, F.S. A “primary residence” is defined as a dwelling that is the policyholder’s primary home or is a rental property that is the primary home of the tenant, and which the policyholder or tenant occupies for more than nine months of each year.

A take-out offer from an approved surplus lines insurer will only render a Citizens policyholder ineligible for Citizens if the premium offered does not exceed the Citizens premium on comparable coverage by more than 20 percent; this is the standard that applies to take-out offers from authorized insurers. Only surplus lines insurers that are approved to participate by the OIR may make participate in the take-out program. To obtain approval, the surplus lines insurer must apply to the OIR to participate in the take-out process, provide data to the OIR related to coverage and rates, and file rates for review with the OIR for the take-out offer. The surplus lines insurer must also meet certain criteria such as having an “A-” financial strength rating from A.M. Best and having a personal lines residential risk program that is managed by a Florida resident surplus lines broker.

The bill revises the Citizens eligibility requirement that certain personal lines residential risks must maintain flood insurance, by requiring flood insurance only on the dwelling. This provision is effective upon the bill becoming law.

The bill makes statutory changes to facilitate the transition of Citizens Property Insurance Corporation from an organizational structure where Citizens policies are held in three different accounts (a personal lines account, commercial account, and a coastal account) to a structure where all Citizens policies are held in a single account (the Citizens account). A primary benefit of a single-account structure is that it eliminates the possibility of a Citizens account experiencing a deficit necessitating policyholder surcharges and emergency assessments while one of Citizens’ other accounts has surplus funds.

The bill provides that only licensed agents holding appointments by at least three authorized insurers that are actually writing or renewing property insurance in this state may be appointed by Citizens as its licensed agents. Current law requires the agent to hold an appointment by only one such insurer.

The bill also:

- Revises the signed acknowledgment of potential policyholder surcharge and assessment liability that agents must obtain from an applicant for Citizens coverage for the purpose of conforming the revised surcharge and assessment liabilities associated with the reorganization of Citizens into a single account;
- Provides that the executive director of Citizens is the agency head of Citizens for purposes of procurement bid protests under s. 287.057, F.S., and authorizes the executive director to appoint a designee to act on his or her behalf for all purposes under the that statute;
- Deletes language prohibiting the application of the Division of Administrative Hearing's bond requirements related to Citizens bid protest hearings;
- Allows licensed surplus lines agents access to confidential and exempt claims files for the purpose of considering whether to write a risk currently insured by Citizens;
- Authorizes Citizens to share its claims data with the National Insurance Crime Bureau (NICB), so long as the NICB maintains the confidentiality of certain documents;
- Authorizes Citizens to acquire patents, trademarks, and copyrights on work products and take action to enforce its rights therein; and
- Makes technical and clarifying changes.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect July 1, 2024, except where otherwise provided.

Vote: Senate 40-0; House 113-0