

HOUSE MESSAGE SUMMARY

Date: April 21, 1998

Bill Subject: Commercial Inland Marine Insurance

Prepared By: Senate Committee on Banking and Insurance

I. Amendments Contained in Message

House Amendment 1 (body with title)

House Amendment 2 (body with title)

II. Summary of Amendments Contained in Message

House Amendment 1 establishes a *permanent* freeze on expanding the current geographical boundaries of the Florida Windstorm Underwriting Association (FWUA). The FWUA is a state-created insurer which provides windstorm (hurricane) coverage in areas within 29 of Florida's 35 coastal counties. Prohibiting further expansion of the FWUA mitigates the growth in the number of policies and exposure insured by the FWUA and reduces the potential for unfunded liability.

This amendment is substantially similar to SB 232 as originally filed in this committee. However, SB 232 was amended in our committee and the B. & I. amendment traveling with SB 232 *temporarily* suspends expansion of the areas eligible for windstorm coverage from the FWUA until October 1, 1999. Last year, the Legislature passed a provision (ch. 97-55, Laws of Florida) which temporarily suspended the expansion of areas eligible for windstorm coverage from the FWUA until October 1, 1998.

2 extends the moratorium limiting the number of residential property insurance policies that may be canceled and non-renewed for the purpose of reducing hurricane exposure for a period of two (2) years (from June 1, 1999, to June 1, 2001). This provision is substantially similar to SB 2054 which passed the B. & I. Committee.

Since 1993, the Legislature has restricted the ability of insurers to cancel or nonrenew personal lines residential policies (i.e., homeowners, mobile home owners, condominium unit owners, and similar policies) for the purpose of reducing the insurers potential hurricane losses. The current versions of the moratorium on hurricane-related cancellations and nonrenewals (i.e., one version covers personal lines residential policies, and the other covers condominium association policies) expire on June 1, 1999.